



## GUJARAT HY-SPIN LIMITED

Our Company was incorporated as “Gujarat Hy-Spin Private Limited” in Gujarat as a private limited company under the provisions of the Companies Act, 1956 and a Certificate of Incorporation dated February 01, 2011 bearing Corporate Identification Number U17110GJ2011PTC063898 issued by Registrar of Companies, Gujarat, Dadra and Nagar Haveli. Subsequently, our Company was converted into a Public Limited Company pursuant to special Resolution passed at the Extra-Ordinary General Meeting of the Company held on June 13, 2016 and the name of our company was changed to “Gujarat Hy-Spin Limited” A fresh Certificate of Incorporation consequent upon conversion to public limited company was issued by the Registrar of Companies, Ahmedabad on August 5, 2016. The Corporate Identity Number of our Company is U17110GJ2011PLC063898. 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 59 and 143 respectively of this Prospectus.

**Registered Office:** P. O. Box No. 22, Gundala Road, Gondal, Rajkot-360311

**Tel. No.:** 02825-297170; **Fax No.:** N.A.

**Company Secretary and Compliance Officer:** Mahendra Rajput

**Email:** cs@gujarathyspin.com; **Website:** www.gujarathyspin.com

### PROMOTERS OF OUR COMPANY: MAGANLAL PARVADIYA AND CHANDULAL PARVADIYA

| THE OFFER                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
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| <p><b>INITIAL PUBLIC OFFERING OF 44,50,000 EQUITY SHARES OF FACE VALUE OF RS. 10 EACH (“EQUITY SHARES”) OF GUJARAT HY-SPIN LIMITED (THE “COMPANY” OR “OFFEROR”) FOR CASH AT A PRICE OF RS. 10 PER EQUITY SHARE (THE “OFFER PRICE”), AGGREGATING RS.445.00 LAKHS (“THE OFFER”), THROUGH AN OFFER FOR SALE OF 22,25,000 EQUITY SHARES AGGREGATING TO RS. 222.50 LAKHS BY MAGANLAL PARVADIYA AND 22,25,000 EQUITY SHARES AGGREGATING RS. 222.50 LAKHS BY CHANDULAL PARVADIYA (“OFFER FOR SALE” OR “THE OFFER” AND SUCH SHAREHOLDERS OFFERING THEIR RESPECTIVE EQUITY SHARES IN THE OFFER FOR SALE ARE HEREINAFTER COLLECTIVELY REFERRED TO AS THE “SELLING SHAREHOLDERS” AND INDIVIDUALLY AS A “SELLING SHAREHOLDER”), OF WHICH 2,30,000 EQUITY SHARES OF FACE VALUE OF RS. 10 EACH FOR CASH AT A PRICE OF RS. 10 PER EQUITY SHARE, AGGREGATING RS. 23.00 LAKHS WILL BE RESERVED FOR SUBSCRIPTION BY THE MARKET MAKER TO THE OFFER (THE “MARKET MAKER RESERVATION PORTION”). THE OFFER LESS MARKET MAKER RESERVATION PORTION IS HEREINAFTER REFERRED TO AS “THE NET OFFER” AND SUCH NET OFFER AGGREGATES 42,20,000 EQUITY SHARES OF FACE VALUE OF RS. 10 EACH FOR CASH AT A PRICE OF RS. 10 PER EQUITY SHARE, AGGREGATING RS. 422.00 LAKHS. THE OFFER AND THE NET OFFER SHALL CONSTITUTE 26.57% AND 25.19% RESPECTIVELY OF THE FULLY DILUTED POST OFFER PAID UP EQUITY SHARE CAPITAL OF OUR COMPANY.</b></p> <p><b>THE FACE VALUE OF THE EQUITY SHARES IS RS. 10 EACH AND THE OFFER PRICE OF RS.10.00 IS 1.0 TIME OF THE FACE VALUE OF THE EQUITY SHARES.</b></p> <p><b>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 221 of this Prospectus. A copy of Prospectus has been delivered for registration to the Registrar of Companies as required under Section 26 of the Companies Act, 2013.</b></p> <p><b>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 213 of this Prospectus.</b></p> |
| RISKS IN RELATION TO FIRST OFFER                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <p>This being the first public offer of our Company, there has been no formal market for our Equity Shares. The face value of the Equity Shares of our Company is Rs. 10 and the Offer price of Rs. 10.00 per Equity Share is 1.0 time of the face value. The Offer Price (as determined by our Company in consultation with the Lead Manager as stated in the chapter titled ‘Basis for Offer Price’ beginning on page 87 of this Prospectus) should not be taken to be indicative of the market price of the Equity Shares after such Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| GENERAL RISKS                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <p>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 investment. Investors are advised to read the risk factors carefully before taking an investment decision in this offer. For taking an investment decision, investors must rely on their own examination of the Company and this 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 contents of this Prospectus. <b>Specific attention of the investors is invited to the section titled ‘Risk Factors’ beginning on page 18 of this Prospectus.</b></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| COMPANY’S & SELLING SHAREHOLDER’S ABSOLUTE RESPONSIBILITY                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <p>Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Prospectus contains all information with regard to our Company and this Offer, which is material in the context of this Offer, that the information contained in this Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission or inclusion of which makes this Prospectus as a whole or any of such information or the expression of any such opinions or intentions, misleading, in any material respect. Further, the Selling Shareholders, severally and not jointly, accept responsibility for and confirm only to the extent of the information in the statements specifically confirmed or undertaken by such Selling Shareholders and the respective proportion of the Offered Shares offered by them in this Prospectus.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| LISTING                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <p>The Equity Shares of our Company offered through this Prospectus are proposed to be listed on the SME platform of BSE Limited (“BSE”) in terms of the Chapter XB of the SEBI ICDR Regulations, as amended from time to time. Our Company has received an In-Principle approval letter dated January 2, 2018 from BSE for using its name in this offer document for listing of our shares on the SME Platform of BSE. For the purpose of this Offer, BSE Limited shall be the Designated Stock Exchange.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |

| LEAD MANAGER TO THE OFFER                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | REGISTRAR TO THE OFFER                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>PANTOMATH CAPITAL ADVISORS PRIVATE LIMITED</b><br/>406-408, Keshva Premises, Behind Family Court,<br/>Bandra Kurla Complex, Bandra (East),<br/>Mumbai – 400 051, Maharashtra, India</p> <p><b>Tel:</b> +91-22 6194 6700<br/><b>Fax:</b> +91-22 2659 8690<br/><b>Website:</b> www.pantomathgroup.com<br/><b>Email:</b> ipo@pantomathgroup.com<br/><b>Investor Grievance Id:</b> ipo@pantomathgroup.com<br/><b>Contact Person:</b> Lokesh Shah<br/><b>SEBI Registration No:</b> INM000012110</p> | <p><b>BIGSHARE SERVICES PRIVATE LIMITED</b><br/>1<sup>st</sup> floor, Bharat Tin works Building,<br/>Opp. Vasant Oasis, Makwana Road,<br/>Marol, Andheri (East),<br/>Mumbai 400059</p> <p><b>Tel:</b> +91 22 6263 8200<br/><b>Fax:</b> +91 22 6263 8299<br/><b>Email:</b> ipo@bigshareonline.com<br/><b>Website:</b> www.bigshareonline.com<br/><b>Investor Grievance Id:</b> investors@bigshareonline.com<br/><b>Contact Person:</b> Babu Rapheal<br/><b>SEBI Registration Number:</b> INR000001385</p> |

| OFFER PROGRAMME                           |                                              |
|-------------------------------------------|----------------------------------------------|
| OFFER OPENS ON THURSDAY, JANUARY 25, 2018 | OFFER CLOSING ON WEDNESDAY, JANUARY 31, 2018 |



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

#### CONVENTIONAL / GENERAL TERMS

| Term                                                                                                 | Description                                                                                                                                                                                                                |
|------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| AOA / Articles / Articles of Association                                                             | Articles of Association of Gujarat Hy-Spin Limited, as amended from time to time                                                                                                                                           |
| Auditor /Statutory Auditors                                                                          | The Statutory Auditor of our Company being M/s. Pabari Associates, Chartered Accountants                                                                                                                                   |
| Audit Committee                                                                                      | The committee of the Board of Directors constituted as the Company's Audit Committee in accordance with Section 177 of the Companies Act, 2013.                                                                            |
| Bankers to the Company                                                                               | Such banks which are disclosed as Bankers to our Company in the chapter titled " <i>General Information</i> " on page 59 of this Prospectus                                                                                |
| Board of Directors/ the Board / our Board                                                            | The Board of Directors of our Company, as duly constituted from time to time, or Committee(s) thereof.                                                                                                                     |
| Companies Act/ Act                                                                                   | The Companies Act, 2013 and amendments thereto and the Companies Act, 1956, to the extent applicable                                                                                                                       |
| Company Secretary and Compliance Officer                                                             | The Company Secretary & Compliance Officer Of Our Company Being Mahendra Rajput                                                                                                                                            |
| Depositories Act                                                                                     | The Depositories Act, 1996, as amended                                                                                                                                                                                     |
| Depository / Depositories                                                                            | A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, in this case being National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) |
| DIN                                                                                                  | Directors Identification Number                                                                                                                                                                                            |
| Director(s)                                                                                          | Director(s) of Gujarat Hy-Spin Limited, unless otherwise specified                                                                                                                                                         |
| Equity Shares                                                                                        | Equity Shares of our Company of Face Value of Rs. 10 each unless otherwise specified in the context thereof                                                                                                                |
| Equity Shareholders                                                                                  | Persons/ Entities holding Equity Shares of Our Company                                                                                                                                                                     |
| Group Companies                                                                                      | Such entities as are included in the chapter titled ' <i>Our Group Companies</i> ' beginning on page 168 of this Prospectus                                                                                                |
| "Gujarat Hy-Spin Limited", "GHSL", "Gujarat Hy-Spin", "We" or "us" or "our Company" or "the Company" | Unless the context otherwise requires, refers to Gujarat Hy-Spin Limited (formerly known as Gujarat Hy-Spin Private Limited), a Company incorporated under the Companies Act, 1956.                                        |
| MOA / Memorandum / Memorandum of Association                                                         | Memorandum of Association of Gujarat Hy-Spin Limited, as amended till date                                                                                                                                                 |
| Nomination and Remuneration Committee                                                                | The nomination and remuneration committee of our Board.                                                                                                                                                                    |
| Peer Review Auditor                                                                                  | Independent Auditor having a valid Peer Review certificate in our case being M/s Maharishi & Co. Chartered Accountants                                                                                                     |
| "Promoter", "Promoters" or "Our Promoters"                                                           | Promoters of our Company being. Maganlal Parvadiya and Chandulal Parvadia                                                                                                                                                  |
| Promoter Group                                                                                       | Persons and entities covered under Regulation 2(1)(zb) of the SEBI (ICDR) Regulations as enlisted in the section titled " <i>Our Promoter and Promoter Group</i> " beginning on page 163 of this Prospectus.               |
| Registered Office of our Company                                                                     | The registered office of our Company situated at P.O. Box No. 22, Gundala Road, Gondal, Rajkot- 360311, Gujarat                                                                                                            |



| Term                                 | Description                                                                                                                             |
|--------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|
| RoC / Registrar of Companies         | The Registrar of Companies, Gujarat located at ROC Bhavan, Opp Rupal Park Society, Behind Ankur Bus Stop, Naranpura, Ahmedabad – 380013 |
| Stakeholders' Relationship Committee | The stakeholders' relationship committee of our Board.                                                                                  |
| “you”, “your” or “yours”             | Prospective investors in this Offer                                                                                                     |

#### Offer Related Terms

| Term                                                              | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|-------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Acknowledgement Slip                                              | The slip or document issued by the Designated Intermediary to an Applicant as proof of registration of the Application.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Allot/ Allotment/ Allotted                                        | Unless the context otherwise requires, offer / allotment of Equity Shares pursuant to the Offer to successful Applicants.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Allotment Advice                                                  | Note or advice or intimation of Allotment sent to the Applicants who have been allotted Equity Shares after the Basis of Allotment has been approved by the Designated Stock Exchange.                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Allottee(s)                                                       | An applicant to whom the Equity Shares are being / have been offered /allotted.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Applicant                                                         | Any prospective investor who makes an application through ASBA pursuant to the terms of the Prospectus and the Application Form.                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Application                                                       | An indication to make an offer during the Offer Period by an Applicant pursuant to submission of an Application Form, to subscribe for or purchase our Equity Shares at Offer Price, including all revisions and modifications thereto, to the extent permissible under the SEBI ICDR Regulations                                                                                                                                                                                                                                                                                                          |
| Application Amount                                                | The number of Equity Shares applied for and as indicated in the Application Form multiplied by the price per Equity Share payable by the Applicants on submission of the Application Form.                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Application Collecting Intermediaries / Designated Intermediaries | 1. an 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 recognised stock exchange (and whose name is mentioned on the website of the stock exchange as eligible for this activity) ('broker')<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 offer and share transfer agent ('RTA') (whose name is mentioned on the website of the stock exchange as eligible for this activity) |
| Application Form                                                  | The form in terms of which the prospective investors shall apply for the Equity Shares in the Offer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Application Supported by Blocked Amount / ASBA                    | An application, whether physical or electronic, used by all Applicants to make application authorizing a SCSBs to block the application amount in the ASBA Account maintained with such SCSBs.                                                                                                                                                                                                                                                                                                                                                                                                             |
| ASBA Account                                                      | Account maintained by an ASBA applicant with a SCSBs which will be blocked by such SCSBs to the extent of the appropriate Application Amount of the ASBA Applicant and as defined in the Application Form.                                                                                                                                                                                                                                                                                                                                                                                                 |
| ASBA Application Location(s) / Specified Cities                   | Locations at which ASBA Applications can be uploaded by the SCSBs, Namely Mumbai, New Delhi, Chennai, Kolkata                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Banker to Offer Agreement                                         | Agreement dated December 7, 2017 amongst entered into among our Company, the Selling Shareholders, Lead Manager, the Registrar, the                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |



| Term                                                                        | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|-----------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                             | Banker to the Offer for collection of the Application Amounts and for remitting refunds (if any) of the amounts collected to the Applicants (excluding the ASBA Applicants) on the terms and condition thereof.                                                                                                                                                                                                                                                                          |
| Banker(s) to the Offer /Public Offer Bank(s) and Refund Banker to the Offer | Banks which are clearing members and registered with SEBI as Banker and Refund Banker with whom the Public Offer Account and Refund Account will be opened and in this case being ICICI Bank Limited                                                                                                                                                                                                                                                                                     |
| Basis of Allotment                                                          | The basis on which the Equity Shares will be allotted as described in the section titled "Offer Procedure - Basis of Allotment" beginning on page 221 of this Prospectus.                                                                                                                                                                                                                                                                                                                |
| Broker Centres                                                              | Broker centres notified by the Stock Exchanges, where the Applicants can submit the 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 the BSE on the following link:-<br><a href="http://www.bseindia.com/Markets/PublicIssues/brokercentres_new.aspx?expandable=6">http://www.bseindia.com/Markets/PublicIssues/brokercentres_new.aspx?expandable=6</a> |
| CAN or Confirmation of Allocation Note                                      | The note or advice or intimation sent to each successful Applicant indicating the Equity Shares which will be Allotted, after approval of Basis of Allotment by the Designated Stock Exchange.                                                                                                                                                                                                                                                                                           |
| 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                                                                                                                                                                                                                        |
| Client ID                                                                   | Client Identification Number maintained with one of the Depositories in relation to demat account.                                                                                                                                                                                                                                                                                                                                                                                       |
| Collecting Centres                                                          | Centres at which the Designated Intermediaries shall accept the Application Forms, being the 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                                                                                                                                                                                                         |
| Controlling Branches of SCSBs                                               | Such branches of the SCSBs which co-ordinate Applications under this Offer made by the Applicants with the Lead Manager, the Registrar to the Offer and the Stock Exchange, a list of which is provided on <a href="http://www.sebi.gov.in/">http://www.sebi.gov.in/</a> or at such other website as may be prescribed by SEBI from time to time                                                                                                                                         |
| Demographic Details                                                         | The demographic details of the Applicants such as their Address, PAN, Occupation and Bank Account details.                                                                                                                                                                                                                                                                                                                                                                               |
| Depository Participant/DP                                                   | A depository participant as defined under the Depositories Act.                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Designated CDP Locations                                                    | Such centres of the CDPs where Applicant can submit the Application Forms. The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept Application Forms are available on the website of the Stock Exchange ( <a href="http://www.bseindia.com">www.bseindia.com</a> ) and updated from time to time                                                                                                 |
| Designated Date                                                             | The date on which funds are transferred from the ASBA Accounts to the Public Offer Account in terms of the Prospectus.                                                                                                                                                                                                                                                                                                                                                                   |
| Designated RTA Locations                                                    | Such centres of the RTAs where Applicants can submit the Application Forms. The details of such Designated RTA Locations, along with the names and contact details of the RTAs are available on the website of the Stock Exchange ( <a href="http://www.bseindia.com">www.bseindia.com</a> ) and updated from time to time                                                                                                                                                               |





| Term                                         | Description                                                                                                                                                                                                                                                                                                                                                                                      |
|----------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Designated Branches                          | SCSB<br>Such branches of the SCSBs which shall collect the ASBA Application Form from the ASBA Applicant and a list of which is available on <a href="http://www.sebi.gov.in/sebiweb/home/detail/32791/no/List-of-Self-Certified-Syndicate-Banks-under-the-ASBA-facility">http://www.sebi.gov.in/sebiweb/home/detail/32791/no/List-of-Self-Certified-Syndicate-Banks-under-the-ASBA-facility</a> |
| Designated Exchange                          | Stock<br>SME Exchange of BSE Limited                                                                                                                                                                                                                                                                                                                                                             |
| Draft Prospectus                             | The Draft Prospectus dated December 7, 2017 issued in accordance with Section 26 of the Companies Act, 2013.                                                                                                                                                                                                                                                                                     |
| Eligible NRI                                 | NRIs from such jurisdiction outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom this Prospectus constitutes an invitation to subscribe for the Equity Shares on the basis of the terms thereof.                                                                                                                                        |
| FII / Foreign Institutional Investors        | Foreign Institutional Investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995, as amended) registered with SEBI under applicable laws in India.                                                                                                                                                                                                                      |
| First/Sole Applicant                         | The Applicant whose name appears first in the Application Form or Revision Form.                                                                                                                                                                                                                                                                                                                 |
| General Information Document (GID)           | The General Information Document for investing in Public Offer prepared and issued in accordance with SEBI circular CIR/CFD/DIL/12/2013 dated October 23, 2013                                                                                                                                                                                                                                   |
| Offer Closing Date                           | January 25, 2018                                                                                                                                                                                                                                                                                                                                                                                 |
| Offer Opening Date                           | January 31, 2018                                                                                                                                                                                                                                                                                                                                                                                 |
| Offer Period                                 | The period between the Offer Opening Date and the Offer Closing Date inclusive of both days and during which prospective Applicants can submit their Applications.                                                                                                                                                                                                                               |
| Offer Price                                  | The price at which Equity Shares will be offered and allotted by our Company being Rs. 10/- per Equity Share.                                                                                                                                                                                                                                                                                    |
| Offer Proceeds                               | The Proceeds of the Offer. For further details please refer to the chapter title " <i>Objects of the Offer</i> " page no. 85 of this Prospectus.                                                                                                                                                                                                                                                 |
| Offer/ Offer Size/ Initial Public Offer/ IPO | Public Offer of 44,50,000 Equity Shares of face value Rs. 10 each of Gujarat Hy-Spin Limited for cash at a price of Rs. 10 per Equity Share (the " <b>Offer Price</b> ") aggregating Rs. 445.00 Lakhs.                                                                                                                                                                                           |
| LM / Lead Manager                            | The Lead Manager for the Offer being Pantomath Capital Advisors Private Limited.                                                                                                                                                                                                                                                                                                                 |
| Market Maker                                 | Market Maker appointed by our Company from time to time, in this case being Pantomath Stock Brokers Private Limited who has agreed to receive or deliver the specified securities in the market making process for a period of three years from the date of listing of our Equity Shares or for any other period as may be notified by SEBI from time to time                                    |
| Market Making Agreement                      | The Market Making Agreement dated December 7, 2017 between our Company, Lead Manager and Market Maker                                                                                                                                                                                                                                                                                            |
| Market Maker Reservation Portion             | The reserved portion of 2,30,000 Equity Shares of Rs. 10 each at an Offer Price of Rs. 10 each to be subscribed by Market Maker.                                                                                                                                                                                                                                                                 |
| MOU/ Offer Agreement                         | The Memorandum of Understanding dated December 7, 2017 between our Company and Lead Manager and selling shareholders.                                                                                                                                                                                                                                                                            |
| Mutual Fund(s)                               | Mutual fund(s) registered with SEBI pursuant to the SEBI (Mutual Funds) Regulations, 1996, as amended.                                                                                                                                                                                                                                                                                           |
| Net Offer                                    | The Offer (excluding the Market Maker Reservation Portion) of 42,20,000 Equity Shares of face value Rs. 10 each of Gujarat Hy-Spin Limited for cash at a price of Rs. 10 per Equity Share (the " <b>Offer Price</b> ") aggregating Rs. 422.00 Lakhs.                                                                                                                                             |



| Term                                        | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|---------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Non Institutional Investors or NIIs         | All Applicants, including Category III FPIs that are not QIBs (including Anchor Investors) or Retail Individual Investors, who have apply for Equity Shares for an amount of more than Rs. 200,000 but not including NRIs other than Eligible NRIs                                                                                                                                                                                                                                                       |
| Other Investors                             | Investors other than Retail Individual Investors. These include individual applicants other than retail individual investors and other investors including corporate bodies or institutions irrespective of the number of specified securities applied for.                                                                                                                                                                                                                                              |
| Overseas Corporate Body / OCB               | Overseas Corporate Body means and includes an entity defined in clause (xi) of Regulation 2 of the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCB's) Regulations 2003 and which was in existence on the date of the commencement of these Regulations and immediately prior to such commencement was eligible to undertake transactions pursuant to the general permission granted under the Regulations. OCBs are not allowed to invest in this Offer. |
| Prospectus                                  | The Prospectus, to be filed with the RoC in accordance with the provisions of Section 26 of the Companies Act, 2013.                                                                                                                                                                                                                                                                                                                                                                                     |
| Public Offer Account                        | The Bank Account opened with the Banker(s) to this Offer to receive monies from the SCSBs from the bank accounts of the ASBA Applicants on the Designated Date.                                                                                                                                                                                                                                                                                                                                          |
| Person or Persons                           | Any individual, sole proprietorship, unincorporated association, unincorporated organization, body corporate, corporation, Company, partnership firm, limited liability partnership firm, 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                                                                                                                               |
| Qualified Institutional Buyers or QIBs      | Qualified Institutional Buyers as defined under Regulation 2(1) (zd) of the SEBI (ICDR) Regulations 2009.                                                                                                                                                                                                                                                                                                                                                                                                |
| Registered Broker                           | Individuals or companies registered with SEBI as "Trading Members" (except Syndicate/Sub-Syndicate Members) who hold valid membership of either BSE having right to trade in stocks listed on Stock Exchanges, through which investors can buy or sell securities listed on stock exchanges, a list of which is available on <a href="http://www.bseindia.com/members/MembershipDirectory.aspx">http://www.bseindia.com/members/MembershipDirectory.aspx</a>                                             |
| Registrar/ Registrar to this Offer          | Registrar to the Offer being Bigshare Services Private Limited having registered office at 1st Floor, Bharat Tin Works Building,, Opp. Vasant Oasis, Makwana Road, Marol, Andheri East, Mumbai – 400059, Maharashtra, 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                                                                                                                                                                                                                                                                                 |
| Revision Form                               | The Form used by Applicants to modify the quantity of Equity Shares in any of their Application Forms or any Previous Revision Form(s)                                                                                                                                                                                                                                                                                                                                                                   |
| Reserved Category / Categories              | Categories of persons eligible for making application under reservation portion.                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Reservation Portion                         | The portion of the Offer reserved for category of eligible Applicants as provided under the SEBI ICDR Regulations, 2009                                                                                                                                                                                                                                                                                                                                                                                  |
| Retail Individual Investors/RIIs            | Individual Bidders (including HUFs in the name of Karta and Eligible NRIs) who have applied for an amount less than or equal to Rs.2,00,000 in this Offer.                                                                                                                                                                                                                                                                                                                                               |
| SEBI Listing Regulations                    | Securities and Exchange Board of India (Listing Obligations and                                                                                                                                                                                                                                                                                                                                                                                                                                          |





| Term                                          | Description                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|-----------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                               | 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.                                                                                                                                                                                                                                                                                                                                                            |
| Self Certified Syndicate Bank or SCSB         | A Bank which is registered with SEBI under SEBI (Bankers to an Issue/ offer) Regulations, 1994 and offers services of ASBA including blocking of bank account, a list of which is available on <a href="http://www.sebi.gov.in/sebiweb/home/detail/32791/no/List-of-Self-Certified-Syndicate-Banks-under-the-ASBA-facility">http://www.sebi.gov.in/sebiweb/home/detail/32791/no/List-of-Self-Certified-Syndicate-Banks-under-the-ASBA-facility</a> |
| Selling Shareholders                          | Maganlal Parvadiya and Chandulal Parvadia                                                                                                                                                                                                                                                                                                                                                                                                          |
| Share Escrow Agreement                        | The Agreement to be entered into among the Selling Shareholders, our Company and the Escrow Agent in connection with the transfer of Equity Shares under the Offer For Sale by the Selling Shareholders and credit of such Equity Shares to the demat account of the Allotees                                                                                                                                                                      |
| Share Escrow Agent                            | Escrow agent appointed pursuant to the Share Escrow Agreement, namely Bigshare Services Private Limited                                                                                                                                                                                                                                                                                                                                            |
| SME Exchange                                  | SME Platform of the BSE Limited                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Specified Locations                           | Collection centres where Application Forms will be accepted, a list of which is included in the Application Form                                                                                                                                                                                                                                                                                                                                   |
| Stock Exchange                                | BSE Limited (SME Platform)                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Underwriters                                  | The Lead Manager and the Market Maker who have underwritten this Offer pursuant to the provisions of the SEBI (ICDR) Regulations and the SEBI (Underwriters) Regulations, 1993, as amended from time to time.                                                                                                                                                                                                                                      |
| Underwriting Agreement                        | The Agreement dated December 7, 2017 entered into amongst the Underwriters and our Company and Selling Shareholders.                                                                                                                                                                                                                                                                                                                               |
| Working Days                                  | (i) Till Application / Offer closing date: All days other than a Saturday, Sunday or a Public holiday;<br>(ii) Post Application / Offer closing date and till the Listing of Equity Shares: All trading days of stock exchanges excluding Sundays and bank holidays in accordance with the SEBI circular no. SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016                                                                                  |

#### Technical and Industry Related Terms

| Term         | Description                                                                                                     |
|--------------|-----------------------------------------------------------------------------------------------------------------|
| 480 lb bales | Two Hundred and Eighteen kilograms (USA)                                                                        |
| ARMs         | Additional Revenue Measures                                                                                     |
| ASEAN        | The Association of Southeast Asian Nations                                                                      |
| ASPIRE       | A scheme for Promoting Innovation and Rural Entrepreneurs                                                       |
| BBB          | Better Business Bureaus                                                                                         |
| 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         | Bombay Textile Research Association                                                                             |
| CAGR         | Compound Annual Growth Rate                                                                                     |
| CAP          | Corrective Action Plan                                                                                          |
| CCI          | Cotton Corporation of India                                                                                     |
| CEO          | Chief Executive Officer                                                                                         |
| CGTMSE       | Credit Guarantee Trust Fund for Micro and Small Enterprises                                                     |
| CLCSS        | Credit Linked Capital Subsidy Scheme                                                                            |
| CoEs         | Centers of Excellence                                                                                           |



| Term          | Description                                                                                                                                                                                                                                                                                                                  |
|---------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| CPI           | Consumer Price Index                                                                                                                                                                                                                                                                                                         |
| Credit Suisse | Credit Suisse Business Analytics India                                                                                                                                                                                                                                                                                       |
| CSO           | Central Statistics Office                                                                                                                                                                                                                                                                                                    |
| CY            | Current Year                                                                                                                                                                                                                                                                                                                 |
| EBITDA        | Earnings Before Interest, Taxes, Depreciation and Amortization                                                                                                                                                                                                                                                               |
| EMDEs         | Emerging Market and Developing Economies                                                                                                                                                                                                                                                                                     |
| EMEs          | Emerging Market Economies                                                                                                                                                                                                                                                                                                    |
| EU            | European Union                                                                                                                                                                                                                                                                                                               |
| EU-27         | European Union-27 Member States include: Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, Slovak Republic, Slovenia, Spain, Sweden and the United Kingdom. |
| FDI           | Foreign Direct Investment                                                                                                                                                                                                                                                                                                    |
| FMS           | Focus Market Scheme                                                                                                                                                                                                                                                                                                          |
| FOB           | Free On Board                                                                                                                                                                                                                                                                                                                |
| FPI           | Foreign Portfolio Investment                                                                                                                                                                                                                                                                                                 |
| FPS           | Focus Product Scheme                                                                                                                                                                                                                                                                                                         |
| FY            | Financial Year                                                                                                                                                                                                                                                                                                               |
| GDP           | Gross Domestic Product                                                                                                                                                                                                                                                                                                       |
| GST           | Goods and Services Tax                                                                                                                                                                                                                                                                                                       |
| GVA           | Gross Value Added                                                                                                                                                                                                                                                                                                            |
| IBEF          | India Brand Equity Foundation                                                                                                                                                                                                                                                                                                |
| ICRA          | ICRA Limited (formerly Investment Information and Credit Rating Agency of India Limited)                                                                                                                                                                                                                                     |
| IIP           | Index of Industrial Production                                                                                                                                                                                                                                                                                               |
| IMF           | International Monetary Fund                                                                                                                                                                                                                                                                                                  |
| INR           | Indian Rupee                                                                                                                                                                                                                                                                                                                 |
| JV            | Joint Venture                                                                                                                                                                                                                                                                                                                |
| JV            | Joint Venture                                                                                                                                                                                                                                                                                                                |
| MAI           | Market Access Initiative                                                                                                                                                                                                                                                                                                     |
| MAT           | Minimum Alternative Tax                                                                                                                                                                                                                                                                                                      |
| MDA           | Market Development Assistance                                                                                                                                                                                                                                                                                                |
| MDoNER        | Ministry of Development of North Eastern Region                                                                                                                                                                                                                                                                              |
| MLFPS         | Market Linked Focus Product Scheme                                                                                                                                                                                                                                                                                           |
| M-o-M         | Month-On-Month                                                                                                                                                                                                                                                                                                               |
| MoS           | Minister of State                                                                                                                                                                                                                                                                                                            |
| MSECDP        | Micro and Small Enterprises- Cluster Development Programme                                                                                                                                                                                                                                                                   |
| MSMEs         | Micro, Small and Medium Enterprises                                                                                                                                                                                                                                                                                          |
| MSP           | Minimum Support Price                                                                                                                                                                                                                                                                                                        |
| MUDRA         | Micro Units Development & Refinance Agency Ltd.                                                                                                                                                                                                                                                                              |
| MYEA          | Mid-Year Economic Analysis                                                                                                                                                                                                                                                                                                   |
| NER           | North East Region                                                                                                                                                                                                                                                                                                            |
| NITI AAYOG    | The National Institution for Transforming India Aayog                                                                                                                                                                                                                                                                        |
| NITRA         | Northern India Textile Research Association                                                                                                                                                                                                                                                                                  |
| NMP           | National Manufacturing Policy                                                                                                                                                                                                                                                                                                |
| NTP           | National Textiles Policy                                                                                                                                                                                                                                                                                                     |
| OIL           | Oil India Limited                                                                                                                                                                                                                                                                                                            |
| One Bale      | One Hundred Seventy Kilograms                                                                                                                                                                                                                                                                                                |
| ONGC          | Oil and Natural Gas Corporation                                                                                                                                                                                                                                                                                              |
| PC            | Pay Commission                                                                                                                                                                                                                                                                                                               |
| PMEGP         | Prime Minister's Employment Generation Programme                                                                                                                                                                                                                                                                             |



| Term            | Description                                                             |
|-----------------|-------------------------------------------------------------------------|
| PMI             | Purchasing Managers' Index                                              |
| PMMY            | Pradhan Mantri MUDRA Yojana                                             |
| PMO             | Prime Minister's Office                                                 |
| PPP             | Purchasing Power Parity                                                 |
| RIL             | Reliance Industries Ltd                                                 |
| RIRI            | Rational Investor Ratings Index                                         |
| RRTUFS          | The Revised Restructured Technology Up gradation Fund Scheme            |
| SASMIRA         | The Synthetic & Art Silk Mills' Research Association                    |
| SFURTI          | Scheme of Fund for Regeneration of Traditional Industries               |
| SITP            | Scheme for Integrated Textile Parks                                     |
| SITRA           | 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                                                    |
| UP              | Uttar Pradesh                                                           |
| US Fed          | United States Federal Reserve                                           |
| US\$/ US dollar | United States Dollar, the official currency of United States of America |
| US/ U.S./ USA   | United States of America                                                |
| USDA            | United States Department of Agriculture                                 |
| WEO             | World Economic Outlook                                                  |
| WIL             | Welspun India Ltd                                                       |
| WPI             | Wholesale Price Index                                                   |
| YTD             | Year to date                                                            |

### Abbreviations

| Term                                     | Description                                                                                                                                                           |
|------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| A/C                                      | Account                                                                                                                                                               |
| AGM                                      | Annual General Meeting                                                                                                                                                |
| AIF                                      | Alternative Investment 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                                                                                                                     |
| BSE                                      | BSE Limited                                                                                                                                                           |
| CAGR                                     | Compounded Annual Growth Rate                                                                                                                                         |
| Category I Foreign Portfolio Investors   | FPIs who are registered as - Category I foreign portfolio investors under the SEBI FPI Regulations                                                                    |
| Category II Foreign Portfolio Investors  | FPIs who are registered as - Category II foreign portfolio investors under the SEBI FPI Regulations                                                                   |
| Category III Foreign Portfolio Investors | FPIs who are registered as - Category III foreign portfolio investors under the SEBI FPI Regulations                                                                  |
| CC                                       | Cash Credit                                                                                                                                                           |
| CDSL                                     | Central Depository Services (India) Limited                                                                                                                           |



| Term                                     | Description                                                                                                                                                                                                                                                                                                                                    |
|------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| CFO                                      | Chief Financial Officer                                                                                                                                                                                                                                                                                                                        |
| CIN                                      | Corporate Identification Number                                                                                                                                                                                                                                                                                                                |
| Companies Act                            | Companies Act, 1956 (without reference to the provisions thereof that have ceased to have effect upon notification of the Notified Sections) and the Companies Act, 2013.                                                                                                                                                                      |
| Companies Act, 2013                      | The Companies Act, 2013, to the extent in force pursuant to the notification of the notified sections                                                                                                                                                                                                                                          |
| Depositories                             | NSDL and CDSL; Depositories registered with the SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, as amended from time to time                                                                                                                                                          |
| Depositories Act                         | The Depositories Act, 1996, as amended from time to time.                                                                                                                                                                                                                                                                                      |
| DIN                                      | Director Identification Number                                                                                                                                                                                                                                                                                                                 |
| DIPP                                     | Department of Industrial Policy & Promotion                                                                                                                                                                                                                                                                                                    |
| DP                                       | Depository Participant                                                                                                                                                                                                                                                                                                                         |
| DP ID                                    | Depository Participant's Identity                                                                                                                                                                                                                                                                                                              |
| EBIDTA                                   | Earnings before interest, depreciation, tax, amortization and extraordinary items                                                                                                                                                                                                                                                              |
| EGM                                      | Extraordinary General Meeting                                                                                                                                                                                                                                                                                                                  |
| EPFA                                     | The Employees' Provident Funds and Miscellaneous Provisions Act, 1952                                                                                                                                                                                                                                                                          |
| ESIC                                     | Employee State Insurance Corporation                                                                                                                                                                                                                                                                                                           |
| ESOP                                     | Employee Stock Ownership Plan                                                                                                                                                                                                                                                                                                                  |
| ESPS                                     | Employee Stock Purchase Scheme                                                                                                                                                                                                                                                                                                                 |
| EPS                                      | Earnings Per Share                                                                                                                                                                                                                                                                                                                             |
| FCNR Account                             | Foreign Currency Non Resident Account                                                                                                                                                                                                                                                                                                          |
| FDI                                      | Foreign Direct Investment                                                                                                                                                                                                                                                                                                                      |
| FEMA                                     | Foreign Exchange Management Act 1999, as amended from time to time and the regulations framed there under                                                                                                                                                                                                                                      |
| FII(s)                                   | Foreign Institutional Investor, as defined under the FII Regulations and registered with the SEBI under applicable laws in 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, 19` |
| 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                                                                                                                                                                                                                                                               |
| FVCI                                     | Foreign Venture Capital Investor registered under the Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000                                                                                                                                                                                              |
| 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 | SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time                                                                                                                                                                                                                                             |



| Term                           | Description                                                                                                                                                                                                                                                                           |
|--------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (ICDR) Regulations/Regulations |                                                                                                                                                                                                                                                                                       |
| Indian GAAP                    | Generally Accepted Accounting Principles in India                                                                                                                                                                                                                                     |
| ICAI                           | Institute of Chartered Accountants of India                                                                                                                                                                                                                                           |
| IFRS                           | International Financial Reporting Standards                                                                                                                                                                                                                                           |
| IPO                            | Initial Public Offering                                                                                                                                                                                                                                                               |
| I. T. Act                      | The Income Tax Act, 1961, as amended.                                                                                                                                                                                                                                                 |
| IT Authorities                 | Income Tax Authorities                                                                                                                                                                                                                                                                |
| 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 “ <i>Our Management</i> ” beginning on page 148 of this Prospectus                                                                                                                         |
| LM                             | Lead Manager                                                                                                                                                                                                                                                                          |
| Ltd.                           | Limited                                                                                                                                                                                                                                                                               |
| Mn                             | Million                                                                                                                                                                                                                                                                               |
| MoA                            | Memorandum of Association                                                                                                                                                                                                                                                             |
| MoF                            | Ministry of Finance, Government of India                                                                                                                                                                                                                                              |
| MoU                            | Memorandum of Understanding                                                                                                                                                                                                                                                           |
| MD                             | Managing Director                                                                                                                                                                                                                                                                     |
| Mtr                            | Meter                                                                                                                                                                                                                                                                                 |
| N/A or N.A.                    | Not Applicable                                                                                                                                                                                                                                                                        |
| NAV                            | Net Asset Value                                                                                                                                                                                                                                                                       |
| 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                                                                                                                                                                                                                                                |
| OCB                            | Overseas Corporate Bodies                                                                                                                                                                                                                                                             |
| p.a.                           | per annum                                                                                                                                                                                                                                                                             |
| PAN                            | Permanent Account Number                                                                                                                                                                                                                                                              |
| PAT                            | Profit After Tax                                                                                                                                                                                                                                                                      |
| Pvt.                           | Private                                                                                                                                                                                                                                                                               |
| PBT                            | Profit Before Tax                                                                                                                                                                                                                                                                     |
| P/E Ratio                      | Price Earnings Ratio                                                                                                                                                                                                                                                                  |
| QIB                            | Qualified Institutional Buyer                                                                                                                                                                                                                                                         |
| RBI                            | Reserve Bank of India                                                                                                                                                                                                                                                                 |
| RBI Act                        | The Reserve Bank of India Act, 1934, as amended from time to time                                                                                                                                                                                                                     |
| RoC                            | Registrar of Companies                                                                                                                                                                                                                                                                |
| RoNW                           | Return on Net Worth                                                                                                                                                                                                                                                                   |
| Rs. / INR                      | Indian Rupees                                                                                                                                                                                                                                                                         |
| SCRA                           | Securities Contracts (Regulation) Act, 1956 as amended from time to                                                                                                                                                                                                                   |



| Term                                                                    | Description                                                                                                                                                           |
|-------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                         | 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, 1992, as amended from time to time                                                                                        |
| SEBI AIF Regulations                                                    | Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012                                                                              |
| SEBI FII Regulations                                                    | Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995                                                                            |
| SEBI FPI Regulations                                                    | Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014                                                                                |
| SEBI FVCI Regulations                                                   | Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000                                                                          |
| SEBI VCF Regulations                                                    | Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 as repealed pursuant to the SEBI AIF Regulations                                      |
| SEBI Insider Trading Regulations                                        | The SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time, including instructions and clarifications issued by SEBI from time to time |
| SEBI Takeover Regulations / Takeover Regulations / Takeover Code        | Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011                                                            |
| Listing Regulations / SEBI Listing Regulations/ SEBI (LODR) Regulations | Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015                                                            |
| SICA                                                                    | Sick Industrial Companies (Special Provisions) Act, 1985, as amended from time to time                                                                                |
| SME                                                                     | Small Medium Enterprise                                                                                                                                               |
| SSI Undertaking                                                         | Small Scale Industrial Undertaking                                                                                                                                    |
| Stock Exchange (s)                                                      | SME Platform of BSE Limited                                                                                                                                           |
| STT                                                                     | Securities Transaction Tax                                                                                                                                            |
| Sq.                                                                     | Square                                                                                                                                                                |
| Sq. mtr                                                                 | Square Meter                                                                                                                                                          |
| TAN                                                                     | Tax Deduction Account Number                                                                                                                                          |
| TRS                                                                     | Transaction Registration Slip                                                                                                                                         |
| TIN                                                                     | Taxpayers Identification Number                                                                                                                                       |
| TNW                                                                     | Total Net Worth                                                                                                                                                       |
| u/s                                                                     | Under Section                                                                                                                                                         |
| UIN                                                                     | Unique Identification Number                                                                                                                                          |
| US/ U.S. / USA/United States                                            | United States of America                                                                                                                                              |
| USD or US\$                                                             | United States Dollar                                                                                                                                                  |
| U.S. GAAP                                                               | Generally accepted accounting principles in the United States of America                                                                                              |
| UOI                                                                     | Union of India                                                                                                                                                        |
| WDV                                                                     | Written Down Value                                                                                                                                                    |
| w.e.f.                                                                  | With effect from                                                                                                                                                      |
| YoY                                                                     | Year over year                                                                                                                                                        |

*Notwithstanding the following: -*





- i. In the section titled “*Main Provisions of the Articles of Association*” beginning on page 269 of this Prospectus, defined terms shall have the meaning given to such terms in that section;
- ii. In the section titled “*Financial Statements as restated* ” beginning on page 171 of this Prospectus, defined terms shall have the meaning given to such terms in that section;
- iii. In the section titled “*Risk Factor*” beginning on page 18 of this Prospectus, defined terms shall have the meaning given to such terms in that section;
- iv. In the chapter titled “*Statement of Possible Tax Benefits*” beginning on page 90 of this Prospectus, defined terms shall have the meaning given to such terms in that chapter; and
- v. In the chapter titled “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” beginning on page 172 of this Prospectus, defined terms shall have the meaning given to such terms in that section.



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

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

### **FINANCIAL DATA**

Unless stated otherwise, the financial data included in this Prospectus 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 Statutory Auditors, set out in the section titled *‘Financial Statements’* beginning on page 171 this Prospectus. Our restated financial statements are derived from our audited financial statements prepared in accordance with Indian GAAP and the Companies Act, and have been restated in accordance with the SEBI (ICDR) Regulations.

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

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

Any percentage amounts, as set forth in “*Risk Factors*”, “*Our Business*”, “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” and elsewhere in this Prospectus unless otherwise indicated, have been calculated on the basis of the Company’s restated financial statements prepared in accordance with the applicable provisions of the Companies Act, Indian GAAP and restated in accordance with SEBI (ICDR) Regulations, as stated in the report of our Peer Reviewed Auditor, set out in the section titled *‘Financial Statements’* beginning on page 171 of this Prospectus.

### **CURRENCY OF PRESENTATION**

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

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

### **INDUSTRY & MARKET DATA**

Unless stated otherwise, Industry and Market data and various forecasts used throughout this 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 Prospectus is reliable, it has not been independently verified by the Lead Manager or our Company or the Selling Shareholders 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 18. Accordingly, investment decisions should not be based solely on such information.

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



## FORWARD LOOKING STATEMENTS

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

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

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

For a further discussion of factors that could cause our actual results to differ, refer to section titled “*Risk Factors*” and chapter titled “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” beginning on pages 18 and 172 respectively of this Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated.

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



## SECTION II - RISK FACTORS

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

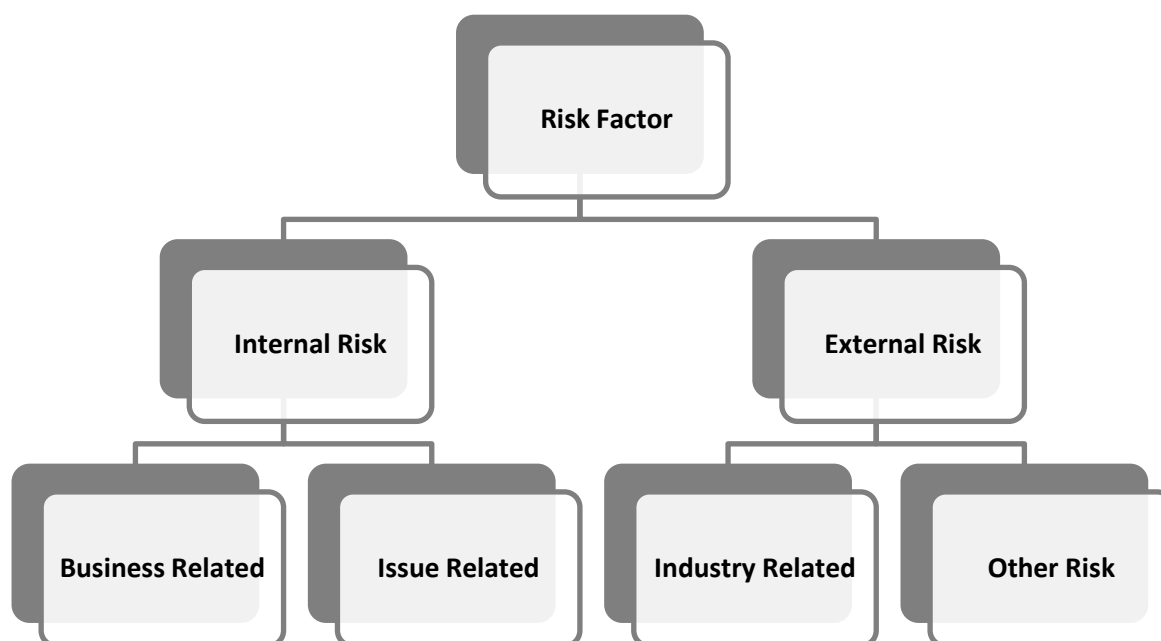
To obtain a better understanding, you should read this section in conjunction with the chapters titled “Our Business” beginning on page 114, “Our Industry” beginning on page 92 and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on page 172 respectively, of this Prospectus as well as other financial information contained herein.

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

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

The financial and other related implications of risks concerned, wherever quantifiable, have been disclosed in the risk factors mentioned below. However, there are risk factors where the impact may not be quantifiable and hence the same has not been disclosed in such risk factors. Unless otherwise stated, the financial information of our Company used in this section is derived from our restated financial statements prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with the SEBI ICDR Regulations 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 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. *Our Company, Promoter and Directors is involved in certain tax related proceedings which are currently pending at various stages and any adverse decision in such proceedings may render us liable to penalties and may adversely affect our business and results of operations.*

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) |
|------------------------|----------------------|--------------------------------|-----------------|-----------------|---------------------|----------------------------------------------|------------------------------------------|
| <b>Company</b>         |                      |                                |                 |                 |                     |                                              |                                          |
| By the Company         | Nil                  | Nil                            | Nil             | Nil             | Nil                 | Nil                                          | Nil                                      |
| Against the Company    | Nil                  | Nil                            | 1               | Nil             | Nil                 | Nil                                          | Nil                                      |
| <b>Promoters</b>       |                      |                                |                 |                 |                     |                                              |                                          |
| By the Promoter        | Nil                  | Nil                            | Nil             | Nil             | Nil                 | Nil                                          | Nil                                      |
| Against the Promoter   | Nil                  | Nil                            | 1               | Nil             | Nil                 | Nil                                          | 0.02                                     |
| <b>Group Companies</b> |                      |                                |                 |                 |                     |                                              |                                          |
| By Group Companies     | Nil                  | Nil                            | Nil             | Nil             | Nil                 | Nil                                          | Nil                                      |
| Against Group          | Nil                  | Nil                            | Nil             | Nil             | Nil                 | Nil                                          | Nil                                      |



|                                       |     |     |     |     |     |     |      |
|---------------------------------------|-----|-----|-----|-----|-----|-----|------|
| <b>Companies</b>                      |     |     |     |     |     |     |      |
| <b>Directors other than promoters</b> |     |     |     |     |     |     |      |
| <b>By the Directors</b>               | Nil | Nil | Nil | Nil | Nil | Nil | Nil  |
| <b>Against the Directors</b>          | Nil | Nil | 3   | Nil | Nil | Nil | 0.23 |

*\*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 see the chapter titled “*Outstanding Litigation and Material Developments*” on page 187 of this Prospectus

**2. *Our cost of production is exposed to fluctuations in the prices of raw material like Cotton bales.***

We are exposed to fluctuations in the prices of raw material like Cotton bales. Thus, we may be unable to control factors affecting the price at which we procure our raw material. We also face the risks associated with compensating for or passing on such increase in our cost of production on account of such fluctuations in prices to our customers. Particularly, we 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 historical 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 114 and 171 of this Prospectus.

However, the Company has been sourcing major portion of its raw material from its promoter group entity Gujarat Ginning and Oil Industries and has entered into an agreement with it and thus may enjoy favourable terms in both prices as well as supplies.

**3. *Cotton is a highly inflammable commodity. Any fire, or such mishaps or accidents at the Company’s facilities could lead to property damages, property loss and accident claims***

Cotton being a highly flammable commodity, every stage from procurement, processing, storage and transportation to trading is fraught with an imminent danger of an instant fire. The risk of fire hazard is increased due to increased automation and use of large volume of air for material handling. Blow room and carding area are more prone to such hazard. Any spark generated at these places can not only generate fire but also the same could propagate to other machines through cotton conveying. Though we have taken insurance policy to cover damage caused by fire however, the cover may not be adequate to the loss suffered.

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

Adequate and cost effective supply of electrical power is critical to our operations, which entails significant consumption of electrical power. 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 uninterrupted 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.

We draw water from bore well and also source from local water supplier for use in our manufacturing facilities. Lack of sufficient water resources or an increase in the cost of such water used in manufacturing facilities could adversely affect our business, financial condition and results of operation

**5. *Our Company has contingent Liabilities.***

As on September 30, 2017, our Company has following contingent liabilities as per restated financials of the Company

| Rs. In Lakhs                             |                      |
|------------------------------------------|----------------------|
| Particulars                              | Amount (Rs in Lakhs) |
| Bank guarantee issued in favour of PGVCL | 219.29               |
| Export obligation                        | 5074.13              |

In the event any such contingencies mentioned above were to materialize or if our contingent liabilities were to increase in the future, our financial condition could be adversely affected

**6. *Failure to comply with the conditions applicable under TUFS and Gujarat Textile Policy, 2012, being availed by us, may render our Company ineligible for interest or capital subsidies***

Our Company presently avails Subsidy facilities under the TUFS and *Gujarat Textile Policy, 2012*. As on September 30, 2017 the total sanctioned term loan under TUFS and *Gujarat Textile Policy, 2012* is Rs.2800 Lakhs. These loans are eligible for 2% interest subsidy under TUFS and 7% interest subsidy under *Gujarat Textile Policy, 2012*. Such interest or capital subsidies are allowed subject to fulfilment of conditions provided therein. If we fail to comply with the conditions stipulated under these policies, our Company may be denied the interest or capital subsidy, making its operations less cost effective.

**7. *Our Company has recently ventured into yarn spinning activity***

Our Promoters are well experienced and are involved for about two decades in Cotton Ginning and Pressing. Our Company is engaged in the manufacturing of cotton yarns and has recently ventured into yarn spinning. Our Promoters may not be well versed in the spinning activities of yarns. They may face challenges in running the venture successfully and such absence of expertise may affect our cash flows, revenue from operations and which may adversely affect our business, financial condition and results of operations. In order to mitigate the risk our spinning unit is equipped with highly quality machineries, trained staff and quality control department.

**8. *We generate our major portion of sales from our operations in certain geographical regions especially in Gujarat and Maharashtra and 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 certain regions in the State of Gujarat and Maharashtra. Such geographical concentration of our business in these regions heightens our exposure to adverse developments related to competition, as well as economic and demographic changes in these regions which may adversely affect our business prospects, financial conditions and results of operations.

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 Gujarat and Maharashtra market may adversely affect our business prospects, financial conditions and results of operations.

**9. *Our Company has suffered losses in the financial year FY 2013-14 and FY 2014-15***

Our profit before tax has declined from Rs. 7.40 lakhs in FY 2012-2013 to a loss of Rs. (20.97) lakhs in FY 2013-14 and Rs. (49.48) lakhs in FY 2014-2015. Profit before tax was negative mainly on account of depreciation expense and finance cost. Also growth of cotton industry majorly depends on the growth of the economy and investment in Textile sector which has also affected the margins.

**10. *Conflicts of interest may arise out of common business undertaken by our Company and our Group Company and Promoter Group entity.***

Our Promoter Group entities Tulip Cotspin Private Limited, Gujarat Ginning and Oil Industry, Paras Cotton are authorized to carry out business similar to that of our Company. As a result, conflicts of interests may arise in allocating business opportunities amongst our Company and our Group Company or Promoter Group entity in circumstances where our respective interests diverge. In cases of conflict, our Promoter may favour other companies in which our Promoter has interests. There can be no assurance that our Promoter or our Group Company or members of the Promoter Group will not compete with our existing business or any future business that we may undertake or that their interests will not conflict with ours. Any such present and future conflicts could have a material adverse effect on our reputation, business, results of operations and financial condition.

**11. *Reduction or termination of policies instituted to promote growth of the textile sector may adversely affect our business.***

The Government of India has instituted several policies to promote the growth of the Indian textile sector. These include interest rate subsidies, Power duty Exemptions and Power Tariff Benefit. Our Company avails certain benefits under such promotional policies, the brief of which is provided under chapter titled “*Key Industry Regulations and Policies*” on page 124 of this Prospectus. Termination of or variation in the terms of such policy(ies) can adversely impact our profitability and/ or our business operations.

**12. *We may be unable to attract and retain employees with the requisite skills, expertise and experience, which would adversely affect our operations, business growth and financial results***

We rely on the skills, expertise and experience of our employees to provide quality services to our customers. Our employees may terminate their employment with us prematurely and we may not be able to retain them. Experienced and skilled workers in the textile industry are highly sought after, and competition for talent is intense. If we experience any failure to attract and retain competent personnels or any material increase in labour costs as a result of the shortage of skilled labour, our competitiveness and business would be damaged, thereby adversely affecting our financial condition and operating results. Further, if we fail to identify suitable replacements of our departed staff, our business and operation could be adversely affected and our future growth and expansions may be inhibited.

**13. *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 period ended September 30, 2017 | For the year ended |               |               |               |                |
|-------------------------------------------------------|-----------------------------------------|--------------------|---------------|---------------|---------------|----------------|
|                                                       |                                         | 2017               | 2016          | 2015          | 2014          | 2013           |
| <b>A. Current Assets</b>                              |                                         |                    |               |               |               |                |
| Inventories                                           | 1637.08                                 | 1421.57            | 1005.39       | 735.82        | 1080.26       | 0.00           |
| Trade Receivables                                     | 1546.53                                 | 1154.22            | 1337.89       | 778.09        | 156.87        | 0.00           |
| Cash and Cash Equivalents                             | 8.19                                    | 10.58              | 21.02         | 6.35          | 18.03         | 16.24          |
| Short Term Loans & Advances                           | 478.04                                  | 379.38             | 299.67        | 182.97        | 310.64        | 15.53          |
| <b>B. Current Liabilities</b>                         |                                         |                    |               |               |               |                |
| Short Term Borrowings                                 | 1,300.90                                | 1,348.60           | 1,291.09      | 809.96        | 938.94        | 39.93          |
| Trade Payables                                        | 587.08                                  | 127.80             | 171.16        | 25.50         | 98.42         | 69.39          |
| Other Current Liabilities                             | 1,026.42                                | 787.98             | 627.09        | 577.13        | 374.24        | 0.56           |
| Short term provisions                                 | 15.35                                   | 4.19               | 2.70          | 0.04          | 9.29          | 0.07           |
| <b>Working Capital (A-B)</b>                          | <b>740.09</b>                           | <b>697.18</b>      | <b>571.93</b> | <b>290.60</b> | <b>144.91</b> | <b>(78.18)</b> |
| <b>Inventories as % of total current assets</b>       | <b>44.61%</b>                           | <b>47.93%</b>      | <b>37.74%</b> | <b>43.20%</b> | <b>68.99%</b> | <b>0.00%</b>   |
| <b>Trade receivables as % of total current assets</b> | <b>42.14%</b>                           | <b>38.92%</b>      | <b>50.22%</b> | <b>45.68%</b> | <b>10.22%</b> | <b>0.00%</b>   |

The textile industry is working capital intensive and involves a lot of 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 85 of this Prospectus.

14. ***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.

15. ***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, among others, standard fire and special perils, earthquake (fire and shock). 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.

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

Our Company has entered into certain transactions with our related parties including our Promoter, the Promoter Group, our Directors and their relatives. While we believe that all such transactions have been conducted on the arm's length basis, there can be no assurance that we could not have achieved more favourable terms had such transactions not been entered into with related parties. Furthermore, it is likely that we will enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operation. For details on the transactions entered by us, please refer to section "Related Party Transactions" in Section "Financial Statements as Restated" beginning on page 171 of this Prospectus.

17. ***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:

| Particulars                                     | For the period ended September 30, 2017 | For The Year Ended |          |         |            |          |
|-------------------------------------------------|-----------------------------------------|--------------------|----------|---------|------------|----------|
|                                                 |                                         | 2016-17            | 2015-16  | 2014-15 | 2013-14    | 2012-13  |
| Cash Flow from / (used in) Operating Activities | 266.60                                  | 662.01             | 122.93   | 675.45  | (1,177.45) | 44.01    |
| Cash Flow from / (used in)                      | (2.44)                                  | (2.47)             | (186.74) | (74.95) | (4,179.41) | (412.32) |

(Rs. In Lakhs)



|                             |          |          |       |          |          |        |
|-----------------------------|----------|----------|-------|----------|----------|--------|
| Investing Activities        |          |          |       |          |          |        |
| Cash Flow from / (used in ) | (266.48) | (641.68) | 79.91 | (612.18) | 5,358.65 | 378.13 |
| Financing Activities        |          |          |       |          |          |        |

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

**18. We do not own the land on which our manufacturing facility and registered office are located**

We do not own the land on which our manufacturing facility and registered office are located. We have taken the premises (land) where our registered office and factory is located on lease from our promoter group entity, Gujarat Ginning and Oil Industries which is valid for 30 years from August 01, 2012. If our promoter group entity do 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.

**19. Our top five customers contribute more than 90% of our revenues for the year ended September 30, 2017. 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 September 30, 2017. Further these customers are generally traders who further sell to the Industrial customers. However, the composition and revenue generated from these clients 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. We believe we have maintained good and long term relationships with our customers. However, there can be no assurance that we will continue to have such long term relationship with them 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.

**20. Our Company may have not complied with the provisions of the Contract Labour (Regulation and Abolition) Act, 1970 and which can be subject to penalties and regulatory actions**

Our Company may have not complied with the provisions of the Contract Labour (Regulation and Abolition) Act, 1970 for the contract labourers which we have employed. Such non-compliance may render us liable to penalties and other regulatory actions under the Contract Labour (Regulation and Abolition) Act, 1970.

**21. Our Company has not complied with certain statutory provisions under Companies Act and other Corporate Laws. Such non-compliances/lapses may attract penalties.**

Our Company has not complied with certain statutory provisions such as the following:

- Non-compliance with section 383A of the Companies Act, 1956 and section 203 of the Companies Act, 2013
- Provision of Section 58A of the Companies Act, 1956 with respect to availment of unsecured loans from persons other than the directors, relative of director or member of the Company during the past.



➤ Non-compliance of Section 4A of The Payment of Gratuity Act, 1972

**22. *Our Company has lapsed/ delayed in making the required filings under Companies Act, 2013 and under the applicable provisions of Companies Act, 1956.***

Our Company is required to make filings under various rules and regulations as applicable under the Companies Act, 2013 and under the applicable provisions of the Companies Act, 1956. Some of which, such as, Form, Form MGT-7, Form ADT -1 , Form MGT-14, Form MR 1, Form DIR-12, etc has not been done within the stipulated time period at some instances. Also, our Company has failed to file form MGT-14 for increase in borrowing powers. Due to these delays in filings, our Company had on several occasions paid the requisite late fees. Although, we have not received any show-cause notice in respect of the above, such delay/non-compliance may in the future render us liable to statutory penalties and could have serious consequences on our operations. While this could be attributed to technical lapses and human errors, our Company is in the process of setting up a system to ensure that requisite filings are done appropriately with the requisite timeline.

**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. *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.

**25. *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.

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

We have secured our lenders by creating a charge over our movable and immovable properties in respect of loans / facilities availed by us from banks and financial institutions. The total amounts outstanding and payable by us as secured loans were Rs.3175.27as on September 30, 2017 In the event we default in repayment of the loans / facilities availed by us and any interest thereof, our properties may be forfeited by lenders, which in turn could have significant adverse affect on business, financial condition or results of operations. For further information on the Financial Indebtedness please refer to page no.183 of this Prospectus.





**27. *There may be delays in repayment of term loans and over utilization of working capital limits***

In the past, we have made certain delays in repayment of term loans and over utilise our working capital limits. Though we generally repay our loan instalments in time, we cannot assure that the monies payable to our secured lenders will be made in timely manner. We however, shall repay such monies, with the interest due and payable if applicable, thereon as prescribed under applicable statutory and/or regulatory provisions. Also sometimes, we may run over our utilization of working capital limits in fulfilling our timely commitments and may have to bear additional costs thereon.

**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.***

The textile 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. *We require a number of approvals, NOCs, licenses, registrations and permits in the ordinary course of our business. An application dated October 30, 2017 was made for renewal of license to work factory under the Factories Act, 1948 for the period of renewal from 2018 to 2019 and the same is currently pending. Some of the approvals are required to be transferred in the name of Gujarat Hy-Spin Limited from Gujarat Hy-Spin Private Limited pursuant to conversion and change of name of our company and any failure or delay in obtaining such approvals in a timely manner may adversely affect our operations.***

We require a number of approvals, licenses, registrations and permits in the ordinary course of our business. Additionally, we need to apply for renewal of approvals which expire, from time to time, as and when required in the ordinary course. We were a private limited company in the name of “Gujarat Hy-Spin Private Limited” which was carrying business of manufacturing of cotton yarn. After complying with the relevant procedure of Companies Act, 2013, the Company was converted into a public limited company in the year 2016. After conversion there was change of name of the company from “Gujarat Hy-Spin Private Limited” to “Gujarat Hy-Spin Limited” pursuant to Rule 29 of the Companies (Incorporation) Rules, 2014. We shall be taking necessary steps for transferring the approvals in new name of our company. In case we fail to transfer/obtain the same in name of the company, the same may adversely affect our business.

The company has not yet applied for change of name of all the approvals. In case of delay or failure to obtain the same, it could affect our business operations. Any failure to renew the approvals that have expired, or to apply for and obtain the required approvals, licences, registrations or permits, or any suspension or revocation of any of the approvals, licences, registrations and permits that have been or may be issued to us, could result in delaying the operations of our business, which may adversely affect our business, financial condition, results of operations and prospects. Additionally, our company has not applied for change of name of the approval/s mentioned in pending approvals and renewal of license to work factory under the Factories Act, 1948 as mentioned in section of Government and Other Statutory Approvals Chapter.





For more information, please refer the chapter “Government and Other Statutory Approvals” on page 193 of this Prospectus

**30. Our Company has applied for logo/trademark. Consequently we may not be able to effectively protect our intellectual property.**

Our Company does not own trademark and on the date of this Prospectus, however our Company has made any application for registering the logo as per details mentioned below.

| Particulars      | Details of Trademark                                                               |
|------------------|------------------------------------------------------------------------------------|
| Trade Mark Image |  |
| Trade Mark Text  | Gondal to Global                                                                   |

In the event our company is not able to obtain registration in respect of such trade mark, our company may not be able to obtain statutory protections available under the Trade Marks Act, 1999, as otherwise available for registered logos and trademarks. Consequently, our company is subject to the various risks arising out of the same, including but not limited to infringement or passing off our name and logo by a third party. For details on the trademark applications, kindly refer to “Government and Other Statutory Approvals” appearing on page 193 of this Prospectus

**31. 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 183 of the 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.

**32. 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.



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

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

34. ***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 Gondal, Rajkot Gujarat 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.

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

Modernization and technology upgradation 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.

36. ***We will not receive any part of the proceeds from this offer and all the Proceeds of Offer are to be paid to the Promoters***

The Offer Comprises of sale of 44,50,000 Equity Shares of our Company through an Offer for Sale by Promoter Selling Shareholders i.e by Our Promoters Maganlal Parvadiya and Chandulal Parvadia. For further details, see the section entitled “The Offer” on page 57. The proceeds from the Offer for Sale will be remitted to the Promoter Selling Shareholders and our Company will not benefit from such proceeds.

37. ***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 September 30, 2017 our Company has unsecured loans amounting to Rs. 290.96 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 ‘Annexure XVII’ ‘Statement of Unsecured Loans’ of chapter titled “Financial Statements” beginning on page 171 under the chapter ‘Auditors Report and Financial Information’ of Our Company’ of the Prospectus.



38. ***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 does not 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 170.

39. ***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.

40. ***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.

41. ***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 64.92% 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.

42. ***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 68 and 148, respectively, of this Prospectus.

43. ***Any defects in our products could make our Company liable for customer claims, 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, 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.

#### **B. Risk relating to the Offer**

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

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

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

- a. The price of the Equity Shares on the Stock Exchanges may fluctuate as a result of the factors, including:
- b. Volatility in the Indian and global capital market;
- c. Company’s results of operations and financial performance;



- d. Performance of Company's competitors,
- e. Adverse media reports on Company or pertaining to the Textile Industry;
- f. Changes in our estimates of performance or recommendations by financial analysts;
- g. Significant developments in India's economic and fiscal policies; and
- h. Significant developments in India's environmental regulations.

Current valuations may not be sustainable in the future and may also not be reflective of future valuations for our industry and our Company. There has been no public market for the Equity Shares and the prices of the Equity Shares may fluctuate after this Offer. There can be no assurance that an active trading market for the Equity Shares will develop or be sustained after this Offer or that the price at which the Equity Shares are initially traded will correspond to the price at which the Equity Shares will trade in the market subsequent to this Offer.

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

The Offer Price of our Equity Shares has been determined by fixed price method. This price is based on numerous factors. For further information, please refer chapter titled "*Basis for Offer Price*" beginning on page 87 of this Prospectus and may not be indicative of the market price of our Equity Shares after the Offer. The market price of our Equity Shares could be subject to significant fluctuations after the Offer, and may decline below the Offer Price. We cannot assure you that you will be able to sell your Equity Shares at or above the Offer Price. Among the factors that could affect our share price include without limitation. The following:

- Half yearly variations in the rate of growth of our financial indicators, such as earnings per share, net income and revenues;
- Changes in revenue or earnings estimates or publication of research reports by analysts;
- Speculation in the press or investment community;
- General market conditions; and
- Domestic and international economic, legal

**47. *You will not be able to sell immediately on Stock Exchange any of the Equity Shares you purchase in the Offer until the Offer receives appropriate trading permissions.***

The Equity Shares will be listed on the Stock Exchange. Pursuant to Indian regulations, certain actions must be completed before the Equity Shares can be listed and trading may commence. We cannot assure you that the Equity Shares will be credited to investor's demat accounts, or that trading in the Equity Shares will commence, within the time periods specified in this Prospectus. Any failure or delay in obtaining the approval would restrict your ability to dispose of the Equity Shares. In accordance with section 40 of the Companies Act, 2013, in the event that the permission of listing the Equity Shares is denied by the stock exchanges, we are required to refund all monies collected from investors.

**48. *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 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 or a tax clearance certificate from the income tax authority. We cannot assure



investors that any required approval from the RBI or any other Government agency can be obtained on any particular terms or at all.

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

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

## **EXTERNAL RISK FACTORS**

**50. *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.





## OTHER RISKS

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

Our business and financial performance could be adversely affected by unfavorable changes in or interpretations of existing, or the promulgation of new laws, rules and regulations applicable to us and our business. Please refer to “Key Regulations and Policies” on page 124 for details of the laws currently applicable to us. There can be no assurance that the Government of India may not implement new regulations and policies which will require us to obtain approvals and licenses from the Government of India and other regulatory bodies or impose onerous requirements and conditions on our operations. Any such changes and the related uncertainties with respect to the applicability, interpretation and implementation of any amendment to, or change to governing laws, regulation or policy in the jurisdictions in which we operate may have a material adverse effect on our business, financial condition and results of operations. In addition, we may have to incur expenditures to comply with the requirements of any new regulations, which may also materially harm our results of operations. Any unfavorable changes to the laws and regulations applicable to us could also subject us to additional liabilities.

GST has been implemented with effect from July 1, 2017 and has replaced the indirect taxes on goods and services such as central excise duty, service tax, central sales tax, state VAT and surcharge currently being collected by the central and state governments. The GST is expected to increase tax incidence and administrative compliance. Given the limited availability of information in the public domain concerning the GST, we are unable to provide any assurance as to the tax regime following implementation of the GST. The implementation of this new structure may be affected by any disagreement between certain state Governments, which could create uncertainty. Any future amendments may affect our overall tax efficiency, and may result in significant additional taxes becoming payable.

Further, the general anti avoidance rules (“GAAR”) provisions have been made effective from assessment year 2018-19 onwards, i.e.; financial Year 2017-18 onwards and the same may get triggered once transactions are undertaken to avoid tax. The consequences of the GAAR provisions being applied to an arrangement could result in denial of tax benefit amongst other consequences. In the absence of any precedents on the subject, the application of these provisions is uncertain.

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

Further, on November 8, 2016 the Department of Economic Affairs, Ministry of Finance, Government of India through a notification declared that bank notes of denominations of the series of the value of five hundred rupees and one thousand rupees shall cease to be legal tender. This new regulation could result in reduction of liquidity in the economy and may have an impact on various sectors, which may include sectors such as home and personal care products. As a result, such changes or interpretations could have an adverse effect on our business and our financial results. 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.

**52. *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. Any gain realised on the sale of shares held for more than 12 months to an Indian resident, which are sold other than on a recognised stock exchange and as a result of which no STT has been paid, will be subject to long term capital gains tax in India. Further, any gain realised on the sale of shares held for a period of 12 months or less will be subject to capital gains tax in India. Further, any gain realised on the sale of listed equity shares held for a period of 12 months or less which are sold other than on a recognised stock exchange and on which no STT has been paid, will be subject to short term capital gains tax at a relatively higher rate as compared to the transaction where STT has been paid in India.

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

The Government of India has proposed the introduction of the Direct Taxes Code ("DTC"), to revamp the implementation of direct taxes. If the DTC is notified and becomes applicable, the tax impact discussed in this Prospectus may not accurately reflect the provisions of the DTC. In addition, the application of various Indian and international sales, value-added and other tax laws, rules and regulations to our products and services, currently or in the future which are subject to interpretation by applicable authorities, if amended/ notified, could result in an increase in our tax payments (prospectively or retrospectively) and/ or subject us to penalties, which could affect our business operations.

The governmental and regulatory bodies in India may notify new regulations and/ or such policies which will require us to obtain approvals and licenses from the government and other regulatory bodies or impose onerous requirements and conditions on our operations in addition to what we are undertaking as on date. Any such changes and the related uncertainties with respect to the implementation of the new regulations may have a material adverse effect on our business, financial condition and results of operations.

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

As stated in the reports of the Auditor included in this Prospectus on page 171, the financial statements included in this Prospectus are based on financial information that is based on the audited financial statements that are prepared and presented in conformity with Indian GAAP and restated in accordance with the SEBI ICDR Regulations, and no attempt has been made to reconcile any of the information given in this Prospectus to any other principles or to base it on any other standards. Indian GAAP differs from accounting principles and auditing standards with which prospective investors may be familiar in other countries, such as U.S. GAAP and IFRS. Significant differences exist between Indian GAAP and U.S. GAAP and IFRS, which may be material to the financial information prepared and presented in accordance with Indian GAAP contained in this Prospectus. Accordingly, the degree to which the financial information included in this Prospectus will provide meaningful information is dependent on familiarity with Indian GAAP, the Companies Act and the SEBI ICDR Regulations. Any reliance by



persons not familiar with Indian GAAP on the financial disclosures presented in this Prospectus should accordingly be limited.

**55. *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.



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

While facts and other statistics in the Prospectus relating to India, the Indian economy and the Textile sector 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 92 of the Prospectus. Due to possibly flawed or ineffective data collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced elsewhere and should not be unduly relied upon. Further, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy, as the case may be, elsewhere.

**57. *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 BSE could adversely affect the trading price of the Equity Shares.

**58. *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.

**59. *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.

**60. *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 operation as well as the price of the Equity Shares.

**61. Third party statistical and financial data in this Prospectus may be incomplete or unreliable.**

We have not independently verified any of the data from industry publications and other sources referenced in this Prospectus and therefore cannot assure you that they are complete or reliable. Discussions of matters relating to India, its economies or the industries in which we operate in this Prospectus are subject to the caveat that the statistical and other data upon which such discussions are based may be incomplete or unreliable.

**PROMINENT NOTES:**

1. Public Offer of 44,50,000 Equity Shares of face value of Rs. 10 each of Gujarat Hy-spin Limited (the "Company") for cash at a price of Rs. 10 per Equity Share (the "Offer Price") through an Offer for Sale by the Selling Shareholder aggregating Rs.445.00 lakhs ("the Offer"), of which 2,30,000 Equity Shares of face value of Rs. 10 each for Cash at a price of Rs. 10 per Equity Share, aggregating Rs. 23.00 lakhs will be reserved for subscription by the Market Maker to the Offer (the "Market Maker Reservation Portion"). The offer less Market Maker Reservation Portion i.e. Offer of 42,20,000 Equity Shares of face value of Rs. 10 each for cash at a price of Rs. 10 per Equity Share, aggregating Rs. 422.00 Lakhs is hereinafter referred to as the "Net Offer". The Offer and the Net Offer will constitute 26.57% and 25.19% respectively of the fully diluted
2. Investors may contact the Lead Manager and the Compliance Officer for any complaint/clarification/information pertaining to the Offer. For contact details of the Lead Manager and the Compliance Officer, please refer to chapter titled "*General Information*" beginning on page 59 of this Prospectus.
3. Pre-Offer Net worth of our Company was Rs. 1862.54 as on September 30, 2017 and Rs. 1804.71 as on March 31, 2017. The book value of the Equity Shares of our Company as on September 30, 2017 is Rs. 11.12 and as on March 31, 2017 is Rs. 10.77 per Equity Share. For further details, please refer to section titled "*Financial Statements*" beginning on page 171 of this Prospectus.
4. The average cost of acquisition per Equity Share by our Promoter is set forth in the table below:

| Name of the Promoter | Average cost of acquisition (in Rs) |
|----------------------|-------------------------------------|
| Maganlal Parvadiya   | 10.00                               |
| Chandulal Parvadia   | 10.00                               |

5. For further details relating to the allotment of Equity Shares to our Promoter, please refer to the chapter titled "*Capital Structure*" beginning on page 68 of this Prospectus.
6. Our Company has entered into related party transactions during the previous years. For details on related party transactions and loans and advances made to any company in which Directors are interested, please refer "Annexure XXXI "*Related Party Transactions*" beginning on page 169 under chapter titled "*Financial Statements as Restated*" beginning on page 171 of this Prospectus.
7. Investors may note that in case of over subscription in the Offer, 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 219 of this Prospectus.
8. Except as disclosed in the chapter titled "*Capital Structure*", "*Our Promoter and Promoter Group*", "*Our Management*", "*Our Group Companies*" and "*Related Party Transactions*" beginning on page 68, 163, 148, 168 and 169 respectively of this Prospectus, none of the



Promoters, Directors, Group Companies or Key Management Personnel has any interest in our Company.

9. Except as disclosed in the chapter titled “*Capital Structure*” beginning on page 68 of this Prospectus, we have not issued any equity shares for Consideration other than cash
10. There has been no capitalization of our reserves since inception.
11. Trading in Equity Shares of our Company for all investors shall be in dematerialised form only.
12. 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 Prospectus with the Board.
13. Our Company was incorporated as “Gujarat Hy-Spin Private Limited” in Gondal, Rajkot, Gujarat as a private limited company under the provisions of the Companies Act, 1956 and a Certificate of Incorporation dated February 01, 2011 bearing registration number 063898 issued by Registrar of Companies, Gujarat, Dadra and Nagar Haveli. Our Company was converted into a public limited company pursuant to special Resolution passed at the Extra- Ordinary General Meeting of the Company held on June 13, 2016 and the name of our company was changed to “Gujarat Hy-Spin Limited” A fresh Certificate of Incorporation consequent upon conversion to public limited company by Registrar of Companies on August 5, 2016. The Corporate Identity Number of our Company is U17110GJ2011PLC063898. For details of incorporation, change of name, Change of objects and registered office of our Company, please refer to chapter titled “*General Information*” and “*Our History and Certain Other Corporate Matters*” beginning on page 59 and 143 respectively of this Prospectus.
14. Any clarification or information relating to the Offer shall be made available by the Lead Manager and our Company to the investors at large and no selective or additional information would be available for a section of investors in any manner whatsoever. Investors may contact the Lead Manager for any complaints, information or clarifications pertaining to the Offer.



## 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 Offer have verified this information. The data may have been re-classified by us for the purposes of presentation. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured and, accordingly, investment decisions should not be based on such information. You should read the entire Prospectus, including the information contained in the sections titled “Risk Factors” and “Financial Statements” and related notes beginning on page 18 and 171 respectively of this Prospectus before deciding to invest in our Equity Shares.*

### INTRODUCTION TO COTTON INDUSTRY

Cotton plays an important role in the Indian economy as the country's textile industry is predominantly cotton based. India is one of the largest producers as well as exporters of cotton yarn. The Indian textile industry contributes around 5 per cent to country's gross domestic product (GDP), 14 per cent to industrial production and 11 per cent to total exports earnings. The industry is also the second-largest employer in the country after agriculture, providing employment to over 51 million people directly and 68 million people indirectly, including unskilled women. The textile industry is also expected to reach US\$ 223 billion by the year 2021.

The states of Gujarat, Maharashtra, Telangana, Andhra Pradesh, Karnataka, Madhya Pradesh, Haryana, Rajasthan, and Punjab are the major cotton producers in India.

(Source: India Brand Equity Foundation [www.ibef.org](http://www.ibef.org) )

| <b>World Cotton Production</b> |              |              |              |              |                     |                    |
|--------------------------------|--------------|--------------|--------------|--------------|---------------------|--------------------|
| million 480 lb. bales          | 2011/12      | 2012/13      | 2013/14      | 2014/15      | 2015/16<br>December | 2015/16<br>January |
| India                          | 29.0         | 28.5         | 31.0         | 29.5         | 28.5                | 28.0               |
| China                          | 34.0         | 35.0         | 32.8         | 30.0         | 24.3                | 23.8               |
| United States                  | 15.6         | 17.3         | 12.9         | 16.3         | 13.0                | 12.9               |
| Pakistan                       | 10.6         | 9.3          | 9.5          | 10.6         | 8.0                 | 7.2                |
| Brazil                         | 8.7          | 6.0          | 8.0          | 7.0          | 6.5                 | 6.5                |
| Uzbekistan                     | 4.0          | 4.6          | 4.1          | 3.9          | 3.7                 | 3.7                |
| Turkey                         | 3.4          | 2.7          | 2.3          | 3.2          | 2.7                 | 2.7                |
| Australia                      | 5.5          | 4.6          | 4.1          | 2.3          | 2.4                 | 2.4                |
| Turkmenistan                   | 1.5          | 1.7          | 1.6          | 1.5          | 1.4                 | 1.3                |
| Burkina                        | 0.8          | 1.2          | 1.3          | 1.4          | 1.2                 | 1.2                |
| Mali                           | 0.9          | 0.9          | 0.9          | 1.1          | 1.1                 | 1.1                |
| Argentina                      | 1.0          | 0.8          | 1.2          | 1.1          | 1.0                 | 1.0                |
| Greece                         | 1.3          | 1.2          | 1.4          | 1.3          | 1.0                 | 1.0                |
| Rest of World                  | 11.1         | 10.2         | 9.5          | 10.0         | 9.0                 | 8.8                |
| African Franc Zone             | 3.0          | 3.9          | 4.1          | 4.8          | 4.6                 | 4.6                |
| EU-27                          | 1.6          | 1.5          | 1.6          | 1.6          | 1.2                 | 1.2                |
| <b>World</b>                   | <b>127.4</b> | <b>123.9</b> | <b>120.4</b> | <b>119.2</b> | <b>103.7</b>        | <b>101.6</b>       |

(Source: USDA-United States Department of Agriculture [www.usda.gov](http://www.usda.gov))





### **Key Markets and Export Destinations**

- Total value of textiles and clothing exports from India stood at US\$ 36.8 billion in 2015-16.
- During April-December 2016 total Cotton yarn exports goes down by 12 per cent from 987.21 million kgs in the corresponding period previous year to 872.19 million kgs.
- The value of cotton yarn exported from India in 2015-16 stood at US\$ 3.6 billion, while export of cotton fabrics, cotton madeups and raw cotton stood at US\$ 2.1 billion, US\$ 5.2 billion, and US\$ 1.9 billion respectively.
- India has overtaken Italy and Bangladesh, and is now the second largest textile & clothing exporter in the world, contributing around 5 per cent to the global textile and clothing trade.
- USA is the biggest importer of cotton textiles from India with a share of 22.7 per cent, followed by China (13.9 per cent), Bangladesh (9.0 per cent), UAE (5.7 per cent) and Germany (3.1 per cent), among others

Various reputed foreign retailers and brands such as Carrefour, Gap, H&M, JC Penney, Levi Strauss, Macy's, Marks & Spencer, Metro Group, Nike, Reebok, Tommy Hilfiger and Wal-Mart import Indian textile products.

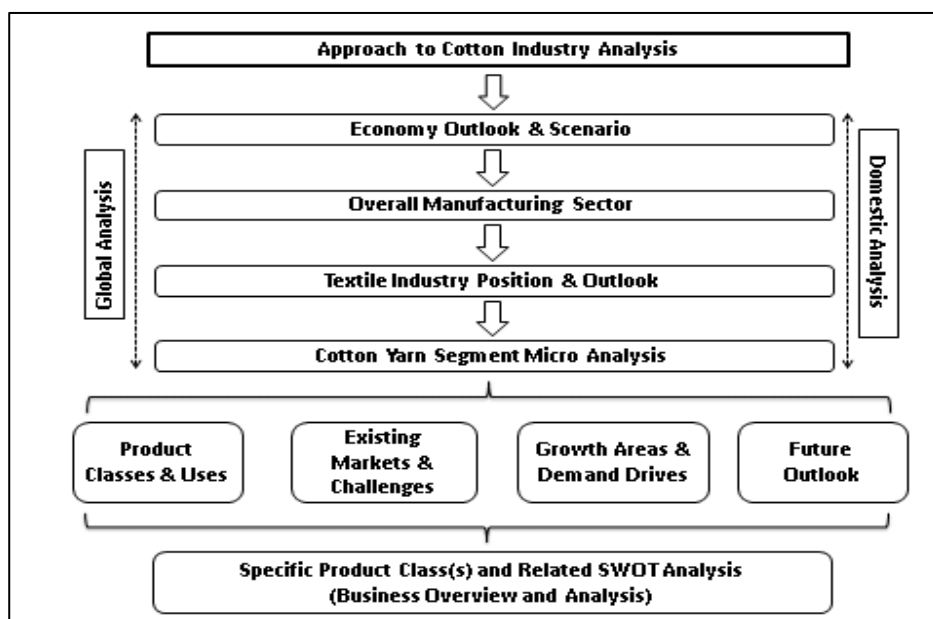
(Source: India Brand Equity Foundation [www.ibef.org](http://www.ibef.org))

### **APPROACH TO INDUSTRY ANALYSIS**

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

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





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

## **GLOBAL ECONOMIC ENVIRONMENT**

### **INTRODUCTION**

For India, three external developments are of significant consequence. In the short run, the change in the outlook for global interest rates as a result of the US elections and the implied change in expectations of US fiscal and monetary policy will impact on India's capital flows and exchange rates. Markets are factoring in a regime change in advanced countries, especially US macroeconomic policy, with high expectations of fiscal stimulus and unwavering exit from unconventional monetary policies. The end of the 20-year bond rally and end to the corset of deflation and deflationary expectations are within sight. Second, the medium-term political outlook for globalisation and in particular for the world's "political carrying capacity for globalisation" may have changed in the wake of recent developments. In the short run a strong dollar and declining competitiveness might exacerbate the lure of protectionist policies. These follow on on-going trends—documented widely—about stagnant or declining trade at the global level. This changed outlook will affect India's export and growth prospects.

Third, developments in the US, especially the rise of the dollar, will have implications for China's currency and currency policy. If China is able to successfully re-balance its economy, the spill over effects on India and the rest of the world will be positive. On the other hand, further declines in the yuan, even if dollar-induced, could interact with underlying vulnerabilities to create disruptions in China that could have negative spill overs for India. For China, there are at least two difficult balancing acts with respect to the currency. Domestically, a declining currency (and credit expansion) props up the economy in the short run but delay rebalancing while also adding to the medium term challenges. Internationally, allowing the currency to weaken in response to capital flight risks creating trade frictions but imposing capital controls discourages FDI and undermines China's ambitions to establish the Yuan as a reserve currency. China with its underlying vulnerabilities remains the country to watch for its potential to unsettle the global economy.

(Source: Economic Survey 2016-17 [www.indiabudget.nic.in](http://www.indiabudget.nic.in))

## **MANUFACTURING SECTOR IN INDIA**

### **Introduction**

Manufacturing has emerged as one of the high growth sectors in India. Prime Minister of India, Mr Narendra Modi, had launched the 'Make in India' program to place India on the world map as a manufacturing hub and give global recognition to the Indian economy.

### **Investments**

With the help of Make in India drive, India is on the path of becoming the hub for hi-tech manufacturing as global giants such as GE, Siemens, HTC, Toshiba, and Boeing have either set up or are in process of setting up manufacturing plants in India, attracted by India's market of more than a billion consumers and increasing purchasing power.

Cumulative Foreign Direct Investment (FDI) in India's manufacturing sector reached US\$ 70.51 billion by June 2017.

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:

- JSW Energy has signed a memorandum of understanding (MoU) with the Government of Gujarat, for setting up an electric vehicle (EV) manufacturing unit in Gujarat at an estimated cost of Rs 4,000 crore (US\$ 608.88 million).



- With an aim to increase its presence in India, Denmark-based heating ventilation and air-conditioning (HVAC) giant, Danfoss, is planning to take its manufacturing localisation to 50 per cent as well as double its supplier base in India by 2020.
- Cochin Shipyard Ltd, which recently completed its initial public offer (IPO), will utilize the funds from the issue to implement expansion projects worth Rs 2,800 crore (US\$ 437.3 million), which are already in its pipeline.
- Indian biscuits giant, Britannia Industries Ltd (BIL), is setting up its largest plant ever, in Ranjangaon, Maharashtra, with an investment of Rs 1,000 crore (US\$ 156.89 million). The plant will have an annual capacity of 120,000 tonne and will be completed by FY19.
- IKEA, a Swedish furniture company, aims to manufacture more than 30 per cent of its products in India in the coming years, stated Mr Patrik Antoni, Deputy Country Manager, IKEA.
- Volvo India Pvt Ltd, Swedish luxury car manufacturer, will start assembly operations near Bengaluru in India by the end of 2017. The company is targeting to double its share in India's luxury car segment to 10 per cent by 2020
- Larsen & Toubro (L&T) has bagged a contract worth US\$ 669.34 million from the Ministry of Defence, Government of India, to supply 100 artillery of 155mm/52 caliber tracked self-propelled guns for the Indian Army, under the Make in India initiative.
- Berger Paints has entered into a partnership with Chugoku Marine Paints (CMP), thereby marking its entry into the marine paints segment, which has an estimated market size of Rs 250 crore (US\$ 38.82 million) and is expected to grow at 25 per cent annually for the next five years.
- SAIC Motor Corp, China's largest automaker, has signed a deal to buy General Motors (GM) India's Halol plant in Gujarat.
- Dabur India Ltd set up its largest manufacturing plant globally, spread over 30 acres, at a cost of Rs 250 crore (US\$ 38.82 million), in Tezpur, Assam, which will produce Dabur's complete range of ayurvedic medicines, health supplements, and personal care products among others.
- Apple Inc is looking to expand its Taiwanese contract manufacturer, Wistron's, production facility in Bengaluru, India, where it started manufacturing iPhone SE in May, 2017.
- China based LCD and touchscreen panel manufacturer, Holitech Technology, has announced plans to investing up to US\$ 1 billion in India by the end of 2017.
- Tristone Flowtech Group, the Germany-based flow technology systems specialist, has set up a new facility in Pune, which will manufacture surge tank as well as engine cooling and aircharge hose for the Indian market. The company plans to start the production at the plant in the fourth quarter of 2017.
- Honda Motorcycle & Scooter India plans to invest around Rs 600 crore (US\$ 90 million) to add a new line to produce additional 600,000 units at its Narsapura facility in Karnataka.
- Hindustan Coca-Cola Beverages plans to set up a bottling plant with an investment of Rs 750 crore (US\$ 112.5 million) in phases at the first industrial area being developed by Government of Madhya Pradesh under the public private partnership in Babai village of Hoshangabad, Bhopal.
- Tata Advanced Systems is collaborating with the world's largest defence contractor Lockheed Martin to manufacture the F-16 fighter jets in India.



- **GLOBAL COTTON INDUSTRY: POSITION & OUTLOOK**

- **World Cotton ImportsWorld Cotton Exports**

| <b>World Cotton Imports</b> |             |             |             |             |                     |                    |
|-----------------------------|-------------|-------------|-------------|-------------|---------------------|--------------------|
| million 480 lb. bales       | 2011/12     | 2012/13     | 2013/14     | 2014/15     | 2015/16<br>December | 2015/16<br>January |
| Bangladesh                  | 3.4         | 5.0         | 5.3         | 5.4         | 5.8                 | 5.8                |
| China                       | 24.5        | 20.3        | 14.1        | 8.3         | 5.5                 | 5.5                |
| Vietnam                     | 1.6         | 2.4         | 3.2         | 4.3         | 5.2                 | 5.2                |
| Turkey                      | 2.4         | 3.7         | 4.2         | 3.7         | 3.8                 | 3.8                |
| Indonesia                   | 2.5         | 3.1         | 3.0         | 3.3         | 3.1                 | 3.1                |
| Pakistan                    | 0.9         | 1.8         | 1.2         | 0.8         | 2.0                 | 2.7                |
| Thailand                    | 1.3         | 1.5         | 1.5         | 1.5         | 1.5                 | 1.5                |
| South Korea                 | 1.2         | 1.3         | 1.3         | 1.3         | 1.3                 | 1.3                |
| India                       | 0.6         | 1.2         | 0.7         | 1.2         | 1.0                 | 1.0                |
| Mexico                      | 1.0         | 1.0         | 1.0         | 0.8         | 1.0                 | 1.0                |
| Taiwan                      | 0.9         | 0.9         | 0.9         | 0.9         | 0.9                 | 0.9                |
| Egypt                       | 0.3         | 0.2         | 0.4         | 0.3         | 0.5                 | 0.5                |
| Russia                      | 0.5         | 0.4         | 0.4         | 0.3         | 0.3                 | 0.3                |
| Rest of World               | 4.4         | 4.7         | 4.0         | 3.5         | 3.6                 | 3.6                |
| African Franc Zone          | 0.0         | 0.0         | 0.0         | 0.0         | 0.0                 | 0.0                |
| EU-27                       | 0.9         | 0.9         | 0.9         | 0.9         | 0.9                 | 0.9                |
| <b>World Total</b>          | <b>45.5</b> | <b>47.6</b> | <b>41.3</b> | <b>35.7</b> | <b>35.3</b>         | <b>36.1</b>        |

Source: USDA

| <b>World Cotton Exports</b> |             |             |             |             |                     |                    |
|-----------------------------|-------------|-------------|-------------|-------------|---------------------|--------------------|
| million 480 lb. bales       | 2011/12     | 2012/13     | 2013/14     | 2014/15     | 2015/16<br>December | 2015/16<br>January |
| United States               | 11.7        | 13.0        | 10.5        | 11.2        | 10.0                | 10.0               |
| India                       | 11.1        | 7.8         | 9.3         | 4.2         | 5.3                 | 5.8                |
| Brazil                      | 4.8         | 4.3         | 2.2         | 3.9         | 4.2                 | 4.3                |
| Australia                   | 4.6         | 6.2         | 4.9         | 2.4         | 2.6                 | 2.8                |
| Uzbekistan                  | 2.5         | 3.2         | 2.7         | 2.5         | 2.3                 | 2.3                |
| Burkina                     | 0.7         | 1.2         | 1.3         | 1.1         | 1.3                 | 1.3                |
| Mali                        | 0.6         | 0.9         | 0.8         | 0.8         | 1.1                 | 1.2                |
| Turkmenistan                | 0.7         | 0.8         | 1.6         | 1.5         | 1.1                 | 1.0                |
| Greece                      | 1.1         | 1.1         | 1.3         | 1.2         | 0.9                 | 0.9                |
| Cote d'Ivoire               | 0.4         | 0.6         | 0.7         | 0.9         | 0.9                 | 0.9                |
| Benin                       | 0.3         | 0.4         | 0.5         | 0.7         | 0.7                 | 0.7                |
| Cameroon                    | 0.3         | 0.4         | 0.5         | 0.5         | 0.5                 | 0.6                |
| Argentina                   | 0.4         | 0.3         | 0.2         | 0.4         | 0.4                 | 0.4                |
| Rest of World               | 6.9         | 6.4         | 4.4         | 4.3         | 4.1                 | 4.0                |
| African Franc Zone          | 2.3         | 3.6         | 3.9         | 4.1         | 4.8                 | 4.8                |
| EU-27                       | 1.5         | 1.5         | 1.6         | 1.6         | 1.2                 | 1.2                |
| <b>World</b>                | <b>46.1</b> | <b>46.5</b> | <b>40.8</b> | <b>35.4</b> | <b>35.4</b>         | <b>36.1</b>        |

Source: USDA

- (Source: USDA-United States Department of Agriculture [www.usda.gov](http://www.usda.gov))



## • GLOBAL COTTON STOCKS: STATISTICAL OVERVIEW

### • World Balancesheet of Cotton Stocks

| <b>World Balance Sheet</b> |         |         |         |         |                     |                    |
|----------------------------|---------|---------|---------|---------|---------------------|--------------------|
| million 480 lb. bales      | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16<br>December | 2015/16<br>January |
| Beginning Stocks           | 51.3    | 74.4    | 91.7    | 103.1   | 112.0               | 112.1              |
| Production                 | 127.4   | 123.9   | 120.4   | 119.2   | 103.7               | 101.6              |
| Supply                     | 178.8   | 198.3   | 212.1   | 222.2   | 215.7               | 213.6              |
| Mill-Use                   | 104.1   | 108.4   | 109.9   | 110.4   | 111.4               | 110.9              |
| Ending Stocks              | 74.4    | 91.7    | 103.1   | 112.1   | 104.4               | 102.9              |
| Stocks/Use Ratio           | 71.5%   | 84.6%   | 93.8%   | 101.5%  | 93.7%               | 92.7%              |

(Source: USDA-United States Department of Agriculture [www.usda.gov](http://www.usda.gov))

### • China :Balancesheet of Cotton Stocks

| <b>China Balance Sheet</b> |         |         |         |         |                     |                    |
|----------------------------|---------|---------|---------|---------|---------------------|--------------------|
| million 480 lb. bales      | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16<br>December | 2015/16<br>January |
| Beginning Stocks           | 10.6    | 31.1    | 50.4    | 62.7    | 67.9                | 67.9               |
| Production                 | 34.0    | 35.0    | 32.8    | 30.0    | 24.3                | 23.8               |
| Imports                    | 24.5    | 20.3    | 14.1    | 8.3     | 5.5                 | 5.5                |
| Supply                     | 69.1    | 86.4    | 97.2    | 101.0   | 97.7                | 97.2               |
| Mill-Use                   | 38.0    | 36.0    | 34.5    | 33.0    | 32.5                | 32.5               |
| Exports                    | 0.1     | 0.0     | 0.0     | 0.1     | 0.2                 | 0.2                |
| Demand                     | 38.1    | 36.0    | 34.5    | 33.1    | 32.7                | 32.7               |
| Ending Stocks              | 31.1    | 50.4    | 62.7    | 67.9    | 65.0                | 64.5               |
| Stocks/Use Ratio           | 82.0%   | 140.0%  | 182.0%  | 205.4%  | 198.8%              | 197.3%             |

(Source: USDA-United States Department of Agriculture [www.usda.gov](http://www.usda.gov))

## • INTRODUCTION INDIAN TEXTILE INDUSTRY

- 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 13 per cent of total exports. The textiles industry is also labour intensive and is one of the largest employers. 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 textile industry employs about 45 million people directly and 20 million people indirectly. India's overall textile exports during FY 2015-16 stood at US\$ 40 billion.
- 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.





## SUMMARY OF BUSINESS

### OVERVIEW

Our Company was originally incorporated on February 01, 2011 as a private limited company under the name and style of “Gujarat Hy-Spin Private Limited” under the provisions of Companies Act 1956 with the Registrar of Companies, Gujarat, Dadra and Nagar Haveli. Subsequently, our Company was converted into public limited our company on August 5, 2016 and the name of Company was changed to “Gujarat Hy-Spin Limited”.

Our Company is engaged in manufacturing of cotton yarns. Our Registered Office is situated at P.O. Box No. 22, Gundala Road, Gondal, Rajkot, Gujarat and the manufacturing plant situated at Gundala, Gondal, Rajkot.

Our Company started with trading (including trading of products jobworked) of Cotton Bales, Cotton Seeds and Wash Oil and has now graduated to in manufacturing of cotton yarns mainly in domestic market and third party exports to some extent.

Our Company is promoted by Maganlal Parvadiya and Chandulal Parvadia. They are in the field of cotton ginning and pressing since last two decades. Our Promoters were cotton farmers and started activity of cotton ginning, pressing and oil in a partnership firm. With their knowledge in varieties of cotton, our promoters and have helped our Company to achieve a turnover of over Rs. 50 Crores in a very short span since incorporation.

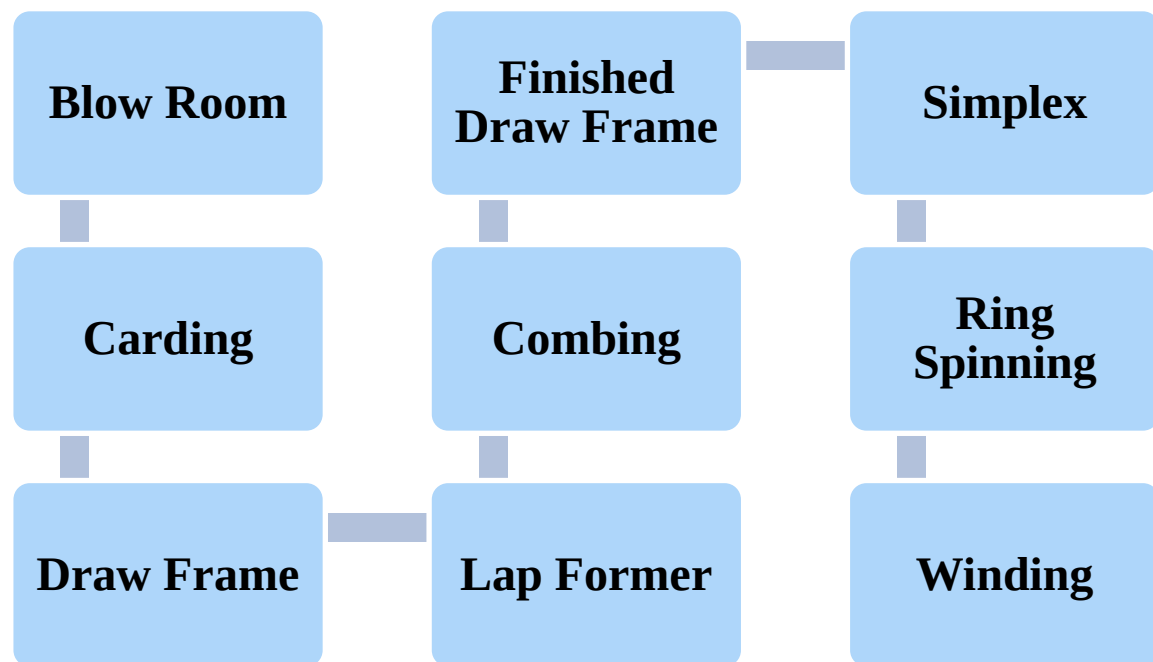
Our Company forayed into manufacturing of ring yarns in the year 2013. We sell cotton yarns to the traders who further sell it to other Industrial units for weaving and other purposes. We also sell directly to Industrial units for weaving purpose. Our manufacturing plant is spread 15381.28 square meters which is well equipped with plant and machinery such as Blow room, Humidification facility, Contamination sorter, Link Conner etc. Our Company also have test laboratory of Uster where the cotton yarns are tested

Customer Satisfaction has been one of the strengths of the Company. Our management and team has enables us to maintain continuing customer relations, ensuring repeat order flows. Similarly we have also developed cordial relationship with our suppliers to ensure smooth supply and availability of our raw materials.

For the period ended September 30, 2017 our Total Income was Rs. 2639.33 lakhs and Restated Profit After Tax was Rs. 16.85 lakhs. In Financial Years 2017, 2016 and 2015 our Total Income was Rs. 5204.61, Rs. 5189.41 and Rs. 5212.19 respectively. Our restated profit after tax were Rs. during the Financial Years 2017 & 2016 was Rs. 15.85 and Rs. 4.06 lakhs respectively. Our Company had made a loss Rs. 34.33 lakhs during in the Financial year 2015.



## MANUFACTURING PROCESS



### 1. Purifying of cotton

#### Blow Room:

Cotton bales enter the first stage of yarn formation where they are mixed to form a uniform mass by Reiter's blow room technology, which gently handles the material with a combination of high level cleaning and production rate. Cotton bales are spread and mixed according to the quality required.





## 2. Removing of short fibres and impurities

### Carding:

Blow Room provides uniform feeding to carding machines. The Picker Lap undergoes carding to remove short fibres and removes impurities and dust to provide additional orientation and alignment to individual fibres. The Carded Lap is removed by Doffer Cylinder in the form of Sliver, which undergoes additional blending to improve uniformity and density, which is carried out by Carding Machines.



### Draw Frame:

Through draw frame, Slivers of high evenness can be produced. An adjustable Suction nozzle over the top rollers ensures cleaner Slivers. It helps to produce compact slivers with uniformity

### Lap Former:

In lap forming process slivers are converted into laps by pressing the doubling of slivers uniformly and material is rolled on a lap. This is intermediate process, which produce feed material for the comber.

### Combing:

The combing process is carried out in order to improve the quality of the sliver coming out of the card. The process eliminates short fibres, it achieves better parallelisation of fibres, it straightens curls, and it removes neps and residue impurities

## 3. Parallelization of fibres

After combing of the cotton sliver, it becomes ready for drawing process, which improves the quality, evenness and homogenization of fibres. The cotton sliver is made ready for being processed into yarn. The sliver goes through drafting Rollers and is systematically drawn for better evenness.



### **Simplex**

In case of Ring Spun Yarn the sliver is drawn into strands called roving. In this process both drafting and twisting takes place.

#### **4. Ring Spinning**

Subsequent drawing and high speed twisting of roving bobbins is carried out on Ring frames until the required fitness achieved.

#### **5. Winding**

The winding process has the basic function of obtaining a larger package from several small ring bobbins. This conversion process provides one with the possibility of cutting out unwanted and problematic objectionable faults. The process of removing such objectionable faults is called as yarn 'clearing'



## SUMMARY OF FINANCIAL STATEMENTS

### ANNEXURE I - SUMMARY OF STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(Rs. In lakhs)

|    | Particulars                                      | For                                     |                        |                                        |                        |                        |                                       |
|----|--------------------------------------------------|-----------------------------------------|------------------------|----------------------------------------|------------------------|------------------------|---------------------------------------|
|    |                                                  | 30 <sup>th</sup><br>Septemb<br>er, 2017 | 31st<br>March,<br>2017 | 31 <sup>st</sup><br>Mar<br>ch,<br>2016 | 31st<br>March,<br>2015 | 31st<br>March,<br>2014 | 31 <sup>st</sup><br>Ma<br>rch<br>2013 |
|    |                                                  | (Audited)                               | (Audite                | (Audited)                              | (Audite                | (Audite                | (Audited)                             |
| 1) | <b>Equity &amp; Liabilities</b>                  |                                         |                        |                                        |                        |                        |                                       |
|    | <b>Shareholders' Funds</b>                       |                                         |                        |                                        |                        |                        |                                       |
|    | (a) Share Capital                                | 1,675.00                                | 1,675.00               | 1,675.00                               | 1,675.00               | 1,590.00               | 250.00                                |
|    | (b) Reserves & surplus                           | 187.54                                  | 129.71                 | 62.01                                  | -53.07                 | -18.87                 | -4.32                                 |
|    | <b>Sub Total.....(1)</b>                         | <b>1,862.54</b>                         | <b>1,804.71</b>        | <b>1,737.01</b>                        | <b>1,621.93</b>        | <b>1,571.13</b>        | <b>245.68</b>                         |
| 2) | <b>Share Application Money Pending Allotment</b> |                                         |                        | -                                      | -                      | -                      | <b>150.00</b>                         |
| 3) | <b>Non Current Liabilities</b>                   |                                         |                        |                                        |                        |                        |                                       |
|    | (a) Long term                                    | 1,555.00                                | 1,798.00               | 2,301.50                               | 2,623.00               | 3,067.00               | -                                     |
|    | (b) Deferred Tax Liabilities (Net)               | 67.58                                   | 58.39                  | 27.62                                  | -                      | -                      | -                                     |
|    | (c) Other Long term Liabilities                  |                                         |                        |                                        |                        |                        |                                       |
|    | (d) Long term Provisions                         | 4.55                                    | 5.07                   | 3.77                                   | 2.15                   | 0.71                   | -                                     |
|    | <b>Sub Total (3)</b>                             | <b>1,627.13</b>                         | <b>1,861.46</b>        | <b>2,332.89</b>                        | <b>2,625.15</b>        | <b>3,067.71</b>        | <b>-</b>                              |
| 4) | <b>Current Liabilities</b>                       |                                         |                        |                                        |                        |                        |                                       |
|    | (a) Short Term                                   | 1,300.90                                | 1,348.60               | 1,291.09                               | 809.96                 | 938.94                 | 39.93                                 |
|    | (b) Trade Payables                               | 587.08                                  | 127.80                 | 171.16                                 | 25.50                  | 98.42                  | 69.39                                 |



|           |                                    |                 |                 |                 |                 |                 |               |
|-----------|------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|---------------|
|           | (c) Other Current Liabilities      | 1,026.42        | 787.98          | 627.09          | 577.13          | 374.24          | 0.56          |
|           | (d) Short term provisions          | 15.35           | 4.19            | 2.70            | 0.04            | 9.29            | 0.07          |
|           | <b>Sub-Total (4)</b>               | <b>2,929.76</b> | <b>2,268.57</b> | <b>2,092.04</b> | <b>1,412.63</b> | <b>1,420.89</b> | <b>109.94</b> |
|           | <b>TOTAL LIABILITIES (1+2+3+4)</b> | <b>6,419.43</b> | <b>5,934.73</b> | <b>6,161.95</b> | <b>5,659.71</b> | <b>6,059.73</b> | <b>505.62</b> |
|           |                                    |                 |                 |                 |                 |                 |               |
|           | <b>ASSETS</b>                      |                 |                 |                 |                 |                 |               |
| <b>5)</b> | <b>Non Current</b>                 |                 |                 |                 |                 |                 |               |
|           | (a) Fixed Assets                   |                 |                 |                 |                 |                 |               |
|           | i. Tangible Assets                 | 2,545.20        | 2,765.35        | 3,300.69        | 3,754.75        | 4,425.98        | 0.58          |
|           | ii. Intangible Assets              |                 |                 |                 |                 |                 |               |
|           | iii. Capital Work in Progress      | -               | -               | -               | -               | -               | 297.98        |
|           | (b) Non Current Investments        | 0.14            | 0.14            | 0.14            | 0.14            | 0.10            | 0.10          |
|           | (c) Deferred Tax Assets            |                 |                 |                 | 23.85           | 8.57            | 2.15          |
|           | (d) Loans and Advances             | 0.00            | 6.23            | 5.28            | 13.50           | 6.39            | 173.05        |
|           | (e) Trade Receivables              |                 |                 |                 |                 |                 |               |
|           | (f) Other Non Current Assets       | 204.25          | 197.28          | 191.86          | 164.24          | 52.91           | 0.00          |
|           | <b>Sub Total.( 5)</b>              | <b>2,749.59</b> | <b>2,969.00</b> | <b>3,497.98</b> | <b>3,956.48</b> | <b>4,493.94</b> | <b>473.85</b> |
| <b>6)</b> | <b>Current Assets</b>              |                 |                 |                 |                 |                 |               |
|           | (a ) Current Investment            |                 |                 |                 |                 |                 |               |
|           | (b) Inventories                    | 1637.08         | 1421.57         | 1005.39         | 735.82          | 1080.26         | 0.00          |
|           | (c) Trade Receivables              | 1546.53         | 1154.22         | 1337.89         | 778.09          | 156.87          | 0.00          |
|           | (d) Cash and bank balances         | 8.19            | 10.58           | 21.02           | 6.35            | 18.03           | 16.24         |
|           | (e) Loans and Advances             | 478.04          | 379.38          | 299.67          | 182.97          | 310.64          | 15.53         |





|  |                            |                |                |                |                |                |               |
|--|----------------------------|----------------|----------------|----------------|----------------|----------------|---------------|
|  | (f) Other Current Assets   | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00          |
|  | Sub Total ( 6)             | 3669.84        | 2965.74        | 2663.97        | 1703.23        | 1565.79        | 31.77         |
|  | <b>TOTAL ASSETS..(5+6)</b> | <b>6419.43</b> | <b>5934.73</b> | <b>6161.95</b> | <b>5659.71</b> | <b>6059.73</b> | <b>505.62</b> |



**ANNEXURE II - SUMMARY OF STATEMENT OF PROFITS AND LOSS, AS  
RESTATED**

(Rs. In lakhs)

| Particulars                                                                                                                       | For the period /year ended March 31 <sup>st</sup> |                 |                 |                 |                 |               |
|-----------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------|-----------------|-----------------|-----------------|-----------------|---------------|
|                                                                                                                                   | 30.06.2017                                        | 2017            | 2016            | 2015            | 2014            | 2013          |
| <b>Income</b>                                                                                                                     |                                                   |                 |                 |                 |                 |               |
| Revenue from operations                                                                                                           | 2,632.33                                          | 5,189.30        | 5,174.99        | 5,205.23        | 1,239.30        | 189.05        |
| Other Income                                                                                                                      | 7.00                                              | 15.31           | 14.42           | 6.96            | 2.95            | -             |
| <b>Total Revenue</b>                                                                                                              | <b>2,639.33</b>                                   | <b>5,204.61</b> | <b>5,189.41</b> | <b>5,212.19</b> | <b>1,242.25</b> | <b>189.05</b> |
| <b>Expenses</b>                                                                                                                   |                                                   |                 |                 |                 |                 |               |
| Cost of Raw Material Consumed                                                                                                     | 2,087.07                                          | 3,471.16        | 3,464.41        | 3,415.62        | 1,161.67        | -             |
| Purchase of traded goods                                                                                                          | -                                                 | -               | -               | -               | -               | 83.97         |
| (Increase)/decrease in inventories of finished goods, work-in- progress and traded goods                                          | (239.94)                                          | 14.28           | (170.24)        | 44.76           | (556.84)        | 85.28         |
| Employee benefits expense                                                                                                         | 42.37                                             | 100.93          | 95.10           | 110.35          | 27.16           | 1.31          |
| Depreciation and amortisation                                                                                                     | 222.59                                            | 537.82          | 649.01          | 737.92          | 223.84          | 0.13          |
| Finance Costs                                                                                                                     | 127.59                                            | 315.40          | 260.88          | 230.58          | 168.50          | -             |
| Other expenses                                                                                                                    | 374.88                                            | 743.33          | 885.02          | 722.43          | 238.89          | 10.96         |
| <b>Total Expenses</b>                                                                                                             | <b>2,614.55</b>                                   | <b>5,182.93</b> | <b>5,184.17</b> | <b>5,261.67</b> | <b>1,263.22</b> | <b>181.65</b> |
| <b>Profit before tax, as restated</b>                                                                                             | <b>24.78</b>                                      | <b>21.68</b>    | <b>5.24</b>     | <b>-49.48</b>   | <b>-20.97</b>   | <b>7.40</b>   |
| <b>Tax expense/(income)</b>                                                                                                       |                                                   |                 |                 |                 |                 |               |
| Current tax                                                                                                                       | 16.71                                             | -               | -               | 0.00            | (0.00)          | 0.07          |
| Deferred tax charge/(credit)                                                                                                      | (9.03)                                            | 7.05            | 1.62            | (15.28)         | (6.42)          | (1.55)        |
| <b>Total tax expense</b>                                                                                                          | <b>7.68</b>                                       | <b>7.05</b>     | <b>1.62</b>     | <b>-15.27</b>   | <b>-6.43</b>    | <b>-1.48</b>  |
| <b>Restated profit / (loss) for the period / year carried forward to summary statement of assets and liabilities, as restated</b> | <b>17.10</b>                                      | <b>14.64</b>    | <b>3.62</b>     | <b>-34.21</b>   | <b>-14.54</b>   | <b>8.88</b>   |
| <b>Earning Per Share</b>                                                                                                          |                                                   |                 |                 |                 |                 |               |
| Basic & Diluted                                                                                                                   | <b>0.10</b>                                       | <b>0.09</b>     | <b>0.02</b>     | <b>-0.21</b>    | <b>-0.11</b>    | <b>0.91</b>   |



**ANNEXURE III - STATEMENT OF CASH FLOWS, AS RESTATED FOR THE PERIOD / YEAR ENDED**

(Rs. In lakhs)

| Particulars                                                          | For the period/year ended on |                |                |                |                  |                |
|----------------------------------------------------------------------|------------------------------|----------------|----------------|----------------|------------------|----------------|
|                                                                      | September 30, 2017           | March 31, 2017 | March 31, 2016 | March 31, 2015 | March 31, 2014   | March 31, 2013 |
| <b>A. CASH FLOW</b>                                                  |                              |                |                |                |                  |                |
| Net profit before tax                                                | 24.78                        | 21.68          | 5.24           | -49.48         | -20.97           | 7.40           |
| <b>Adjustments to reconcile profit</b>                               |                              |                |                |                |                  |                |
| Depreciation and                                                     | 222.59                       | 537.82         | 649.01         | 737.92         | 223.84           | 0.13           |
| Finance Costs                                                        | 127.59                       | 315.40         | 260.88         | 230.58         | 168.50           | -              |
| <b>Operating profit before working capital changes (as restated)</b> | <b>374.96</b>                | <b>874.90</b>  | <b>915.13</b>  | <b>919.02</b>  | <b>371.37</b>    | <b>7.53</b>    |
| <b>Movement in Working Capital</b>                                   |                              |                |                |                |                  |                |
| (Increase)/decrease in                                               | -215.51                      | -416.18        | -269.57        | 344.43         | -                | 88.97          |
| (Increase)/decrease                                                  | -392.31                      | 183.68         | -559.80        | -621.22        | -156.87          | -              |
| (Increase)/decrease in Short term loans                              | -100.02                      | -66.50         | -112.56        | 138.67         | -295.11          | -13.82         |
| (Increase)/decrease Long Term Loan                                   | -6.87                        | -5.42          | -27.62         | -110.23        | -52.91           | -1.20          |
| Increase/(decrease) in                                               | 459.28                       | -43.36         | 145.66         | -72.92         | 29.03            | -28.04         |
| Increase/(decrease) in Other Current                                 | 145.58                       | 117.96         | 30.12          | 96.51          | 2.55             | -9.35          |
| Increase/(decrease) in Long term                                     | 1.46                         | 2.78           | 4.29           | -2.91          | 5.10             | 0.00           |
| <b>Cash flow from</b>                                                | <b>266.56</b>                | <b>647.86</b>  | <b>125.63</b>  | <b>691.34</b>  | <b>-1,177.09</b> | <b>44.10</b>   |
| Direct taxes paid (including fringe                                  | 0.03                         | 14.15          | -2.70          | -15.89         | -0.36            | -0.09          |
| <b>Net cash generated from operating</b>                             | <b>266.60</b>                | <b>662.01</b>  | <b>122.93</b>  | <b>675.45</b>  | <b>-1,177.45</b> | <b>44.01</b>   |
| <b>B. CASH FLOW</b>                                                  |                              |                |                |                |                  |                |
| Purchase of fixed assets, including                                  | -2.44                        | -2.47          | -186.74        | -74.91         | -4,179.41        | -412.32        |
| Purchase of Non Current Investment                                   |                              |                | -              | -0.04          | -                | -              |
| <b>(B)</b>                                                           | <b>-2.44</b>                 | <b>-2.47</b>   | <b>-186.74</b> | <b>-74.95</b>  | <b>-4,179.41</b> | <b>-412.32</b> |



|                                                                           |                |                |              |                |                 |               |
|---------------------------------------------------------------------------|----------------|----------------|--------------|----------------|-----------------|---------------|
| <b>C. CASH FLOW FROM /(USED IN) FINANCING ACTIVITIES</b>                  |                |                |              |                |                 |               |
| Proceeds From Share                                                       | -              | -              | -            | 85.00          | 1,190.          | 350.          |
| Proceeds/ (Repayment) from                                                | -150.13        | -460.57        | -301.66      | -337.62        | 3,438.13        | -             |
| Increase/(decrease) in Short Term                                         | -47.71         | 57.51          | 481.13       | -128.98        | 899.01          | 28.13         |
| Finance Costs                                                             | -127.59        | -315.40        | -260.88      | -230.58        | -168.50         | -             |
| Proceeds From                                                             | 58.95          | 76.78          | 161.31       |                |                 |               |
| <b>Net cash generated from/(used in) financing activities (C)</b>         | <b>-266.48</b> | <b>-641.68</b> | <b>79.91</b> | <b>-612.18</b> | <b>5,358.65</b> | <b>378.13</b> |
| <b>Net increase/(decrease) in cash and cash equivalents ( A + B + C )</b> | <b>-2.32</b>   | <b>17.86</b>   | <b>16.10</b> | <b>-11.67</b>  | <b>1.78</b>     | <b>9.82</b>   |
| <b>Cash and cash equivalents at the beginning of the year</b>             | <b>10.58</b>   | <b>21.02</b>   | <b>6.35</b>  | <b>18.03</b>   | <b>16.24</b>    | <b>2.60</b>   |
| <b>Cash and cash equivalents at the end of the year</b>                   | <b>8.19</b>    | <b>10.58</b>   | <b>21.02</b> | <b>6.35</b>    | <b>18.03</b>    | <b>16.24</b>  |



## THE OFFER

The following table summarizes the Offer details:

| Particulars                                  | Details of Equity Shares                                                                                                                                                                                                                                                                                                                                                            |
|----------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Offer                                        | 44,50,000 Equity Shares of face value of Rs. 10/- each fully paid up of the Company for cash at a price of Rs. 10/- per Equity share aggregating to Rs. 445.00 Lakhs                                                                                                                                                                                                                |
| <b>Comprising Offer for Sale by:</b>         |                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Promoter Selling Shareholders</b>         |                                                                                                                                                                                                                                                                                                                                                                                     |
| Maganlal Parvadiya                           | 22,25,000 Equity Shares of face value of Rs. 10 each fully paid of the Company for cash at price of Rs. 10/- per Equity Share aggregating Rs.222.50 Lakhs                                                                                                                                                                                                                           |
| Chandulal Parvadia                           | 22,25,000 Equity Shares of face value of Rs. 10 each fully paid of the Company for cash at price of Rs. 10/- per Equity Share aggregating Rs.222.50 Lakhs                                                                                                                                                                                                                           |
| <b>The Offer consists of:</b>                |                                                                                                                                                                                                                                                                                                                                                                                     |
| Market Maker Reservation Portion             | 2,30,000 Equity Shares of face value of Rs. 10/- each fully paid of the Company for cash at a price of Rs. 10/- per Equity share aggregating Rs. 23.00 Lakhs                                                                                                                                                                                                                        |
| Net Offer to the Public*                     | 42,20,000 Equity Shares of face value of Rs. 10/- each fully paid of the Company for cash at a price of Rs. 10/- per share aggregating Rs. 422.00 Lakhs                                                                                                                                                                                                                             |
|                                              | <b>Of which</b>                                                                                                                                                                                                                                                                                                                                                                     |
|                                              | 21,10,000 Equity Shares of face value of Rs. 10/- each fully paid of the Company at a cash price of Rs. 10/- per Equity share aggregating Rs. 211.00 Lakhs will be available for allocation to Investors up to Rs. 2.00 Lakhs                                                                                                                                                       |
|                                              | 21,10,000 Equity Shares of face value of Rs. 10 each fully paid of the Company for cash at price of 10/- per Equity Share aggregating Rs. 211 lakhs will be available for allocation to investors above Rs. 2.00 Lakhs                                                                                                                                                              |
| <b>Pre and Post Offer Equity Shares</b>      |                                                                                                                                                                                                                                                                                                                                                                                     |
| Equity Shares outstanding prior to the Offer | 1,67,50,000 Equity Shares of face value of Rs.10 each                                                                                                                                                                                                                                                                                                                               |
| Equity Shares outstanding after the Offer    | 1,67,50,000 Equity Shares of face value of Rs.10 each                                                                                                                                                                                                                                                                                                                               |
| Use of proceeds of this Offer                | Since the Offer is being made through the Offer for Sale, the proceeds from the Offer will be remitted to the respective Promoter Selling Shareholders proportionately. Our Company will not receive any proceeds from the Offer. For further details, see the section titled “Objects of the Offer” on page 85. Our Company will not receive any proceeds from the Offer for Sale. |

### Notes

1. 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 Fixed Price 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 259 of this Prospectus

2. Maganlal Parvadiya specifically confirms that he has consented to participate in the Offer for Sale by offering 22,25,000 Equity Shares by his letter dated November 15, 2017
3. Chandulal Parvadia specifically confirms that he has consented to participate in the Offer for Sale by offering 22,25,000 Equity Shares by his letter dated November 15, 2017
4. The Offer has been authorized by the Board of Directors vide a resolution passed at its meeting held on November 28, 2017 and vide the consent letters of Selling Shareholders dated November 15, 2017 and November 15, 2017 respectively

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

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

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

For further details please refer to chapter titled "*Offer Structure*" beginning on page 219 of this Prospectus.





## GENERAL INFORMATION

Our Company was incorporated as “Gujarat Hy-Spin Private Limited” at Gujarat as a private limited company under the provisions of the Companies Act, 1956 and a Certificate of Incorporation dated February 01, 2011 bearing Corporate Identification Number U17110GJ2011PTC063898 issued by Assistant Registrar of Companies, Gujarat, Dadra and Nagar Haveli. Subsequently our Company was converted into a Public Limited Company pursuant to Special Resolution passed at the Extra- Ordinary General Meeting of the Company held on June 13, 2016 and the name of our company was changed to “Gujarat Hy-Spin Limited” A fresh Certificate of Incorporation consequent upon conversion to Public limited company by Registrar of Companies, Ahmedabad on August 05, 2016. The Corporate Identity Number of our Company is U17110GJ2011PLC063898.

For further details of Business, Incorporation, Change of Name and Registered Office of our company, please refer to chapter titled “Our Business” and “Our History and Certain Other Corporate Matters” beginning on page 114 and page 143 of this Prospectus

### REGISTERED OFFICE OF OUR COMPANY

#### **Gujarat Hy-Spin Limited**

P. O. Box No. 22,

Gundala Road, Gondal,

Rajkot-360311, Gujarat

**Tel No.:** 02825-297170

**Fax No.:** Not Available

**Email No:** [info@gujarathyspin.com](mailto:info@gujarathyspin.com)

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

**Registration Number:** 063898

**Corporate Identification Number:** U17110GJ2011PLC063898

### REGISTRAR OF COMPANIES

#### **Registrar of Companies, Ahmedabad**

ROC Bhavan , Opp Rupal Park Society,

Behind Ankur Bus Stop, Naranpura,

Ahmedabad-380013

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

### DESIGNATED STOCK EXCHANGE

#### **SME Platform of BSE Limited**

25<sup>th</sup> Floor, P. J. Towers, Dalal Street

Mumbai, Maharashtra, 400001

### BOARD OF DIRECTORS OF OUR COMPANY:

| Name               | Age<br>(In<br>Years) | DIN      | Address                                                                                             | Designation                         |
|--------------------|----------------------|----------|-----------------------------------------------------------------------------------------------------|-------------------------------------|
| Maganlal Parvadiya | 57                   | 03190749 | Krushna Kunj Krushna Nagar,<br>Main Road, B H Bus Stand<br>Gondal, Rajkot-360311,<br>Gujarat, India | Chairman and Whole<br>Time Director |
| Chandulal Parvadia | 50                   | 03197876 | Krushna Kunj Krushna Nagar,<br>Main Road, B H Bus Stand<br>Gondal, Rajkot-360311,<br>Gujarat, India | Whole Time<br>Director              |



| Name                       | Age<br>(In<br>Years) | DIN      | Address                                                                                                               | Designation               |
|----------------------------|----------------------|----------|-----------------------------------------------------------------------------------------------------------------------|---------------------------|
| Kaushik Dave               | 64                   | 06551940 | Surya Jyoti Nagar ST. 2,<br>Kalavad Road, Rajkot-<br>360005, Gujarat, India                                           | Managing Director         |
| Kamleshbhai<br>Bokarwadiya | 49                   | 00153160 | 1-Jadeshwar Society, Nr.<br>Jalaram Society Hanuman<br>Area Amreli-365601 Gujarat,<br>India                           | Non Executive<br>Director |
| Madhuben Gandhi            | 41                   | 07563463 | A- 101, Rajmandir,<br>Appartment, Zanzarda Road,<br>Junagadh – 362001, Gujarat,<br>India                              | Non Executive<br>Director |
| Ashokkumar<br>Pandya       | 66                   | 07563446 | Plot no-29,Vandana<br>BPTI,Road Meru Nursing<br>Home, Vidyanagar,<br>Takhteshwar Bhavnagar-<br>364002, Gujarat, India | Independent Director      |
| Hemant Maru                | 63                   | 07563394 | Prashant, Purnima Society,<br>Nanamaya road, Rajkot –<br>360004, Gujarat, India                                       | Independent Director      |
| Narendra Vegad             | 64                   | 07566982 | Plot No 98, Vitthal Baug,<br>Bambhaniyas Wadi,<br>Vidhyanagar, Bhavnagar –<br>364002, Gujarat, India                  | Independent Director      |

For further details of our Directors, please refer to the chapter titled “*Our Management*” beginning on page 148 of this Prospectus.

#### COMPANY SECRETARY & COMPLIANCE OFFICER

Mahendra Rajput  
**Gujarat Hy-Spin Limited**  
P. O. Box No. 22,  
Gundala Road,  
Gondal, Rajkot-360311, Gujarat  
**Tel No.:** 02825-297170  
**Fax No.:** Not Available  
**Email Id.:** [cs@gujarathyspin.com](mailto:cs@gujarathyspin.com)  
**Website:** [www.gujarathyspin.com](http://www.gujarathyspin.com)

#### CHIEF FINANCIAL OFFICER

Paras Parvadiya  
**Gujarat Hy-Spin Limited**  
P. O. Box No. 22,  
Gundala Road,  
Gondal, Rajkot-360311, Gujarat  
**Tel No.:** 2825-297170  
**Fax No.:** Not Available  
**Email Id:** [cfo@gujarathyspin.com](mailto:cfo@gujarathyspin.com)  
**Website:** [www.gujarathyspin.com](http://www.gujarathyspin.com)

**Investors may contact our Company Secretary and Compliance Officer and / or the Registrar to the Offer and / or the Lead Manager, in case of any pre-Offer or post- Offer**



**related problems, such as non-receipt of letters of allotment, credit of allotted Equity Shares in the respective beneficiary account or refund orders, etc.**

All grievances relating to the ASBA process may be addressed to the Registrar to the Offer, with a copy to the relevant SCSB to whom the Application was submitted (at ASBA Locations), giving full details such as name, address of the applicant, number of Equity Shares applied for, Amount blocked, ASBA Account number and the Designated Branch of the relevant SCSBs to whom the Application was submitted (at ASBA Locations) where the ASBA Form was submitted by the ASBA Applicants.

#### **STATUTORY AUDITOR**

**M/s. Pabari Associates, Chartered Accountants**

303, Race Course Plaza, Race Course Ring Road,  
Rajkot-360001

**Tel No:** 098250 33970

**Email:** bhavesh\_pabari@yahoo.com

**Contact Person:** B.M. Pabari

**Firm Registration No:** 120498W

**Membership No:** 108584

#### **PEER REVIEWED AUDITOR**

**M/s Maharishi & Co**

Aparna, Behind Jeevandeep Hospital,  
Limda Lane, Jamnagar-361001, Gujarat

**Tel No:** 0288-2665023/ 24

**Fax No:** Not Available

**E-mail:** kapil.sanghvi@jainandmaharshi.com

**Contact Person:** Kapil Sanghvi

**Firm Registration No:** 124872W

**Membership No:** 141168

*M/s Maharishi & Co, Chartered Accountants holds a peer reviewed certificate dated February 09, 2016 issued by the Institute of Chartered Accountants of India.*

#### **LEAD MANAGER**

**Pantomath Capital Advisors Private Limited**

406-408, Keshva Premises, Behind Family Court,  
Bandra Kurla Complex, Bandra East,  
Mumbai - 400051

**Tel:** +91- 22 61946704

**Fax:** +91-22 26598690

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

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

**Contact Person:** Lokesh Shah

**SEBI Registration No:** INM000012110

#### **REGISTRAR TO THE OFFER AND SHARE ESCROW AGENT**

**Bigshare Services Private Limited**

1<sup>st</sup> Floor, Bharat Tin Works Building,  
Opp. Vasant Oasis, Makwana Road,  
Marol, Andheri (East), Mumbai-400059

**Tel. No.:** +91 22 62638200

**Fax No.:** +91 22 62638299

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

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

**Contact Person:** Babu Raphael



SEBI Regn. No. INR000001385

#### LEGAL ADVISOR TO THE OFFER

**M. V. Kini**

Kini House, Near Citibank, D.N. Road, Fort,  
Mumbai – 400 001

**Tel. No:** +9122 22612527/28/29

**Fax No:** +9122 22612530

**E-mail:** vidisha@mvkini.com

**Contact Person:** Vidisha Krishan

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

#### BANKER TO THE COMPANY

**State Bank of India**

SME Branch, MG Road, Gomdal-360311,  
Rajkot, India

**Tel:** 02825-220472

**Fax:** 02825-220086

**Email:** [sbi.60073@sbi.co.in](mailto:sbi.60073@sbi.co.in)

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

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

**ICICI Bank Limited**

Capital Market Division, 1<sup>st</sup> Floor,  
122, Mistry Bhavan, Dinshaw Vachha Road  
Backbay Reclamation, Churchgate,  
Mumbai-400 020, Maharashtra, India

**Tel:** (91) 022 66818932/ 923/ 924

**Fax:** (91) 022 22611138

**Email:** shweta.surana@icicibank.com

**Contact Person:** Shweta Surana

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

**SEBI Registration Number:** INBI00000004

#### SELF CERTIFIED SYNDICATE BANKS

The lists of banks that have been notified by SEBI to act as SCSB for the Applications Supported by Blocked Amount (ASBA) Process are provided on <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognition-Intermediaries>. For details on Designated Branches of SCSBs collecting the ASBA Bid Form, please refer to the above-mentioned SEBI 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 BSE Ltd., 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](http://www.sebi.gov.in)) and updated from time to time.

#### INTER-SE ALLOCATION OF RESPONSIBILITIES

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



## **CREDIT RATING**

This being an offer 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**

The offer Being and Offer for sale, Our Company will not receive any proceeds from the Offer. Consequently the requirement of an appraising agency and monitoring agency is not applicable.

## **EXPERT OPINION**

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

Our Company has received written consent from the Peer Review Auditor, who holds a valid peer review certificate, to include its name as required under Section 26(1)(a)(v) of the Companies Act, 2013 in this Prospectus and as an “expert” as defined under section 2(38) of the Companies Act, 2013 in respect of the audit report dated November 30, 2017 of the Auditor on the Financial Information, as restated, of our Company as of and for the period ended September 30, 2017 and the Fiscals ended March 31, 2017, 2016, 2015, 2014 and 2013 and the statement of tax benefits dated November 30, 2017, included in this Prospectus and such consents have not been withdrawn as on the date of this Prospectus.

## **DEBENTURE TRUSTEE**

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

## **COLLECTING DEPOSITORY PARTICIPANTS**

In terms of SEBI circular no. CIR/CFD/ POLICYCELL/11/2015 dated November 10, 2015, Bidders can submit Bid cum Application Forms through CDPs who are depository participants registered with SEBI and have furnished their details to Stock Exchanges for acting in such capacity.

The list of the CDPs, including details such as postal address, telephone number and e-mail address, is provided on the websites of BSE at <http://www.bseindia.com>, respectively.

## **COLLECTING RTAs**

In terms of SEBI circular no. CIR/CFD/ POLICYCELL/11/2015 dated November 10, 2015, Bidders can submit Bid cum Application Forms through Collecting RTAs who are registrars and transfer agents registered with SEBI and have furnished their details to Stock Exchanges for acting in such capacity.

The list of Collecting RTAs, including details such as postal address, telephone number and e-mail address, is provided on the websites of the BSE at <http://www.bseindia.com> respectively.

Our Company will comply with the SEBI Regulations and any other ancillary directions issued by SEBI for the Offer. In this regard, our Company has appointed the Pantomath Capital Advisors Private Limited, Lead Manager to manage the Offer and procure subscriptions to the Offer.

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

- Check eligibility for making a Bid. For further details, please see the chapter titled “Offer Procedure” beginning on page 221;



- Ensure that you have an active demat account and the demat account details are correctly mentioned in the Bid cum-Application-Form;
- Ensure that the Bid-cum-Application Form is duly completed as per the instructions given in the Prospectus and in the Bid-cum-Application Form;
- 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 IT Act in the Bid cum Application Form. The exemption for Central or State Governments and officials appointed by the courts and for bidders residing in Sikkim is subject to the Depository Participant's verification of the veracity of such claims of the bidders by collecting sufficient documentary evidence in support of their claims;
- Ensure the correctness of your Demographic Details, given in the Bid-cum-Application Form with the details recorded with your Depository Participant;
- Ensure the correctness of your PAN, beneficiary account number, DP ID and Client ID given in the Bid-cum-Application Form. Based on these parameters, the Registrar will obtain details of the Bidders from the Depositories including the Bidder's name and bank account number, among others;
- Bids by ASBA Bidders will have to be submitted to the designated branches of the SCSBs or to the Syndicate at the Specified Locations or to the Registered Brokers at the Broker Centers. Ensure that the SCSB where the ASBA Account (as specified in the Bid cum Application Form) is maintained has named at least one branch at the Specified Location or the Broker Centre for the members of the Syndicate or the Registered Broker, respectively, to deposit Bid cum Application Forms (a list of such branches is available at the website of the SEBI at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>);
- ASBA Bidders should ensure that the ASBA Accounts have adequate credit balance at the time of submission to the SCSB or the Syndicate or the Registered Brokers to ensure that the Bid cum Application Form is not rejected.

For further details please see the chapter titled “Offer Procedure” beginning on page 221 of this Prospectus.

Notwithstanding the foregoing, the Offer is also subject to obtaining (i) the final approval of the RoC after the Prospectus is filed with the RoC; and (ii) final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment.

#### UNDERWRITER

Our Company and Lead Manager to the Offer hereby confirm that the Offer is 100% Underwritten. The underwriting agreement is dated December 7, 2017 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 Offer Size Underwritten |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------|---------------------------------------|----------------------------------------|
| <b>Pantomath Capital Advisors Private Limited</b><br>406-408, Keshva Premises, Behind Family Court, Bandra Kurla Complex, Bandra East, Mumbai – 400051<br><b>Tel:</b> +91 22 61946725<br><b>Fax:</b> +91 22 26598690 | 44,50,000*                                            | 445.00                                | 100%                                   |



| Name and Address of the Underwriters                                                                                                                                          | Indicative Number of Equity shares to be Underwritten | Amount Underwritten (Rupees In Lakhs) | % of the Total Offer Size Underwritten |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------|---------------------------------------|----------------------------------------|
| <b>Email:</b> <a href="mailto:ipo@pantomathgroup.com">ipo@pantomathgroup.com</a><br><b>Contact Person:</b> Ms. Madhu Lunawat<br><b>SEBI Registration Number:</b> INM000012110 |                                                       |                                       |                                        |
| <b>Total</b>                                                                                                                                                                  | <b>44,50,000</b>                                      | <b>445.00</b>                         | <b>100%</b>                            |

*\*Includes 2,30,000 Equity shares of the Market Maker Reservation Portion which are to be subscribed by the Market Maker in order to claim compliance with the requirements of Regulation 106 V(4) of the SEBI (ICDR) Regulations, 2009, as amended.*

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

#### DETAILS OF THE MARKET MAKING ARRANGEMENT

Our Company and the Lead Manager have entered into a tripartite agreement dated December 7, 2017 with the following Market Maker, duly registered with BSE Limited to fulfill the obligations of Market Making:

##### **Pantomath Stock Brokers Private Limited**

108, Madhava Premises, Behind Family Court,  
Bandra Kurla Complex, Bandra (East), Mumbai 400 051,  
Maharashtra, India

**Tel:** +91 22 42577001

**Fax:** +91 22 2659 8690

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

**Contact Person:** Mahavir Toshniwal

**SEBI Registration Number:** INZ000068338

Pantomath Stock Brokers Private Limited, registered with SME segment of BSE 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 BSE and SEBI in this matter from time to time.

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

1. The Market Maker(s) (individually or jointly) shall be required to provide a 2-way quote for 75% of the time in a day. The same shall be monitored by the Stock Exchange. The spread (difference between the sell and the buy quote) shall not be more than 10% or as specified by the stock exchange. Further, the Market Maker(s) shall inform the Exchange in advance for each and every black out period when the quotes are not being offered by the Market Maker(s). The price band shall be 20% and the Market Maker Spread (difference between the sell and the buy quote) shall be within 10% or as intimated by Exchange from time to time.
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 10/- the minimum lot size is 10,000 Equity Shares thus minimum depth of the quote shall be Rs. 1.00 Lakh/-until the same, would be revised by BSE.





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 Offer Size (including the 2,30,000 Equity Shares out to be allotted under this Offer). Any Equity Shares allotted to Market Maker under this Offer over and above 2,30,000 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, BSE 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, Pantomath Capital Advisors Private Limited 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 BSE and market maker will remain present as per the guidelines mentioned under BSE 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(s) shall have the right to terminate said arrangement by giving one month notice or on mutually acceptable terms to the Lead Manager, who shall then be responsible to appoint a replacement Market Maker(s).

In case of termination of the above mentioned Market Making agreement prior to the completion of the compulsory Market Making period, it shall be the responsibility of the Lead Manager to arrange for another Market Maker(s) in replacement during the term of the notice period being served by the Market Maker but prior to the date of releasing the existing Market Maker from its duties in order to ensure compliance with the requirements of regulation 106V of the SEBI (ICDR) Regulations. 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 Corporate Office from 11.00 a.m. to 5.00 p.m. on working days.

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



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 Offer size and as follows:

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



## CAPITAL STRUCTURE

The Equity Share capital of our Company, as on the date of this Prospectus is set forth below:

(Rs.in lakhs except share data)

| No.       | Particulars                                                                                                                                                                                                                                                      | Aggregate nominal value | Aggregate value at Offer Price |
|-----------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|--------------------------------|
| <b>A.</b> | <b>Authorized Share Capital</b>                                                                                                                                                                                                                                  |                         |                                |
|           | 1,67,50,000 Equity Shares of face value of Rs. 10/- each                                                                                                                                                                                                         | 1,675.00                | -                              |
| <b>B.</b> | <b>Issued, Subscribed and Paid-Up Share Capital before the Offer</b>                                                                                                                                                                                             |                         |                                |
|           | 1,67,50,000 Equity Shares of face value of Rs. 10/- each                                                                                                                                                                                                         | 1,675.00                | -                              |
| <b>C.</b> | <b>Present Offer in terms of this Prospectus</b>                                                                                                                                                                                                                 |                         |                                |
|           | Offer of 44,50,000 Equity Shares of face value Rs.10/- each at a price of Rs. 10/- per Equity Share.                                                                                                                                                             |                         |                                |
|           | <b>Consisting:</b>                                                                                                                                                                                                                                               |                         |                                |
|           | Offer For Sale Of 22,25,000 Equity Shares By Maganlal Parvadiya                                                                                                                                                                                                  | 222.50                  | 222.50                         |
|           | Offer For Sale Of 22,25,000 Equity Shares By Chandulal Parvadia                                                                                                                                                                                                  | 222.50                  | 222.50                         |
|           |                                                                                                                                                                                                                                                                  |                         |                                |
|           | <b>Reservation for Market Maker</b> – 2,30,000 Equity Shares of face value of Rs. 10/- each reserved as Market Maker portion at an Offer price of Rs. 10/- per Equity Share                                                                                      | 23.00                   | 23.00                          |
|           | <b>Net Offer to the Public</b> – 42,20,000 Equity Shares of face value of Rs. 10/- each at an Offer price of 10/- per Equity Share                                                                                                                               | 422.00                  | 422.00                         |
|           | <b>Of the Net Offer to the Public</b>                                                                                                                                                                                                                            |                         |                                |
|           | <b>Allocation to Retail Individual Investors</b> – 21,10,000 Equity Shares of face value of Rs. 10/- each at an Offer price of Rs. 10/- per Equity Share shall be available for allocation for Investors applying for a value of upto Rs. 2.00 lakhs             | 211.00                  | 211.00                         |
|           | <b>Allocation to Other than Retail Individual Investors</b> – 21,10,000 Equity Shares of face value of Rs. 10/- each at an Offer price of Rs. 10/- per Equity Share shall be available for allocation for Investors applying for a value of above Rs. 2.00 lakhs | 211.00                  | 211.00                         |
| <b>D.</b> | <b>Issued, Subscribed and Paid-Up Share Capital after the Offer</b>                                                                                                                                                                                              |                         |                                |
|           | 1,67,50,000 Equity Shares of face value of Rs. 10 each                                                                                                                                                                                                           | 1,675.00                | -                              |
| <b>E.</b> | <b>Securities Premium Account</b>                                                                                                                                                                                                                                |                         |                                |
|           | Before the Offer                                                                                                                                                                                                                                                 |                         | Nil                            |
|           | After the Offer                                                                                                                                                                                                                                                  |                         | Nil                            |

The Offer has been authorized by the Board of Directors of our Company vide a resolution passed at its meeting held on November 28, 2017

The Offer has been authorized by Maganlal Parvadiya and Chandulal Parvadia “Selling Shareholders” vide their consent letter dated November 15, 2017.

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



## NOTES TO THE CAPITAL STRUCTURE

### 1. Details of increase in Authorized Share Capital:

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

| Particulars of Change                                                                                                                                 |                                                                           | Date of Shareholder's Meeting | AGM/EGM |
|-------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------|-------------------------------|---------|
| Increased From                                                                                                                                        | Increased To                                                              |                               |         |
| The initial authorized share capital of our Company on incorporation comprised of Rs. 1,00,00,000 divided into 10,00,000 Equity Shares of Rs. 10 each |                                                                           | On Incorporation              | -       |
| Rs. 1,00,00,000 divided into 10,00,000 Equity Shares of Rs. 10 each                                                                                   | Rs. 3,00,00,000 divided into 30,00,000 Equity shares of Rs. 10 each       | December 01, 2012             | EGM     |
| Rs. 3,00,00,000 divided into 30,00,000 Equity shares of Rs. 10 each                                                                                   | Rs. 6,00,00,000 divided into 60,00,000 Equity shares of Rs. 10 each       | March 01, 2013                | EGM     |
| Rs. 6,00,00,000 divided into 60,00,000 Equity Shares of Rs. 10 each                                                                                   | Rs. 12,00,00,000 divided into of 1,20,00,000 Equity Shares of Rs. 10 each | April 05, 2013                | EGM     |
| Rs. 12,00,00,000 divided into of 1,20,00,000 Equity Shares of Rs. 10 each                                                                             | Rs. 16,00,00,000 divided into of 1,60,00,000 Equity Shares of Rs. 10 each | December 03, 2013             | EGM     |
| Rs. 16,00,00,000 divided into 1,60,00,000 Equity Shares of Rs. 10 each                                                                                | Rs. 16,75,00,000 divided into 1,67,50,000 Equity Shares of Rs. 10 each    | February 07, 2015             | EGM     |

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

The history of the equity share capital of our Company is provided in the following table:

| Date of Allotment / Fully Paid-up | Number of Equity Shares allotted | Cumulative number of Equity Shares | Cumulative Paid-up Capital (Rs.) | Cumulative Securities Premium (Rs.) | Face value (Rs.) | Issue Price (Rs.) | Nature of consideration | Reason / Nature of Allotment                             |
|-----------------------------------|----------------------------------|------------------------------------|----------------------------------|-------------------------------------|------------------|-------------------|-------------------------|----------------------------------------------------------|
| On Incorporation                  | 10,000                           | 10,000                             | 1,00,000                         | Nil                                 | 10               | 10                | Cash                    | Subscription to Memorandum of Association <sup>(1)</sup> |
| March 31, 2012                    | 4,90,000                         | 5,00,000                           | 50,00,000                        | Nil                                 | 10               | 10                | Cash                    | Further Allotment <sup>(2)</sup>                         |



| Date of Allotment / Fully Paid-up | Number of Equity Shares allotted | Cumulative number of Equity Shares | Cumulative Paid-up Capital (Rs.) | Cumulative Securities Premium (Rs.) | Face value (Rs.) | Issue Price (Rs.) | Nature of consideration | Reason / Nature of Allotment     |
|-----------------------------------|----------------------------------|------------------------------------|----------------------------------|-------------------------------------|------------------|-------------------|-------------------------|----------------------------------|
| December 01, 2012                 | 5,00,000                         | 10,00,000                          | 1,00,00,000                      | Nil                                 | 10               | 10                | Cash                    | Further Allotment <sup>(3)</sup> |
| January 15, 2013                  | 15,00,000                        | 25,00,000                          | 2,50,00,000                      | Nil                                 | 10               | 10                | Cash                    | Further Allotment <sup>(4)</sup> |
| April 22, 2013                    | 95,00,000                        | 1,20,00,000                        | 12,00,00,000                     | Nil                                 | 10               | 10                | Cash                    | Further Allotment <sup>(5)</sup> |
| December 05, 2013                 | 39,00,000                        | 1,59,00,000                        | 15,90,00,000                     | Nil                                 | 10               | 10                | Cash                    | Further Allotment <sup>(6)</sup> |
| February 16, 2015                 | 8,50,000                         | 1,67,50,000                        | 16,75,00,000                     | Nil                                 | 10               | 10                | Cash                    | Rights Issue <sup>(7)</sup>      |

**All the allotments of Equity Shares of our Company were made as fully paid-up equity shares of face value of Rs. 10/- each.**

- Initial Subscribers to Memorandum of Association subscribed 10,000 Equity shares of Face Value of Rs. 10 each at par as per the details given below :

| Sr. No | Name of Person     | No. of Shares Allotted |
|--------|--------------------|------------------------|
| 1.     | Maganlal Parvadiya | 6,500                  |
| 2.     | Chandulal Parvadia | 3,500                  |
|        | <b>Total</b>       | <b>10,000</b>          |

- Further Allotment of 4,90,000 Equity Shares of face value of Rs. 10/- each fully paid up at par on March 31, 2012 as per the details given below:

| Sr. No | Name of Person     | No. of Shares Allotted |
|--------|--------------------|------------------------|
| 1.     | Maganlal Parvadiya | 2,73,000               |
| 2.     | Chandulal Parvadia | 1,47,000               |
| 3.     | Babubhai Mankadiya | 70,000                 |
|        | <b>Total</b>       | <b>4,90,000</b>        |

- Further Allotment of 5,00,000 Equity Shares of face value of Rs. 10/- each fully paid up at par on December 01, 2012 as per the details given below:

| Sr. No | Name of Person     | No. of Shares Allotted |
|--------|--------------------|------------------------|
| 1.     | Maganlal Parvadiya | 3,50,000               |
| 2.     | Chandulal Parvadia | 1,50,000               |
|        | <b>Total</b>       | <b>5,00,000</b>        |

- Further Allotment of 15,00,000 Equity Shares of face value of Rs. 10/- each fully paid up at par on January 15, 2013 as per the details given below:

| Sr. No | Name of Person     | No. of Shares Allotted |
|--------|--------------------|------------------------|
| 1.     | Maganlal Parvadiya | 8,50,000               |
| 2.     | Chandulal Parvadia | 6,49,500               |
| 3.     | Kaushik Dave       | 500                    |



| Sr. No | Name of Person | No. of Shares Allotted |
|--------|----------------|------------------------|
|        | <b>Total</b>   | <b>15,00,000</b>       |

5. Further Allotment of 95,00,000 Equity Shares of face value of Rs. 10/- each fully paid up at par on April 22, 2013 as per the details given below

| Sr. No | Name of Person           | No. of Shares Allotted |
|--------|--------------------------|------------------------|
| 1      | Divyesh Parvadiya        | 4,26,580               |
| 2      | Nidhiben Parvadiya       | 80,000                 |
| 3      | Vajiben Parvadia         | 1,40,000               |
| 4      | Hansaben Parvadia        | 2,06,380               |
| 5      | Nirmalaben Parvadiya     | 1,93,260               |
| 6      | Ketan Parvadia           | 9,75,185               |
| 7      | Yogesh Parvadiya         | 8,29,190               |
| 8      | Paras Parvadiya          | 4,65,620               |
| 9      | Maganlal Parvadiya       | 24,02,690              |
| 1      | Chandulal Parvadia       | 13,88,470              |
| 1      | Bindiya Parvadiya        | 2,37,200               |
| 1      | Jadavbhai Parvadiya      | 97,500                 |
| 1      | Kamleshbhai Bokarwadiya  | 7,00,000               |
| 1      | Kaushik Dave             | 1,20,000               |
| 1      | Sandhyadevi Dave         | 3,00,000               |
| 1      | Jivanbhai Chavda         | 96,790                 |
| 1      | Pankajbhai Chavda        | 98,270                 |
| 1      | Rameshbhai Parvadiya     | 98,000                 |
| 1      | Bachubhai Bokarwadiya    | 1,00,000               |
| 2      | Bhavnaben Bokarwadiya    | 50,000                 |
| 2      | Kantilal Bokarwadiya     | 4,00,000               |
| 2      | Kaushikkumar Bokarwadiya | 30,000                 |
| 2      | Manjulaben Bokarwadiya   | 50,000                 |
| 2      | Babubhai Mankadiya       | 14,865                 |
|        | <b>Total</b>             | <b>95,00,000</b>       |

6. Further Allotment of 39,00,000 Equity Shares of face value of Rs. 10/- each fully paid up at par on December 5, 2015 as per the details given below:

| Sr. No | Name of Person          | No. of Shares Allotted |
|--------|-------------------------|------------------------|
| 1.     | Bindiya Parvadiya       | 30,000                 |
| 2.     | Chandulal Parvadia      | 10,30,000              |
| 3.     | Divyesh Parvadiya       | 50,000                 |
| 4.     | Kamleshbhai Bokarwadiya | 1,00,000               |
| 5.     | Kaushik Dave            | 10,000                 |
| 6.     | Maganlal Parvadiya      | 17,30,000              |
| 7.     | Paras Parvadiya         | 4,20,000               |
| 8.     | Vajiben Parvadia        | 60,000                 |
| 9.     | Yogesh Parvadiya        | 1,50,000               |
| 10.    | Bachubhai Bokarwadiya   | 3,20,000               |
|        | <b>Total</b>            | <b>39,00,000</b>       |

7. Rights Issue of 8,50,000 Equity Shares of face value of Rs. 10/- each fully paid up at par on February 16, 2015 as per the details given below:



| Sr. No | Name of Person       | No. of Shares Allotted |
|--------|----------------------|------------------------|
| 1.     | Vajiben Parvadia     | 1,00,000               |
| 2.     | Nirmalaben Parvadiya | 50,000                 |
| 3.     | Ketan Parvadia       | 2,50,000               |
| 4.     | Chandulal Parvadia   | 1,00,000               |
| 5.     | Divyesh Parvadiya    | 1,00,000               |
| 6.     | Maganlal Parvadiya   | 1,50,000               |
| 7.     | Yogesh Parvadiya     | 1,00,000               |
|        | <b>Total</b>         | <b>8,50,000</b>        |

As on the date of this Prospectus, our Company does not have any preference share capital





3. Details of Allotment made in the last two years preceding the date of this Prospectus:

| Date of Allotment / Date of Fully Paid Up | No. of Equity Shares | Cumulative No. of Equity Shares | Face Value (Rs.) | Issue Price (Rs.) | Cumulative Securities Premium Account (Rs.) | Cumulative Paid-up Capital (Rs.) | Consideration | Nature of Issue and Category of Allottees               |
|-------------------------------------------|----------------------|---------------------------------|------------------|-------------------|---------------------------------------------|----------------------------------|---------------|---------------------------------------------------------|
| February 16, 2015                         | 8,50,000             | 1,67,50,000                     | 10               | 10                | Nil                                         | 16,75,00,000                     | Cash          | Rights Issue and Allotment to Promoter & Promoter Group |

4. Our Company has not issued any Equity Shares for consideration other than cash
5. No Equity Shares have been allotted pursuant to any scheme approved under the erstwhile Sections 391-394 of the Companies Act, 1956 or under Sections 230-240 of the Companies Act, 2013
6. Our Company has not revalued its assets since inception and have not issued any Equity Shares by capitalizing revaluation reserves.
7. Our Company has not issued any equity shares at price below Offer Price within last one year from the date of this Prospectus.

8. **Build-up of Promoters / Shareholding and Promoters' contribution and lock-in**

i. Build up of Promoters /Selling Shareholders

As on the date of this Prospectus, our Promoters Maganlal Parvadiya and Chandulal Parvadia holds 57,62,190 and 34,68,470 Equity Shares of our Company respectively. None of our Equity Shares held by our Promoters are subject to any pledge. The build up of shareholding of our Promoters is as follows:



**a. Maganlal Parvadiya**

| Date of Allotment/Fully Paid          | No. of Equity Shares | Face value per Share (Rs.) | Issue / Acquisition price (Rs.)* | Nature of Transactions                    | Pre-offer shareholding % | Post-offer shareholding %** | Lock-in Period | Source of funds                                                             | Pledge |
|---------------------------------------|----------------------|----------------------------|----------------------------------|-------------------------------------------|--------------------------|-----------------------------|----------------|-----------------------------------------------------------------------------|--------|
| February 01, 2011(Subscribers to MOA) | 6,500                | 10                         | 10                               | Subscription to Memorandum of Association | 0.04%                    | 0.04%                       | NA**           | Internal Accruals                                                           | Nil    |
| March 31, 2012                        | 2,73,000             | 10                         | 10                               | Further Allotment                         | 1.63%                    | 1.63%                       | NA**           | Amount outstanding in Unsecured Loan transferred to Share Application Money | Nil    |
| December 01, 2012                     | 3,50,000             | 10                         | 10                               | Further Allotment                         | 2.09%                    | 2.09%                       | NA**           |                                                                             | Nil    |
| January 15, 2013                      | 8,50,000             | 10                         | 10                               | Further Allotment                         | 5.07%                    | 5.07%                       | NA**           |                                                                             | Nil    |
| April 22, 2013                        | 7,45,500             | 10                         | 10                               | Further Allotment                         | 4.45%                    | 4.45%                       | NA**           |                                                                             | Nil    |
|                                       | 16,57,190            | 10                         | 10                               | Further Allotment                         | 9.89%                    | 9.89%                       | 3 Years        |                                                                             | Nil    |
| December 05, 2013                     | 4,82,340             | 10                         | 10                               | Further Allotment                         | 2.88%                    | 2.88%                       | 3 Years        |                                                                             | Nil    |
|                                       | 12,47,660            | 10                         | 10                               | Further Allotment                         | 7.45%                    | 7.45%                       | 1 Year         |                                                                             | Nil    |
| February 16, 2015                     | 1,50,000             | 10                         | 10                               | Rights Issue                              | 0.90%                    | 0.90%                       | 1 Year         |                                                                             | Nil    |
| <b>Total</b>                          | <b>57,62,190</b>     |                            |                                  |                                           | <b>34.40%</b>            | <b>34.40%</b>               |                |                                                                             |        |

\*Cost of acquisition excludes stamp duty and the shares were made fully paid on the date of allotment.

\*\*Since these Equity Shares are offered for sale, the same shall not be subject to lock-in.



**b. Chandulal Parvadia**

| Date of Allotment/Fully Paid          | No. of Equity Shares | Face value per Share (Rs.) | Issue / Acquisition price (Rs.)* | Nature of Transactions                    | Pre-offer shareholding % | Post- offer shareholding %** | Lock-in Period | Source of funds                                                             | Pledge |
|---------------------------------------|----------------------|----------------------------|----------------------------------|-------------------------------------------|--------------------------|------------------------------|----------------|-----------------------------------------------------------------------------|--------|
| February 01, 2011(Subscribers to MOA) | 3,500                | 10                         | 10                               | Subscription to Memorandum of Association | 0.02%                    | 0.02%                        | NA**           | Internal Accruals                                                           | Nil    |
| March 31, 2012                        | 1,47,000             | 10                         | 10                               | Further Allotment                         | 0.88%                    | 0.88%                        | NA**           | Amount outstanding in Unsecured Loan transferred to Share Application Money | Nil    |
| December 01, 2012                     | 1,50,000             | 10                         | 10                               | Further Allotment                         | 0.90%                    | 0.90%                        | NA**           |                                                                             | Nil    |
| January 15, 2013                      | 6,49,500             | 10                         | 10                               | Further Allotment                         | 3.88%                    | 3.88%                        | NA**           |                                                                             | Nil    |
| April 22, 2013                        | 12,75,000            | 10                         | 10                               | Further Allotment                         | 7.61%                    | 7.61%                        | NA**           |                                                                             | Nil    |
|                                       | 1,13,470             | 10                         | 10                               | Further Allotment                         | 0.68%                    | 0.68%                        | 3 Years        |                                                                             | Nil    |
| December 05, 2013                     | 10,30,000            | 10                         | 10                               | Further Allotment                         | 6.15%                    | 6.15%                        | 3 Years        |                                                                             | Nil    |
| February 16, 2015                     | 1,00,000             | 10                         | 10                               | Rights Issue                              | 0.60%                    | 0.60%                        | 3 Years        |                                                                             | Nil    |
| <b>Total</b>                          | <b>34,68,470</b>     |                            |                                  |                                           | <b>20.71%</b>            | <b>20.71%</b>                |                |                                                                             |        |

\*Cost of acquisition excludes stamp duty and the shares were made fully paid on the date of allotment.

\*\*Since these Equity Shares are offered for sale, the same shall not be subject to lock-in.



Our Promoters have confirmed to our Company and the Lead Manager that the Equity Shares held by our Promoters have been out of the amount transfer from Unsecured Loan into Share Application Money

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-Offer capital held by our Promoters' shall be considered as Promoters' Contribution ("Promoters Contribution") and locked-in for a period of three years from the date of allotment in the offer. The lock-in of the Promoters' Contribution would be created as per applicable law and procedure and details of the same shall also be provided to the Stock Exchange before listing of the Equity Shares.

Our Promoters' 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 20.20 % of the post Offer 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 Offer.

| Date of Allotment         | No. of Shares Allotted | Face Value | Issue Price | Nature of Allotment | % of Post Offer shareholding | Lock in Period |
|---------------------------|------------------------|------------|-------------|---------------------|------------------------------|----------------|
| <b>Maganlal Parvadiya</b> |                        |            |             |                     |                              |                |
| April 22, 2013            | 16,57,690              | 10         | 10          | Further Allotment   | 9.89%                        | 3 Years        |
| December 05, 2013         | 4,82,340               | 10         | 10          | Further Allotment   | 2.88%                        | 3 Years        |
| <b>Chandulal Parvadia</b> |                        |            |             |                     |                              |                |
| April 22, 2013            | 1,13,470               | 10         | 10          | Further Allotment   | 0.68%                        | 3 Years        |
| December 05, 2013         | 10,30,000              | 10         | 10          | Further Allotment   | 6.15%                        | 3 Years        |
| February 16, 2015         | 1,00,000               | 10         | 10          | Rights Issue        | 0.60%                        | 3 Years        |
| <b>Total</b>              | <b>33,83,500</b>       |            |             |                     | <b>20.20%</b>                |                |

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

- The Equity Shares offered for minimum 20% Promoters' contribution have not been acquired in the three years preceding the date of this Prospectus for consideration other than cash and revaluation of assets or capitalization of intangible assets nor resulted from a bonus issue out of the revaluation reserves or unrealized profits of the Company or against Equity Shares which are otherwise ineligible for computation of Promoters' contribution;
- The minimum Promoters' contribution does not include Equity Shares acquired during the one year preceding the date of this Prospectus at a price lower than the Offer Price;
- 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;
- The Equity Shares held by the Promoters and offered for minimum Promoters' contribution are not subject to any pledge;
- All the Equity Shares of our Company held by the Promoter and Promoter group are in the process of being dematerialized and the same shall be done before listing of Equity Shares on the Stock Exchange
- The Equity Shares offered for Promoter's contribution do not consist of Equity Shares for which specific written consent has not been obtained from the Promoter for inclusion of its subscription in the Promoter's contribution subject to lock-in.



**iii. Details of Share Capital Locked In For One Year**

In terms of Regulation 36(b) and 37 of the SEBI ICDR Regulations, in addition to the Minimum Promoters contribution which is locked in for three years, as specified above, the balance remaining pre-Offer equity shares other than those offered for sale shall be locked in for a period of one year from the date of allotment of Equity Shares in this Offer.

The Equity Shares which are subject to lock-in shall carry inscription 'non transferable' along with the duration of specified non-transferable period mentioned in the face of the share certificate. The shares which are in dematerialized form, if any, shall be locked-in by the respective depositories. The details of lock-in of the Equity Shares shall also be provided to the Designated Stock Exchange before the listing of the Equity Shares.

**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 Promoters, as specified above, can be pledged with any scheduled commercial bank or public financial institution as collateral security for loan granted by such bank or institution provided that the pledge of Equity Shares is one of the terms of the sanction of the loan. Subject to the following:

the pledge of shares is one of the terms of sanction of the loan; and (ii) if the shares are locked in as Promoters' contribution for three years under Regulation 36 of the SEBI (ICDR) Regulations, such shares may be pledged, only if, in addition to fulfilling the requirements of paragraph (i), the loan has been granted by the banks or financial institutions for the purpose of financing one or more of the objects of the offer.

Pursuant to Regulation 40 of the SEBI ICDR Regulations, the Equity Shares held by persons other than the Promoters prior to the Offer may be transferred to any other person holding the Equity Shares which are locked in as per Regulation 36 or 37 of the SEBI ICDR Regulations, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as applicable.

Further in terms of Regulation 40 of the SEBI ICDR Regulations, the Equity Shares held by the Promoters may be transferred to and amongst the Promoter Group or to new promoters or persons in control of the Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as applicable.

We further confirm that our Promoter's Contribution of 20.20% of the post offer Equity Share capital does not include any contribution from Alternative Investment Fund

9. No shares/purchased/sold by the Promoter and Promoter Group, directors and their immediate relatives during last six months.



## 10. Our Shareholding Pattern

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

### a. Summary of Shareholding Pattern

| Category | Category of Shareholder | Nos. of shareholders | No. of fully paid up equity shares held | No. of partly paid-up equity shares held | No. of shares underlying Depository shares held | 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 Total Voting Rights |                                                                                  |                                                                                                                                       | No.                        | As a % of total Shares held | No.                                              | As a % of total Shares held |                                                     |
|          |                         |                      |                                         |                                          |                                                 |                        |                                                                                              |                                                          |                                     |                                                                                  |                                                                                                                                       | (a)                        | (b)                         | (a)                                              | (b)                         |                                                     |
| I        | II                      | III                  | IV                                      | V                                        | VI                                              | VII=IV+V+VI            | VIII                                                                                         | IX                                                       |                                     | X                                                                                | XI=VII+X                                                                                                                              | XII                        |                             | XII                                              |                             | XIV                                                 |



|   |                                |           |                    |          |          |                    |               |                    |               |          |               |   |   |   |   |          |
|---|--------------------------------|-----------|--------------------|----------|----------|--------------------|---------------|--------------------|---------------|----------|---------------|---|---|---|---|----------|
| A | Promoter and Promoter Group    | 14        | 1,53,24,575        | -        | -        | 1,53,24,575        | 91.49         | 1,53,24,575        | 91.49         | --       | 91.49         |   |   |   |   | 0**      |
| B | Public                         | 10        | 14,25,425          | -        | -        | 14,25,425          | 8.51          | 14,25,425          | 8.51          | -        | 8.51          |   |   |   |   | 0        |
| C | Non Promoter- Non Public       | -         | -                  | -        | -        | -                  | -             | -                  | -             | -        | -             | - | - | - | - | -        |
| 1 | Shares underlying DRs          | -         | -                  | -        | -        | -                  | -             | -                  | -             | -        | -             | - | - | - | - | -        |
| 2 | Shares held by Employee Trusts | -         | -                  | -        | -        | -                  | -             | -                  | -             | -        | -             | - | - | - | - | -        |
|   | <b>Total</b>                   | <b>24</b> | <b>1,67,50,000</b> | <b>-</b> | <b>-</b> | <b>1,67,50,000</b> | <b>100.00</b> | <b>1,67,50,000</b> | <b>100.00</b> | <b>-</b> | <b>100.00</b> |   |   |   |   | <b>0</b> |

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

*Note: PAN of shareholders will be provided to the Stock Exchange by our Company prior to listing of its Equity Shares on the Stock Exchange.*

Our company has entered into a tripartite agreement with both the depositories i.e. CDSL and NSDL vide agreements dated August 26, 2016 and August 30, 2016 respectively for conversion of equity shares held in physical form into demat mode.

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

\*\*In terms of SEBI circular bearing No. Cir/ISD/3/2011 dated June 17, 2011 and SEBI circular bearing no. SEBI/Cir/ISD/05/2011, dated September 30, 2011, the entire shareholding held by the Promoter / members of the Promoter Group shall be dematerialized prior to listing of securities on the Stock Exchange.





11. The details of the Pre and Post Offer Shareholding of Our Promoter and Promoter Group are as under:

| Sr. No. | Name of the Shareholder  | Pre – Offer          |                        | Post – Offer         |                         |
|---------|--------------------------|----------------------|------------------------|----------------------|-------------------------|
|         |                          | No. of Equity Shares | % of Pre- Offer Equity | No. of Equity Shares | % of Post- Offer Equity |
| (I)     | (II)                     | (III)                | (IV)                   | (V)                  | (VI)                    |
|         | <b>Promoters</b>         |                      |                        |                      |                         |
| 1.      | Maganlal Parvadiya       | 57,62,190            | 34.40                  | 35,37,190*           | 21.12                   |
| 2.      | Chandulal Parvadia       | 34,68,470            | 20.71                  | 12,43,470*           | 7.42                    |
|         | <b>Sub total (A)</b>     | <b>92,30,660</b>     | <b>55.11</b>           | <b>47,80,660</b>     | <b>28.54</b>            |
|         | <b>Promoter Group</b>    |                      |                        |                      |                         |
| 3.      | Ketan Parvadia           | 12,25,185            | 7.31                   | 12,25,185            | 7.31                    |
| 4.      | Yogesh Parvadiya         | 10,79,190            | 6.44                   | 10,79,190            | 6.44                    |
| 5.      | Paras Parvadiya          | 8,85,620             | 5.29                   | 8,85,620             | 5.29                    |
| 6.      | Kamleshbhai Bokarwadiya# | 8,00,000             | 4.78                   | 8,00,000             | 4.78                    |
| 7.      | Divyesh Parvadiya        | 5,76,580             | 3.44                   | 5,76,580             | 3.44                    |
| 8.      | Vajiben Parvadia         | 3,00,000             | 1.79                   | 3,00,000             | 1.79                    |
| 9.      | Sandhyadevi Dave#        | 3,00,000             | 1.79                   | 3,00,000             | 1.79                    |
| 10.     | Bindiya Parvadiya#       | 2,67,200             | 1.60                   | 2,67,200             | 1.60                    |
| 11.     | Nirmalaben Parvadiya     | 2,43,260             | 1.45                   | 2,43,260             | 1.45                    |
| 12.     | Hansaben Parvadia        | 2,06,380             | 1.23                   | 2,06,380             | 1.23                    |
| 13.     | Kaushik Dave#            | 1,30,500             | 0.78                   | 1,30,500             | 0.78                    |
| 14.     | Nidhiben Parvadiya#      | 80,000               | 0.48                   | 80,000               | 0.48                    |
|         | <b>Sub total (B)</b>     | <b>60,93,915</b>     | <b>36.38</b>           | <b>60,93,915</b>     | <b>36.38</b>            |
|         | <b>Total (A+B)</b>       | <b>1,53,24,575</b>   | <b>91.49</b>           | <b>1,08,74,575</b>   | <b>64.92</b>            |

\*Maganlal Parvadiya and Chandulal Parvadia has offered 22,25,000 equity shares each as Offer for Sale through this Prospectus. Accordingly, the Post Offer number of equity shares held by Maganlal Parvadiya and Chandulal Parvadia would be reduced to such extent.

#Kamleshbhai Bokarwadiya, Sandhyadevi Dave, Bindiya Parvadiya, Kaushik Dave and Nidhiben Parvadiya are not relatives within the meaning of Regulation 2(1) (zb) of ICDR Regulations but are considered for the purposes of shareholding of the Promoter Group under Regulation 2(1) (zb)(v) of ICDR Regulations.

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

| Name of the Promoter | No. of Shares held | Average cost of Acquisition (in Rs.) |
|----------------------|--------------------|--------------------------------------|
| Maganlal Parvadiya   | 57,62,190          | 10.00                                |
| Chandulal Parvadia   | 34,68,470          | 10.00                                |

13. 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 Prospectus are set forth below:

- Particulars of the top ten shareholders as on the date of filing this Prospectus and 10 days prior to the date of this Prospectus:



| Sr. No | Name of Shareholders    | Number of Equity Shares | % of Pre Offer Paid-Up Capital |
|--------|-------------------------|-------------------------|--------------------------------|
| 1.     | Maganlal Parvadiya      | 57,62,190               | 34.40                          |
| 2.     | Chandulal Parvadia      | 34,68,470               | 20.71                          |
| 3.     | Ketan Parvadia          | 12,25,158               | 7.31                           |
| 4.     | Yogesh Parvadiya        | 10,79,190               | 6.44                           |
| 5.     | Paras Parvadiya         | 8,85,620                | 5.29                           |
| 6.     | Kamleshbhai Bokarwadiya | 8,00,000                | 4.78                           |
| 7.     | Divyesh Parvadiya       | 5,76,580                | 3.44                           |
| 8.     | Bachubbhai Bokarwadiya  | 4,20,000                | 2.51                           |
| 9.     | Kantilal Bokarwadiya    | 4,00,000                | 2.39                           |
| 10. a  | Sandhyadevi Dave        | 3,00,000                | 1.89                           |
| 10. b  | Vajiben Parvadiya       | 3,00,000                | 1.89                           |
|        | <b>Total</b>            | <b>1,52,17,208</b>      | <b>91.05</b>                   |

- Particulars of the top ten shareholders two years prior to the date of filing of this Prospectus:

| Sr. No | Name                    | Number of Equity Shares | % of then existing Paid-Up Capital of Rs. 15,90,00,000 |
|--------|-------------------------|-------------------------|--------------------------------------------------------|
| 1.     | Maganlal Parvadiya      | 56,12,190               | 35.30                                                  |
| 2.     | Chandulal Parvadia      | 33,68,470               | 21.19                                                  |
| 3.     | Yogesh Parvadiya        | 9,79,190                | 6.16                                                   |
| 4.     | Ketan Parvadia          | 9,75,185                | 6.13                                                   |
| 5.     | Paras Parvadiya         | 8,85,620                | 5.57                                                   |
| 6.     | Kamleshbhai Bokarwadiya | 8,00,000                | 5.03                                                   |
| 7.     | Divyesh Parvadiya       | 4,76,580                | 3.00                                                   |
| 8.     | Bachubbhai Bokarwadiya  | 4,20,000                | 2.64                                                   |
| 9.     | Kantilal Bokarwadiya    | 4,00,000                | 2.52                                                   |
| 10.    | Sandhyadevi Dave        | 3,00,000                | 1.89                                                   |
|        | <b>Total</b>            | <b>1,44,17,235</b>      | <b>89.42</b>                                           |

#### 14. Details of Selling Shareholders

| Sr. No | Name               | No of Shares Offered |
|--------|--------------------|----------------------|
| 1.     | Maganlal Parvadiya | 22,25,000            |
| 2.     | Chandulal Parvadia | 22,25,000            |



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 offer. As and when, options are granted to our employees under the Employee Stock Option Scheme, our Company shall comply with the SEBI (Share Based Employee Benefits) Regulations, 2014.
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 this Prospectus.
17. Under-subscription in the net Offer, 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 and selling shareholders in consultation with the Lead Manager and the Designated Stock Exchange i.e. BSE.
18. The unsubscribed portion in any reserved category (if any) may be added to any other reserved category.
19. The unsubscribed portion if any, after such inter se adjustments among the reserved categories shall be added back to the net offer to the public portion.
20. There are no Equity Shares against which depository receipts have been issued.
21. As on the date of this Prospectus, none of the shares held by our Promoters / Promoter Group are subject to any pledge.
22. Other than the Equity Shares, there are is no other class of securities issued by our Company.
23. There will be no further issue of capital, whether by way of issue of bonus shares, preferential allotment, right issue or in any other manner during the period commencing from the date of the 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 Offer, 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.
24. 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 Prospectus.
25. Our Company, our Promoters, our Directors, the selling shareholders 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 Offer from any person.
26. There are no safety net arrangements for this public Offer.
27. An over-subscription to the extent of 10% of the Offer can be retained for the purpose of rounding off to the nearest multiple of minimum allotment lot, while finalising the Basis of Allotment. 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 Offer paid-up capital is locked in.
28. In case of over-subscription in all categories the allocation in the Offer shall be as per the requirements of Regulation 43 (4) of SEBI (ICDR) Regulations, as amended from time to time.



29. As on date of this Prospectus there are no outstanding warrants, options or rights to convert debentures loans or other financial instruments into our Equity Shares.
30. All the Equity Shares of our Company are fully paid up as on the date of the Prospectus and thus all the equity shares allotted further to the offer will be full paid up at the time of allotment.
31. As per RBI regulations, OCBs are not allowed to participate in this Offer.
32. Our Company has not raised any bridge loans against the proceeds of the Offer.
33. Our Company undertakes that at any given time, there shall be only one denomination for our Equity Shares, unless otherwise permitted by law.
34. Our Company shall comply with such accounting and disclosure norm as specified by SEBI from time to time.
35. An Applicant cannot make an application for more than the number of Equity Shares being issued through this Offer, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investors.
36. 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 Offer.
37. We have 24 shareholders as on the date of filing of this Prospectus.
38. No person connected with the Offer shall offer any incentive, whether direct or indirect, in the nature of discount, commission, and allowance, or otherwise, whether in cash, kind, services or otherwise, to any Applicant.
39. Except for the Equity Shares offered by Our Promoters, our promoters and the members of our Promoter Group will not participate in this offer.
40. Our Company has not made any public issue since its incorporation.
41. Our Company shall ensure that transactions in the Equity Shares by the Promoters and the Promoter Group between the date of filing the Prospectus and the Offer Closing Date shall be reported to the Stock Exchange within twenty-four hours of such transaction.
42. In terms of Rule 19(2)(b)(i) of the Securities Contracts (Regulation) Rules, 1957, as amended, (the SCRR) the Offer is being made for at least 25% of the post-Offer paid-up Equity Share capital of our Company. Further, this Offer is being made in terms of Chapter XB of the SEBI (ICDR) Regulations, 2009, as amended from time to time.

As per Regulation 43(4) of the SEBI (ICDR) Regulations, as amended, since our is a fixed price Offer the allocation in the Net Offer to the public category shall be made as follows:

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

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



43. For the details of transactions by our Company with our Promoter Group, Group Companies/Entities for the period ended September 30, 2017 and financial years ended March 31, 2017, 2016, 2015, 2014, and 2013, please refer to paragraph titled “Details of Related Parties Transactions as Restated” in the chapter titled ‘*Financial Statements as restated*’ on page 171 of the 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 148 of the Prospectus



## OBJECTS OF THE OFFER

The Objects of the Offer are to achieve the benefits of listing the Equity Shares on the Stock Exchanges and for the offer for sale of 44,50,000 Equity shares by the Selling Shareholders. Further, Our Company expects that the listing of Equity Shares will enhance our visibility and brand image among the existing and potential customers and provide liquidity to the existing shareholders. The other objects of the Offer also include creating a public trading market for the Equity shares of our company by listing them on BSE. Our Company will not receive any proceeds of the Offer and all the proceeds will go to the Selling Shareholders. For further details, refer the chapter titled “*The Offer*” on page no 57.

We confirm that the activities which we have been carrying out till date are in accordance with the object clause of our Memorandum of Association.

## OFFER EXPENSES

The estimated Offer related expenses includes Lead Manager Fee, Underwriting and Selling Commission, Printing and Distribution Expenses, Legal Fee, Advertisement Expenses, Registrar’s Fees, Depository Fee and all other incidental and miscellaneous expenses for listing the Equity shares on the Stock Exchange. All expenses with respect to the offer will be paid by and shared between the Selling Shareholders. Payments, if any, made by our Company in relation to the offer shall be on behalf of the Selling Shareholders and such payments will be reimbursed by the Selling Shareholders to our company. However, expenditure with respect to listing fees and market making charges will be paid by our Company.

The break-up for the Offer expenses is as follows:

| Expenses                                                                                                                           | Amount(Rs. in lakhs) | Percentage of total Offer Expenses | Percentage of Offer Size |
|------------------------------------------------------------------------------------------------------------------------------------|----------------------|------------------------------------|--------------------------|
| Payment to Merchant Banker including expenses towards printing and payment to other intermediaries such as Registrar, Banker, etc. | 35.00                | 87.50%                             | 7.87%                    |
| Advertising and marketing expense                                                                                                  | 1.00                 | 2.50%                              | 0.22%                    |
| Brokerage and selling commission                                                                                                   | 1.00                 | 2.50%                              | 0.22%                    |
| Others (legal fees, etc.)                                                                                                          | 3.00                 | 7.50%                              | 0.67%                    |
| <b>Total estimated Offer Expenses</b>                                                                                              | <b>40.00</b>         | <b>100.00%</b>                     | <b>27.48%</b>            |

*As on the date of this Prospectus, our Company has incurred Rs. 15.00 lakhs towards Offer Expenses.*



*\*\*SCSBs will be entitled to a processing fee of Rs. 10/- per Application Form for processing of the Application Forms procured by other Application Collecting Intermediary and submitted to them subject to successful allotment.*

*Selling commission payable to Registered broker, SCSBs, RTAs, CDPs on the portion directly procured from Retail Individual Applicants and Non Institutional Applicants, would be 0.01 % on the Allotment Amount# or Rs 10/- 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*

#### **MONITORING OF OFFER PROCEEDS**

Since this is an Offer for Sale and our company will not receive any proceeds from the Offer, our Company is not required to appoint a monitoring agency for the Offer.





## BASIS FOR OFFER PRICE

The Offer Price of Rs. 10 per Equity Share has been determined by the Selling Shareholders, in consultation with the Lead Manager on the basis of the following qualitative and quantitative factors and on the basis of an assessment of Market demand for the equity shares through the fixed price process. The face value of the Equity Share is Rs. 10 each and Offer Price is Rs. 10 per Equity Share which is 1.00 time of the face value. Investors should read the following basis with the sections titled “Risk Factors” and “Financial Information” and the chapter titled “Our Business” beginning on page nos. 18,171 and 114 respectively, of this Prospectus to get a more informed view before making any investment decisions. The trading price of the Equity Shares of our Company could decline due to these risk factors and you may lose all or part of your investments.

### QUALITATIVE FACTORS

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 114 of this Prospectus.

### QUANTITATIVE FACTORS

The information presented below relating to the Company is based on the restated financial statements of the Company for the ended September 30, 2017 and for the Financial Years ended 2017, 2016 and 2015 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 as adjusted for changes in capital based on standalone restated financials

| Year ended                                      | EPS (Rs.) | Weight      |
|-------------------------------------------------|-----------|-------------|
| March 31, 2015                                  | (0.21)    | 1           |
| March 31, 2016                                  | 0.02      | 2           |
| March 31, 2017                                  | 0.09      | 3           |
| <b>Weighted average</b>                         |           | <b>0.02</b> |
| <b>For the period ended September 30, 2017*</b> |           | <b>0.10</b> |

\*Not annualised

#### Note:-

The earnings per share has been computed by dividing net profit as restated, attributable to equity shareholders by restated weighted average number of equity shares outstanding during the period / year. Restated weighted average number of equity shares has been computed as per AS 20. The face value of each Equity Share is Rs. 10/-. Basic EPS is Net profit attributable to equity shareholders divided by Weighted average number of Equity Shares outstanding during the year / period.

#### 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 |
|----------------------------------------------------------------------|-----------|
| P/E ratio based on Basic and Diluted EPS for FY 2016-17              | 114.42    |
| P/E ratio based on Weighted Average EPS*                             | N.A       |
| P/E ratio based on basic EPS for the period ended September 30, 2017 | 97.96     |
| <b>**Industry P/E</b>                                                |           |



| Particulars | P/E Ratio |
|-------------|-----------|
| Lowest      | 6.25      |
| Highest     | 43.93     |
| Average     | 16.79     |

\*Since EPS for the Financial year 2014-15 is negative, P/E is not ascertainable.

\*\*Industry data comprises of Malwa Cotton Spinning Mills Limited, Sambandam Spinning Mills Limited, Shiva Texyarn Limited, Kallam Spinning Mills Limited, Super Spinning Mills Limited and Nitin Spinners Limited.

P/E ratio of Malwa Cotton Spinning mills Limited and Super Spinning Mills Limited for the Financial year 2016-17 is negative and hence the same has not been considered in the calculation of Industry P/E above.

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

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

| Year ended                                      | RoNW (%) | Weight      |
|-------------------------------------------------|----------|-------------|
| March 31, 2015                                  | (2.11)   | 1           |
| March 31, 2016                                  | 0.21     | 2           |
| March 31, 2017                                  | 0.81     | 3           |
| <b>Weighted Average</b>                         |          | <b>0.12</b> |
| <b>For the period ended September 30, 2017*</b> |          | <b>0.92</b> |

\*Not annualised

**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, 2017- 0.81%

### 5. Net Asset Value (NAV)

| Particulars                                                | Amount (in Rs.) |
|------------------------------------------------------------|-----------------|
| Net Asset Value per Equity Share as of March 31, 2017      | 10.77           |
| Net Asset Value per Equity Share as of September 30, 2017* | 11.12           |
| Net Asset Value per Equity Share after the Offer           | 10.77           |
| Offer Price per equity share                               | 10.00           |

\*Not annualised

**Note:**

- 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.
- There shall be no change in NAV after the offer as the Offer is by offer for sale by the Selling Shareholders.

### 6. Comparison with other listed companies

| Companies               | CMP    | EPS  | PE Ratio | RONW % | NAV (Per Share) | Face Value | Revenue from Operations (in lakhs) |
|-------------------------|--------|------|----------|--------|-----------------|------------|------------------------------------|
| Gujarat Hy-Spin Limited | 10.00* | 0.09 | 114.42   | 0.81   | 10.77           | 10.00      | 5204.61                            |
| <b>Peer</b>             |        |      |          |        |                 |            |                                    |



| <b>Group*</b>                       |        |         |        |        |        |    |           |
|-------------------------------------|--------|---------|--------|--------|--------|----|-----------|
| Malwa Cotton Spinning Mills Limited | 4.28   | - 41.16 | -0.10  | 10.74  | -78.35 | 10 | 2207.00   |
| Sambandam Spinning Mills Limited    | 156.15 | 19.09   | 8.18   | 9.77   | 195.33 | 10 | 21013.74  |
| Shiva Texyarn Limited               | 409.85 | 9.33    | 43.93  | 11.26  | 82.89  | 10 | 55978.86  |
| Kallam Spinning Mills Limited       | 23.2   | 3.71    | 6.25   | 8.58   | 43.19  | 2  | 29724.01  |
| Super Spinning Mills Limited        | 21.3   | -1.95   | -10.92 | -22.39 | 8.70   | 1  | 30677.91  |
| Nitin Spinners Limited              | 109.75 | 12.47   | 8.80   | 22.31  | 55.89  | 10 | 93,416.51 |

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

\*\*Offer Price is considered as CMP for our Company.

**Notes:**

- Considering the nature and size of business of the Company the peers are not strictly comparable. However same have been included for broad comparison.
- The figures for Gujarat Hy-Spin Limited are based on the restated financial statements for the year ended March 31, 2017.
- The figures for the peer group are based on standalone audited results for the respective year ended March 31, 2017.
- Current Market Price (CMP) is the closing prices of respective scrips as on December 7, 2017
- In case on December 7, 2017, scrips are not traded then last trading price has been considered.
- The Offer Price of Rs. 10 per Equity Share has been determined by the Selling Shareholder / Company in consultation with the Lead Manager and is justified based on the above accounting ratios.

For further details see section titled “*Risk Factors*” beginning on page 18 and the financials of the Company including profitability and return ratios, as set out in the section titled “*Financial Statements*” beginning on page 171 of this Prospectus for a more informed view.



## STATEMENT OF POSSIBLE TAX BENEFITS

To,  
The Board of Directors,  
Gujarat Hy-Spin Limited  
Rajkot, Gujarat

Dear Sirs,

**Subject: Statement of Possible Special Tax Benefits available to Gujarat Hy-Spin Limited and its shareholders prepared in accordance with the requirements under Schedule VIII – Clause (VII) (L) of the SEBI (ICDR) Regulations, 2009 as amended (the ‘Regulations’)**

We hereby report that the enclosed annexure prepared by Gujarat Hy-Spin Limited, states the possible special tax benefits available to Gujarat Hy-Spin Limited (‘the Company’) and the shareholders of the Company under the Income Tax Act, 1961 (‘Act’), presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the 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 the business imperatives, the company may or may not choose to fulfil. 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. Further, the preparation of enclosed statement and the contents stated therein is the responsibility of the Company’s management. We are informed that, this Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the proposed initial public offering of equity shares (‘the Offer’) by the Company.

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

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

The contents of the enclosed statement are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company. Our views are based on facts and assumptions indicated to us and the existing provisions of tax law and its interpretations, which are subject to change or modification from time to time by subsequent legislative, regulatory, administrative, or judicial decisions. Any such changes, which could also be retrospective, could have an effect on the validity of our views stated herein. We assume no obligation to update this statement on any events subsequent to its offer, which may have a material effect on the discussions herein. This report including enclosed annexure are intended solely for your information and for the inclusion in the Prospectus/ Prospectus or any other offer related material in connection with the proposed initial public offer of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.



**For Maharishi & Co,  
Chartered Accountants  
ICAI Firm Registration No. 124872W**

**Kapil Sanghvi  
Partner  
Membership No. 141168**

**Signed at Rajkot on 30<sup>th</sup> November, 2017**

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

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

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

#### **A. SPECIAL TAX BENEFITS TO THE COMPANY**

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

#### **B. SPECIAL TAX BENEFITS TO THE SHAREHOLDER**

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

#### **Note:**

1. All the above benefits are as per the current tax laws and will be available only to the sole / first name holder where the shares are held by joint holders.
2. The above statement covers only certain relevant direct tax law benefits and does not cover any indirect tax law benefits or benefit under any other law.

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



## 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 Offer have verified this information. The data may have been re-classified by us for the purposes of presentation. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured and, accordingly, investment decisions should not be based on such information. You should read the entire Prospectus, including the information contained in the sections titled “Risk Factors” and “Financial Statements” and related notes beginning on page 18 and 171 respectively of this Prospectus before deciding to invest in our Equity Shares.*

#### **INTRODUCTION TO COTTON INDUSTRY**

Cotton plays an important role in the Indian economy as the country's textile industry is predominantly cotton based. India is one of the largest producers as well as exporters of cotton yarn. The Indian textile industry contributes around 5 per cent to country's gross domestic product (GDP), 14 per cent to industrial production and 11 per cent to total exports earnings. The industry is also the second-largest employer in the country after agriculture, providing employment to over 51 million people directly and 68 million people indirectly, including unskilled women. The textile industry is also expected to reach US\$ 223 billion by the year 2021.

The states of Gujarat, Maharashtra, Telangana, Andhra Pradesh, Karnataka, Madhya Pradesh, Haryana, Rajasthan, and Punjab are the major cotton producers in India.

(Source: India Brand Equity Foundation [www.ibef.org](http://www.ibef.org) )



## World Cotton Production

| million 480 lb. bales | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16<br>December | 2015/16<br>January |
|-----------------------|---------|---------|---------|---------|---------------------|--------------------|
| India                 | 29.0    | 28.5    | 31.0    | 29.5    | 28.5                | 28.0               |
| China                 | 34.0    | 35.0    | 32.8    | 30.0    | 24.3                | 23.8               |
| United States         | 15.6    | 17.3    | 12.9    | 16.3    | 13.0                | 12.9               |
| Pakistan              | 10.6    | 9.3     | 9.5     | 10.6    | 8.0                 | 7.2                |
| Brazil                | 8.7     | 6.0     | 8.0     | 7.0     | 6.5                 | 6.5                |
| Uzbekistan            | 4.0     | 4.6     | 4.1     | 3.9     | 3.7                 | 3.7                |
| Turkey                | 3.4     | 2.7     | 2.3     | 3.2     | 2.7                 | 2.7                |
| Australia             | 5.5     | 4.6     | 4.1     | 2.3     | 2.4                 | 2.4                |
| Turkmenistan          | 1.5     | 1.7     | 1.6     | 1.5     | 1.4                 | 1.3                |
| Burkina               | 0.8     | 1.2     | 1.3     | 1.4     | 1.2                 | 1.2                |
| Mali                  | 0.9     | 0.9     | 0.9     | 1.1     | 1.1                 | 1.1                |
| Argentina             | 1.0     | 0.8     | 1.2     | 1.1     | 1.0                 | 1.0                |
| Greece                | 1.3     | 1.2     | 1.4     | 1.3     | 1.0                 | 1.0                |
| Rest of World         | 11.1    | 10.2    | 9.5     | 10.0    | 9.0                 | 8.8                |
| African Franc Zone    | 3.0     | 3.9     | 4.1     | 4.8     | 4.6                 | 4.6                |
| EU-27                 | 1.6     | 1.5     | 1.6     | 1.6     | 1.2                 | 1.2                |
| World                 | 127.4   | 123.9   | 120.4   | 119.2   | 103.7               | 101.6              |

(Source: USDA-United States Department of Agriculture [www.usda.gov](http://www.usda.gov))

### Key Markets and Export Destinations

- Total value of textiles and clothing exports from India stood at US\$ 36.8 billion in 2015-16.
- During April-December 2016 total Cotton yarn exports goes down by 12 per cent from 987.21 million kgs in the corresponding period previous year to 872.19 million kgs.
- The value of cotton yarn exported from India in 2015-16 stood at US\$ 3.6 billion, while export of cotton fabrics, cotton madeups and raw cotton stood at US\$ 2.1 billion, US\$ 5.2 billion, and US\$ 1.9 billion respectively.
- India has overtaken Italy and Bangladesh, and is now the second largest textile & clothing exporter in the world, contributing around 5 per cent to the global textile and clothing trade.
- USA is the biggest importer of cotton textiles from India with a share of 22.7 per cent, followed by China (13.9 per cent), Bangladesh (9.0 per cent), UAE (5.7 per cent) and Germany (3.1 per cent), among others

Various reputed foreign retailers and brands such as Carrefour, Gap, H&M, JC Penney, Levi Strauss, Macy's, Marks & Spencer, Metro Group, Nike, Reebok, Tommy Hilfiger and Wal-Mart import Indian textile products.

(Source: India Brand Equity Foundation [www.ibef.org](http://www.ibef.org))

### APPROACH TO INDUSTRY ANALYSIS

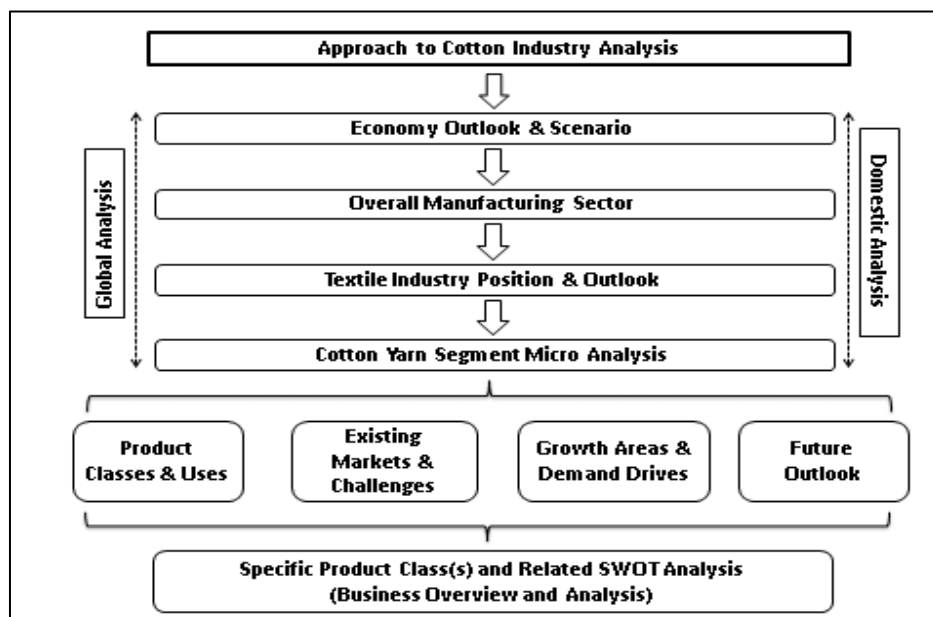
Analysis of Cotton Industry needs to be approached at both macro and micro levels, whether for domestic or global markets. Cotton Industry forms part of Manufacturing Sector at a macro level. Hence, broad picture of Manufacturing Sector should be at preface while analysing the Cotton Industry.





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 ‘Cotton Industry’.

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



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

## GLOBAL ECONOMIC ENVIRONMENT

### INTRODUCTION

For India, three external developments are of significant consequence. In the short run, the change in the outlook for global interest rates as a result of the US elections and the implied change in expectations of US fiscal and monetary policy will impact on India's capital flows and exchange rates. Markets are factoring in a regime change in advanced countries, especially US macroeconomic policy, with high expectations of fiscal stimulus and unwavering exit from unconventional monetary policies. The end of the 20-year bond rally and end to the corset of deflation and deflationary expectations are within sight. Second, the medium-term political outlook for globalisation and in particular for the world's "political carrying capacity for globalisation" may have changed in the wake of recent developments. In the short run a strong dollar and declining competitiveness might exacerbate the lure of protectionist policies. These follow on on-going trends—documented widely—about stagnant or declining trade at the global level. This changed outlook will affect India's export and growth prospects

Third, developments in the US, especially the rise of the dollar, will have implications for China's currency and currency policy. If China is able to successfully re-balance its economy, the spill over effects on India and the rest of the world will be positive. On the other hand, further declines in the yuan, even if dollar-induced, could interact with underlying vulnerabilities to create disruptions in China that could have negative spill overs for India. For China, there are at least two difficult balancing acts with respect to the currency. Domestically, a declining currency (and credit

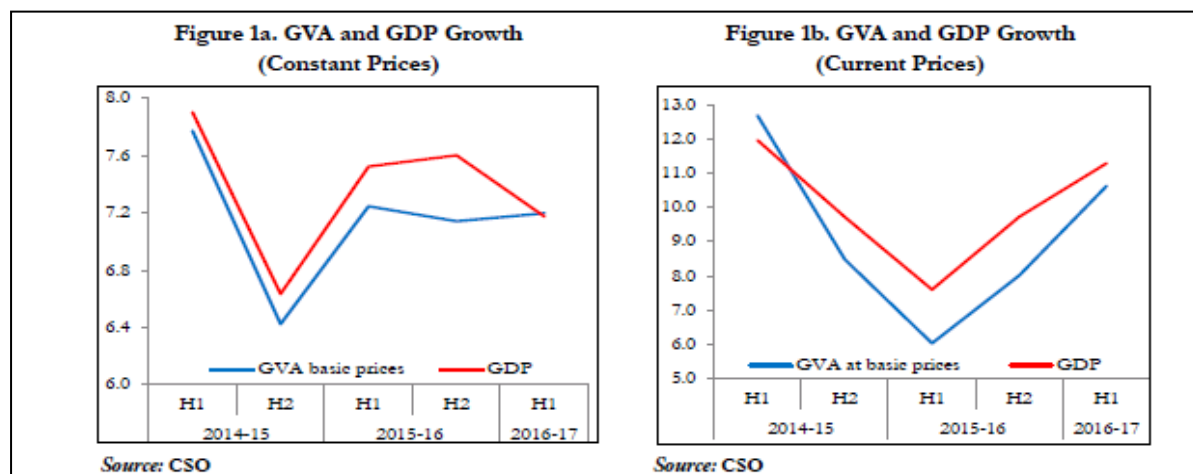


expansion) props up the economy in the short run but delay rebalancing while also adding to the medium term challenges. Internationally, allowing the currency to weaken in response to capital flight risks creating trade frictions but imposing capital controls discourages FDI and undermines China's ambitions to establish the Yuan as a reserve currency. China with its underlying vulnerabilities remains the country to watch for its potential to unsettle the global economy.

(Source: Economic Survey 2016-17 [www.indiabudget.nic.in](http://www.indiabudget.nic.in))

## REVIEW OF MAJOR DEVELOPMENTS IN INDIAN ECONOMY

The Indian economy has continued to consolidate the gains achieved in restoring macroeconomic stability. Real GDP growth in the first half of the year was 7.2 percent, on the weaker side of the 7.0-7.75 per cent projection in the Economic Survey 2015-16 and somewhat lower than the 7.6 percent rate recorded in the second half of 2015-16 (Figure 1a). The main problem was fixed investment, which declined sharply as stressed balance sheets in the corporate sector continued to take a toll on firms' spending plans. On the positive side, the economy was buoyed by government consumption, as the 7th Pay Commission salary recommendations were implemented, and by the long-awaited start of an export recovery as demand in advanced countries began to accelerate. Nominal GDP growth recovered to respectable levels, reversing the sharp and worrisome dip that had occurred in the first half of 2015-16 (Figure 1b).



The major highlights of the sectoral growth outcome of the first half of 2016-17 were: (i) moderation in industrial and nongovernment service sectors; (ii) the modest pick-up in agricultural growth on the back of improved monsoon; and (iii) strong growth in public administration and defence services—dampeners on and catalysts to growth almost balancing each other and producing a real Gross Value Addition (GVA) growth (7.2 percent), quite similar to the one (7.1 per cent) in H2 2015-16 (Figure 1b).

Inflation this year has been characterized by two distinctive features. The Consumer Price Index (CPI)-New Series inflation, which averaged 4.9 per cent during April-December 2016, has displayed a downward trend since July when it became apparent that kharif agricultural production in general, and pulses in particular would be bountiful. The decline in pulses prices has contributed substantially to the decline in CPI inflation which reached 3.4 percent at end-December. The second distinctive feature has been the reversal of WPI inflation, from a trough of (-)5.1 percent in August 2015 to 3.4 percent at end-December 2016, on the back of rising international oil prices. The wedge between CPI and WPI inflation, which had serious implications for the measurement of GDP discussed in MYEA (Box 3, Chapter 1, MYEA 2015-16), has narrowed considerably. Core inflation has, however, been more stable, hovering around 4.5 percent to 5 percent for the year so far. The outlook



for the year as a whole is for CPI inflation to be below the RBI's target of 5 percent, a trend likely to be assisted by demonetisation.

### **External Sector**

Similarly, the external position appears robust having successfully weathered the sizeable redemption of Foreign Currency Non-Resident (FCNR) deposits in late 2016, and the volatility associated with the US election and demonetisation. The current account deficit has declined to reach about 0.3 percent of GDP in the first half of FY2017. Foreign exchange reserves are at comfortable levels, having risen from around US\$350 billion at end-January 2016 to US\$ 360 billion at end-December 2016 and are well above standard norms for reserve adequacy. In part, surging net FDI inflows, which grew from 1.7 percent of GDP in FY2016 to 3.2 percent of GDP in the second quarter of FY2017, helped the balance-of-payments

The trade deficit declined by 23.5 per cent in April-December 2016 over corresponding period of previous year. During the first half of the fiscal year, the main factor was the contraction in imports, which was far steeper than the fall in exports. But during October- December, both exports and imports started a long-awaited recovery, growing at an average rate of more than 5 per cent. The improvement in exports appears to be linked to improvements in the world economy, led by better growth in the US and Germany. On the import side, the advantage on account of benign international oil prices has receded and is likely to exercise upward pressure on the import bill in the short to medium term. Meanwhile, the net services surplus declined in the first half, as software service exports slowed and financial service exports declined. Net private remittances declined by \$4.5 bn in the first half of 2016-17 compared to the same period of 2015-16, weighed down by the lagged effects of the oil price decline, which affected inflows from the Gulf region.

### **Fiscal Position**

Trends in the fiscal sector in the first half have been unexceptional and the central government is committed to achieving its fiscal deficit target of 3.5 percent of GDP this year. Excise duties and services taxes have benefitted from the additional revenue measures introduced last year. The most notable feature has been the over-performance (even relative to budget estimates) of excise duties in turn based on buoyant petroleum consumption: real consumption of petroleum products (petrol) increased by 11.2 percent during April-December 2016 compared to same period in the previous year. Indirect taxes, especially petroleum excises, have held up even after demonetisation in part due to the exemption of petroleum products from its scope. More broadly, tax collections have held up to a greater extent than expected possibly because of payment of dues in demonetised notes was permitted. Non-tax revenues have been challenged owing to shortfall in spectrum and disinvestment receipts but also to forecast optimism; the stress in public sector enterprises has also reduced dividend payments.

State government finances are under stress. The consolidated deficit of the states has increased steadily in recent years, rising from 2.5 percent of GDP in 2014-15 to 3.6 percent of GDP in 2015-16, in part because of the UDAY scheme. The budgeted numbers suggest there will be an improvement this year. However, markets are anticipating some slippage, on account of the expected growth slowdown, reduced revenues from stamp duties, and implementation of their own Pay Commissions. For these reasons, the spread on state bonds over government securities jumped to 75 basis points in the January 2017 auction from 45 basis points in October 2016. For the general government as a whole, there is an improvement in the fiscal deficit with and without UDAY scheme.

(Source: Economic Survey 2016-17 [www.indiabudget.nic.in](http://www.indiabudget.nic.in))



## OUTLOOK FOR 2016-17

This year's outlook must be evaluated in the wake of the November 8 action to demonetize the high denomination notes. But it is first important to understand the analytics of the demonetisation shock in the short run. Demonetisation affects the economy through three different channels. It is potentially: 1) an aggregate demand shock because it reduces the supply of money and affects private wealth, especially of those holding unaccounted money; 2) an aggregate supply shock to the extent that economic activity relies on cash as an input (for example, agricultural production might be affected since sowing requires the use of labour traditionally paid in cash); and 3) an uncertainty shock because economic agents face imponderables related to the magnitude and duration of the cash shortage and the policy responses (perhaps causing consumers to defer or reduce discretionary consumption and firms to scale back investments).

Demonetisation is also very unusual in its monetary consequences. It has reduced sharply, the supply of one type of money— cash—while increasing almost to the same extent another type of money— demand deposits. This is because the demonetized cash was required to be deposited in the banking system. In the third quarter of FY2017 (when demonetisation was introduced), cash declined by 9.4 percent, demand deposits increased by 43 percent, and growth in the sum of the two by 11.3 percent.

The price counterparts of this unusual aspect of demonetisation are the surge in the price of cash (inferred largely through queues and restrictions), on the one hand; and the decline in interest rates on the lending rate (based on the marginal cost of funds) by 90 basis points since November 9; on deposits (by about 25 basis points); and on g-secs on the other (by about 32 basis points).

There is yet another dimension of demonetisation that must be kept in mind. By definition, all these quantity and price impacts will self-correct by amounts that will depend on the pace at which the economy is remonetized and policy restrictions eased. As this occurs, consumers will run down their bank deposits and increase their cash holdings. Of course, it is possible, even likely that the self-correction will not be complete because in the new equilibrium, aggregate cash holdings (as a share of banking deposits and GDP) are likely to be lower than before.

Anecdotal and other survey data abound on the impact of demonetisation. But we are interested in a macro-assessment and hence focus on five broad indicators: Agricultural (Rabi) sowing; Indirect tax revenue, as a broad gauge of production and sales; Auto sales, as a measure of discretionary consumer spending and two-wheelers, as the best indicator of both rural and less affluent demand; Real credit growth; and Real estate prices. Contrary to early fears, as of January 15, 2017 aggregate sowing of the two major rabi crops—wheat and pulses (gram)—exceeded last year's planting by 7.1 percent and 10.7 percent, respectively. Favourable weather and moisture conditions presage an increase in production. To what extent these favourable factors will be attenuated will depend on whether farmers' access to inputs—fertilizer, credit, and labour—was affected by the cash shortage.

To estimate a demonetisation effect, one needs to start with the counterfactual. Our best estimate of growth in the absence of demonetisation is 11¼ percent in nominal terms (slightly higher than last year's Survey forecast because of the faster rebound in WPI inflation, but lower than the CSO's advance estimate of 11.9 percent) and 7 percent in real terms (in line with both projections).

Finally, demonetisation will afford an interesting natural experiment on the substitutability between cash and other forms of money. Demonetisation has driven a sharp and dramatic wedge in the supply of these two: if cash and other forms are substitutable, the impact will be relatively muted; if, on the other hand, cash is not substitutable the impact will be greater.

(Source: Economic Survey 2016-17 [www.indiabudget.nic.in](http://www.indiabudget.nic.in))



## OUTLOOK FOR 2017-18

Turning to the outlook for 2017-18, we need to examine each of the components of aggregate demand: exports, consumption, private investment and government.

As discussed earlier, India's exports appear to be recovering, based on an uptick in global economic activity. This is expected to continue in the aftermath of the US elections and expectations of a fiscal stimulus. The IMF's January update of its World Economic Outlook forecast is projecting an increase in global growth from 3.1 percent in 2016 to 3.4 percent in 2017, with a corresponding increase in growth for advanced economies from 1.6 percent to 1.9 percent. Given the high elasticity of Indian real export growth to global GDP, exports could contribute to higher growth next year, by as much as 1 percentage point.

The outlook for private consumption is less clear. International oil prices are expected to be about 10-15 percent higher in 2017 compared to 2016, which would create a drag of about 0.5 percentage points. On the other hand, consumption is expected to receive a boost from two sources: catch-up after the demonetisation-induced reduction in the last two quarters of 2016-17; and cheaper borrowing costs, which are likely to be lower in 2017 than 2016 by as much as 75 to 100 basis points. As a result, spending on housing and consumer durables and semi-durables could rise smartly. It is too early to predict prospects for the monsoon in 2017 and hence agricultural production. But the higher is agricultural growth this year, the less likely that there would be an extra boost to GDP growth next year.

Since no clear progress is yet visible in tackling the twin balance sheet problem, private investment is unlikely to recover significantly from the levels of FY2017. Some of this weakness could be offset through higher public investment, but that would depend on the stance of fiscal policy next year, which has to balance the short-term requirements of an economy recovering from demonetisation against the medium-term necessity of adhering to fiscal discipline—and the need to be seen as doing so. Putting these factors together, we expect real GDP growth to be in the 6¾ to 7½ percent range in FY2018. Even under this forecast, India would remain the fastest growing major economy in the world.

There are three main downside risks to the forecast. First, the extent to which the effects of demonetisation could linger into next year, especially if uncertainty remains on the policy response. Currency shortages also affect supplies of certain agricultural products, especially milk (where procurement has been low), sugar (where cane availability and drought in the southern states will restrict production), and potatoes and onions (where sowings have been low). Vigilance is essential to prevent other agricultural products becoming in 2017-18 what pulses was in 2015-16.

Second, geopolitics could take oil prices up further than forecast. The ability of shale oil production to respond quickly should contain the risks of a sharp increase, but even if prices rose merely to \$60-65/barrel the Indian economy would nonetheless be affected by way of reduced consumption; less room for public investment; and lower corporate margins, further denting private investment. The scope for monetary easing might also narrow, if higher oil prices stoked inflationary pressure.

Third, there are risks from the possible eruption of trade tensions amongst the major countries, triggered by geo-politics or currency movements. This could reduce global growth and trigger capital flight from emerging markets. The one significant upside possibility is a strong rebound in global demand and hence in India's exports. There are some nascent signs of that in the last two quarters. A strong export recovery would have broader spill over effects to investment.

### **Fiscal outlook**

The fiscal outlook for the central government for next year will be marked by three factors. First, the increase in the tax to GDP ratio of about 0.5 percentage points in each of the last two years, owing to



the oil windfall will disappear. In fact, excise-related taxes will decline by about 0.1 percentage point of GDP, a swing of about 0.6 percentage points relative to FY2017.

Second, there will be a fiscal windfall both from the high denomination notes that are not returned to the RBI and from higher tax collections as a result of increased disclosure under the Pradhan Mantra Garib Kalyan Yojana (PMGKY). Both of these are likely to be one-off in nature, and in both cases the magnitudes are uncertain.

A third factor will be the implementation of the GST. It appears that the GST will probably be implemented later in the fiscal year. The transition to the GST is so complicated from an administrative and technology perspective that revenue collection will take some time to reach full potential. Combined with the government's commitment to compensating the states for any shortfall in their own GST collections (relative to a baseline of 14 percent increase), the outlook must be cautious with respect to revenue collections. The fiscal gains from implementing the GST and demonetisation, while almost certain to occur, will probably take time to be fully realized. In addition, muted non-tax revenues and allowances granted under the 7th Pay Commission could add to pressures on the deficit.

### **The macroeconomic policy stance for 2017-18**

An economy recovering from demonetisation will need policy support. On the assumption that the equilibrium cash-GDP ratio will be lower than before November 8, the banking system will benefit from a higher level of deposits. Thus, market interest rates—deposits, lending, and yields on g-secs—should be lower in 2017-18 than 2016-17. This will provide a boost to the economy (provided, of course, liquidity is no longer a binding constraint). A corollary is that policy rates can be lower not necessarily to lead and nudge market rates but to validate them. Of course, any sharp uptick in oil prices and those of agricultural products, would limit the scope for monetary easing.

Fiscal policy is another potential source of policy support. This year the arguments may be slightly different from those of last year in two respects. Unlike last year, there is more cyclical weakness on account of demonetisation. Moreover, the government has acquired more credibility because of posting steady and consistent improvements in the fiscal situation for three consecutive years, the central government fiscal deficit declining from 4.5 percent of GDP in 2013-14 to 4.1 percent, 3.9 percent, and 3.5 percent in the following three years. But fiscal policy needs to balance the cyclical imperatives with medium term issues relating to prudence and credibility.

One key question will be the use of the fiscal windfall (comprising the unreturned cash and additional receipts under the PMGKY) which is still uncertain. Since the windfall to the public sector is both one off and a wealth gain not an income gain, it should be deployed to strengthening the government's balance sheet rather than being used for government consumption, especially in the form of programs that create permanent entitlements. In this light, the best use of the windfall would be to create a public sector asset reconstruction company so that the twin balance sheet problem can be addressed, facilitating credit and investment revival; or toward the compensation fund for the GST that would allow the rates to be lowered and simplified; or toward debt reduction. The windfall should not influence decisions about the conduct of fiscal policy going forward.

Perhaps the most important reforms to boost growth will be structural. In addition to those spelt out in Section 1—strategic disinvestment, tax reform, subsidy rationalization—it is imperative to address directly the twin balance sheet problem. The problem is large, persistent and difficult, will not correct itself even if growth picks up and interest rates decline, and current attempts have proved grossly inadequate. It may be time to consider something like a public sector asset reconstruction company.

Another area of reform relates to labour. Given the difficulty of reforming labor laws per se, the thrust could be to move towards affording greater choice to workers which would foster competition





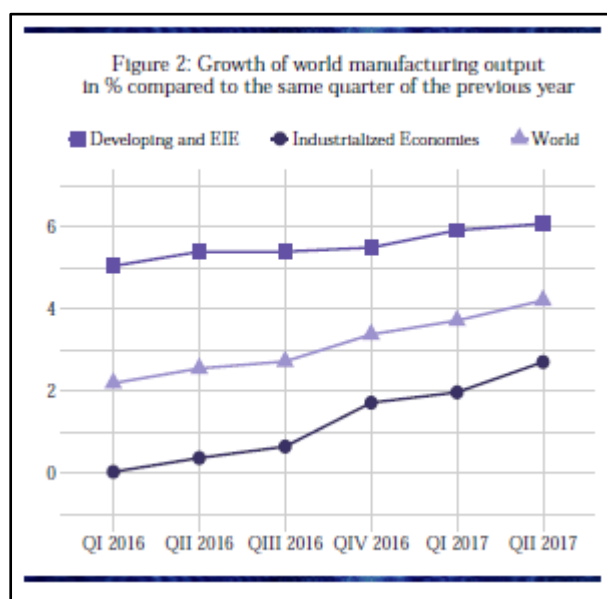
amongst service providers. Choices would relate to: whether they want to make their own contribution to the Employees' Provident Fund Organisation (EPFO); whether the employers' contribution should go to the EPFO or the National Pension Scheme; and whether to contribute to the Employee State Insurance (ESI) or an alternative medical insurance program. At the same time, there could be a gradual move to ensure that at least compliance with the central labour laws is made paperless, presence less, and cashless. One radical idea to consider is the provision of a universal basic income. But another more modest proposal worth embracing is procedural: a standstill on new government programs, a commitment to assess every new program only if it can be shown to demonstrably address the limitations of an existing one that is similar to the proposed one; and a commitment to evaluate and phase down existing programs that are not serving their purpose.

## GLOBAL MANUFACTURING SECTOR

### World Manufacturing Growth in quarter II, 2017

World manufacturing in the second quarter of 2017 has continued to show signs of expansion, following an upward trend observed throughout 2016 and improved growth rates in the first quarter of 2017. Both industrialized and developing and emerging industrial economies gained further strength in manufacturing production and confirmed their healthy dynamic growth.

Although the pace of growth indicates similar trends in both country groups (Figure 2), developing economies continuously performed better than industrialized ones. The current growth prospects are improving further on account of rising consumer spending and promising investment plans, which are favourably directed towards developing economies. Changing business conditions are driving industrial production growth and confidence for the overall outlook has been increasing. Moreover, the risks for global growth witnessed last year, such as political instability in Europe, unpredictability of the Brexit aftermath, the rising trade protectionism following the US election and an abrupt slowdown in China have certainly diminished, although they have not disappeared completely.



(Source: World Manufacturing Production, Statistics for Quarter II, 2017, United Nations Industrial Development Organization, [www.unido.org](http://www.unido.org))

Optimistic results reported in the first quarter have carried over into the second quarter of this year. Global manufacturing output rose by 4.2 per cent in the second quarter of 2017 compared to the same period of the previous year, building on the robust 3.7 per cent increase observed at the beginning of 2017. The major industrialized economies with a significant share in global





manufacturing output, namely the United States, Japan, Germany, Italy and France, thrived in the second quarter of 2017. The growth prospects of China, the world's largest manufacturer, remained unchanged.

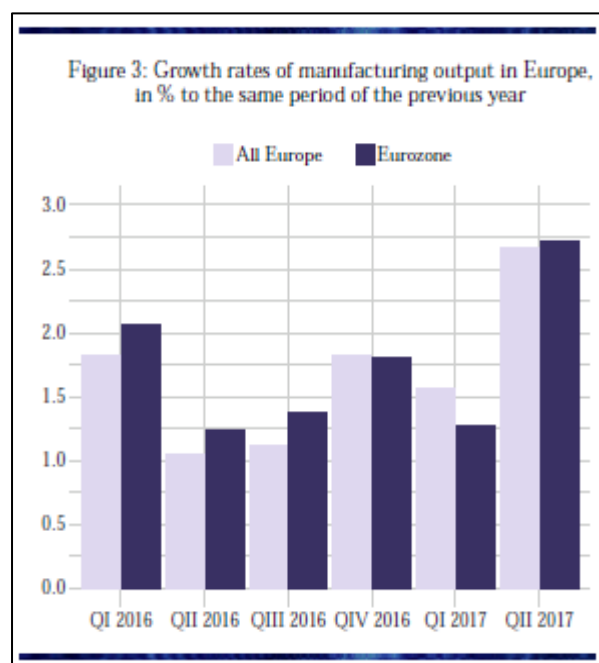
As depicted in Figure 2, steady progress over several consecutive quarters characterizes all country groups and the prospects for sustained global industrial growth in the coming periods are good.

### Manufacturing Growth in Industrialized economies

The manufacturing output growth of industrialized economies has progressively been improving over the last quarters. The upward growth trend-at a relatively moderate pace-is attributable to the robust dynamics in all industrialized regions, namely East Asia, Europe and North America.

The manufacturing sector gained increasing strength due to domestic and external demand in European economies and resulted in the solid performance recorded in the second quarter of 2017. Europe's manufacturing output jumped to 2.7 per cent in the second quarter of 2017 from 1.6 per cent growth in the previous quarter, while the growth rate in the Eurozone witness the same development during the second quarter of 2017 (Figure 3).

The disaggregated data points to continued improvement in the already healthy economic momentum of leading eurozone economies with growth rates of 2.9 per cent in Germany and Italy, and 2.4 per cent in France and Spain compared to year-to-year developments. The manufacturing production in other economies of the single currency block seemingly remained healthy in the second quarter. Strong growth of over 8.0 per cent was observed in Slovenia, and Estonia, while a fairly robust growth rate was recorded in the Netherlands (3.0 per cent), Austria (3.5 per cent), Belgium (4.2 per cent) and Finland (3.2 per cent). The manufacturing sector in the eurozone ended the second quarter on a strong note. The only exception was Ireland, where manufacturing output fell by 1.1 percent compared to the same period of the previous year.



Taking a closer look at individual countries beyond the eurozone, manufacturing output remained stagnant in the United Kingdom at only 0.2 per cent growth in the second quarter of 2017. Despite remaining in positive terrain, output dipped significantly considering that the previous quarter's result was the highest one in over two years. On the other hand, the pace of growth in Czechia and Hungary strengthened, where an increase of 7.4 per cent and 4.7 percent was recorded, respectively. Other exceptionally positive results were visible in Switzerland with a 2.4 per cent growth rate as well as in Sweden with a gain of 5.2 per cent compared to the same period of the previous year. Among the other Nordic countries, Denmark expanded its manufacturing production by 3.7 per cent, while Norway significantly moderated its contraction rate to roughly 0.4 per cent.

North America's overall manufacturing production grew by 1.6 per cent compared to the same period of 2016. The strengthening of the dollar and the consequent weak demand for U.S. goods caused the American manufacturing sector to go into recession in late 2015. However, the recent weakening of the U.S. dollar combined with a stronger global environment resulted in the opposite effect, and American total manufacturing output rose by 1.5 per cent compared to the same period of



the previous year, representing the highest increase since the last recession. Improved performance was also witnessed in Canadian manufacturing, where manufacturing production expanded by 3.5 per cent in the second quarter of 2017.

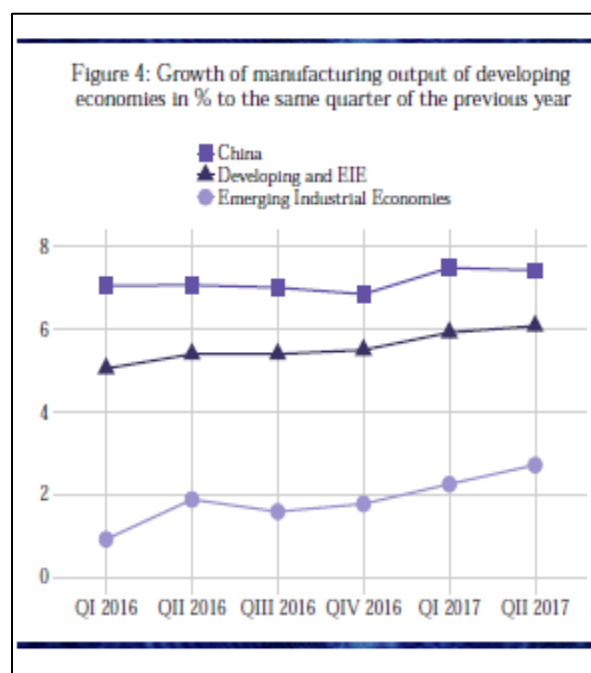
Another positive result was observed in industrialized East Asian economies in the second quarter of 2017 - a 4.4 per cent improvement compared to the same period of the previous year. The main forces that have been driving growth in Japan's manufacturing sector in recent quarters remained firmly in place in the second quarter of 2017. Japan, the major force behind the entire region's upward trend, reconfirmed the end of a long period of contractions with a growth rate of nearly 5.8 per cent. The Republic of Korea's manufacturing production, on the other hand, remained almost unchanged compared to the same period of the previous year. Malaysia's total manufacturing output recorded a 5.9 per cent rise in the second quarter of 2017; a very strong growth rate of 8.5 per cent was observed in Singapore. The manufacturing production of Taiwan, Province of China lost some steam in the second quarter of 2017 according to the latest figures, although it still expanded at a moderate 2.6 per cent pace on a year-to-year basis.

(Source: World Manufacturing Production, Statistics for Quarter II, 2017, United Nations Industrial Development Organization, [www.unido.org](http://www.unido.org))

### Manufacturing sector growth in Developing and emerging industrial economies

The second quarter of 2017 brought upward trends for all developing and emerging industrial regions. Latin America is continuing on the path to full recovery from last year's weak performance, Asian economies continue to prosper and production in Africa is profiting from boosted investor confidence. Stronger foreign demand is helping support manufacturing activity in China. Together with an improvement in domestic demand and support for the development of advanced manufacturing industries, this translated into a 7.4 per cent increase in total manufacturing production in China compared to the same period of the previous year.

Latin American economies have overcome a severe decline in economic growth, which affected the region for a long period with a 1.8 per cent upsurge in the second quarter of 2017 in a year-to-year comparison. Brazilian manufacturers are slowly emerging from the deep recession during which manufacturing production contracted at the beginning of 2014 and shrank uninterruptedly until early 2017. This steep fall was softened by a mild, but ultimately positive upward trend of 0.4 per cent recorded in the second quarter of 2017. Moreover, data for the second quarter of 2017 suggest that the recovery is finally gathering pace in Argentina's manufacturing sector. The country's manufacturing activity recorded a growth of 1.9 per cent - its best performance over the last five years. Production was driven by a broad-based expansion, with the food, automotive and metallurgic industries, leading the way.



The positive momentum of manufacturing production in Mexico, the region's powerhouse, was largely retained with a positive increase of nearly 3.9 per cent. Looking at the other countries in the



region, Chile recorded a minor upturn of 0.9 per cent, whereas manufacturing output in Colombia remained stagnant compared to the same period of 2016.

The Asia and the Pacific region saw an increase of 6.6 per cent in manufacturing output during the second quarter of 2017. Viet Nam, one of Asia's fast growing economies, maintained a solid growth rate of 11.1 per cent, continuing its long-term trajectory of double-digit year-to-year growth in manufacturing. On the other hand, a subdued export performance dampened the momentum in Indonesia, resulting in the country's manufacturing sector expanding by 3.8 per cent, a slight deceleration compared to the 4.5 per cent average growth rate in 2016. India's manufacturing production expanded by 1.8 per cent in the second quarter of 2017. Very positive developments in growth were also observed in the Philippines, Pakistan, Kazakhstan and Mongolia. In Thailand, the weak performance of manufacturing production in the first quarter continued into the second quarter of 2017, and the manufacturing sector recorded a 0.1 per cent loss compared to the second quarter of the previous year.

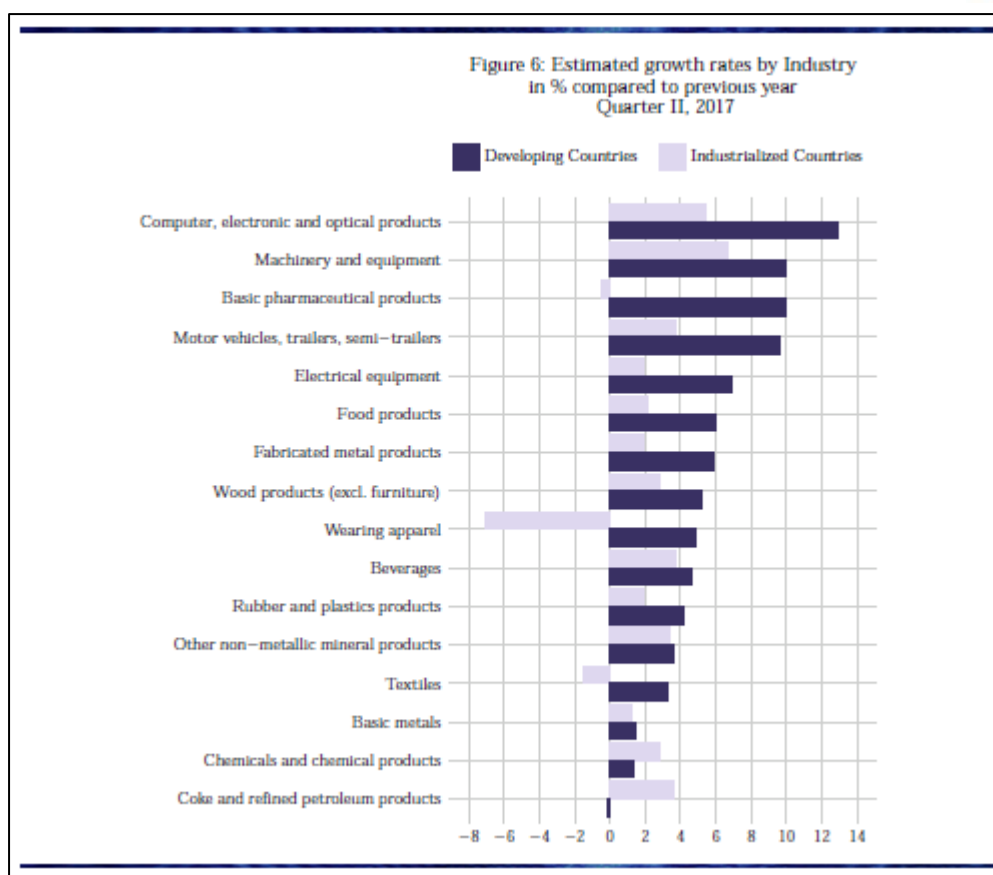
According to UNIDO estimates, Africa's manufacturing output increased to 10.5 per cent in the second quarter of 2017, however, it should be noted that estimates for Africa are based on limited data revealing high instability and volatility. A two-digit growth rate was registered in Egypt; Côte d'Ivoire only barely missed a two-digit growth rate, Morocco experienced a 2.3 per cent growth, while Senegal's and Tunisia's manufacturing output dropped by 3.0 per cent and 0.4 per cent, respectively, compared to the same period of the previous year. South Africa, the region's most industrialized economy, saw a contraction rate of 1.7 per cent in the second quarter of 2017, the third quarter of depressed manufacturing production in a row. Weak manufacturing together with a shrinking trade sector, uncertain political landscape and stunted investment signalizes potentially dim prospects, and perhaps not only for 2017.

Among other developing economies, the manufacturing output of Eastern European countries achieved relatively higher growth rates. Manufacturing output rose by 6.2 per cent in Poland, 10.6 per cent in Romania, 8.5 per cent in Bulgaria, 6.0 per cent in Serbia and 8.7 per cent in Latvia. Turkey's manufacturing sector also performed well, growing by 4.7 percent due to healthy export growth fueled by a weaker lira. Greek manufacturing marked 2.5 per cent growth in the second quarter of 2017 over the same period of 2016.

*(Source: World Manufacturing Production, Statistics for Quarter II, 2017, United Nations Industrial Development Organization, [www.unido.org](http://www.unido.org))*

### **Findings by industry Group**

The growth rates for selected industries are presented below.



(Source: World Manufacturing Production, Statistics for Quarter II, 2017, United Nations Industrial Development Organization, [www.unido.org](http://www.unido.org) )

## MANUFACTURING SECTOR IN INDIA

### Introduction

Manufacturing has emerged as one of the high growth sectors in India. Prime Minister of India, Mr Narendra Modi, had launched the 'Make in India' program to place India on the world map as a manufacturing hub and give global recognition to the Indian economy.

### Investments

With the help of Make in India drive, India is on the path of becoming the hub for hi-tech manufacturing as global giants such as GE, Siemens, HTC, Toshiba, and Boeing have either set up or are in process of setting up manufacturing plants in India, attracted by India's market of more than a billion consumers and increasing purchasing power.

Cumulative Foreign Direct Investment (FDI) in India's manufacturing sector reached US\$ 70.51 billion by June 2017.

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:

- JSW Energy has signed a memorandum of understanding (MoU) with the Government of Gujarat, for setting up an electric vehicle (EV) manufacturing unit in Gujarat at an estimated cost of Rs 4,000 crore (US\$ 608.88 million).



- With an aim to increase its presence in India, Denmark-based heating ventilation and air-conditioning (HVAC) giant, Danfoss, is planning to take its manufacturing localisation to 50 per cent as well as double its supplier base in India by 2020.
- Cochin Shipyard Ltd, which recently completed its initial public offer (IPO), will utilize the funds from the issue to implement expansion projects worth Rs 2,800 crore (US\$ 437.3 million), which are already in its pipeline.
- Indian biscuits giant, Britannia Industries Ltd (BIL), is setting up its largest plant ever, in Ranjangaon, Maharashtra, with an investment of Rs 1,000 crore (US\$ 156.89 million). The plant will have an annual capacity of 120,000 tonne and will be completed by FY19.
- IKEA, a Swedish furniture company, aims to manufacture more than 30 per cent of its products in India in the coming years, stated Mr Patrik Antoni, Deputy Country Manager, IKEA.
- Volvo India Pvt Ltd, Swedish luxury car manufacturer, will start assembly operations near Bengaluru in India by the end of 2017. The company is targeting to double its share in India's luxury car segment to 10 per cent by 2020
- Larsen & Toubro (L&T) has bagged a contract worth US\$ 669.34 million from the Ministry of Defence, Government of India, to supply 100 artillery of 155mm/52 caliber tracked self-propelled guns for the Indian Army, under the Make in India initiative.
- Berger Paints has entered into a partnership with Chugoku Marine Paints (CMP), thereby marking its entry into the marine paints segment, which has an estimated market size of Rs 250 crore (US\$ 38.82 million) and is expected to grow at 25 per cent annually for the next five years.
- SAIC Motor Corp, China's largest automaker, has signed a deal to buy General Motors (GM) India's Halol plant in Gujarat.
- Dabur India Ltd set up its largest manufacturing plant globally, spread over 30 acres, at a cost of Rs 250 crore (US\$ 38.82 million), in Tezpur, Assam, which will produce Dabur's complete range of ayurvedic medicines, health supplements, and personal care products among others.
- Apple Inc is looking to expand its Taiwanese contract manufacturer, Wistron's, production facility in Bengaluru, India, where it started manufacturing iPhone SE in May, 2017.
- China based LCD and touchscreen panel manufacturer, Holitech Technology, has announced plans to investing up to US\$ 1 billion in India by the end of 2017.
- Tristone Flowtech Group, the Germany-based flow technology systems specialist, has set up a new facility in Pune, which will manufacture surge tank as well as engine cooling and aircharge hose for the Indian market. The company plans to start the production at the plant in the fourth quarter of 2017.
- Honda Motorcycle & Scooter India plans to invest around Rs 600 crore (US\$ 90 million) to add a new line to produce additional 600,000 units at its Narsapura facility in Karnataka.
- Hindustan Coca-Cola Beverages plans to set up a bottling plant with an investment of Rs 750 crore (US\$ 112.5 million) in phases at the first industrial area being developed by Government of Madhya Pradesh under the public private partnership in Babai village of Hoshangabad, Bhopal.
- Tata Advanced Systems is collaborating with the world's largest defence contractor Lockheed Martin to manufacture the F-16 fighter jets in India.

### **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 in 2015. 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 of India has introduced several policy measures in the Union Budget 2017-18 to provide impetus to the manufacturing sector. Some of which include reduction of income tax rate to 25 per cent for MSME companies having turnover up to Rs 50 crore (US\$ 7.5 million), MAT credit carry forward extended to 15 years from 10 years and abolishment of Foreign Investment Promotion Board (FIPB) by 2017-18.
- The Government of India has launched a phased manufacturing programme (PMP) aimed at adding more smartphone components under the Make in India initiative thereby giving a push to the domestic manufacturing of mobile handsets.
- The Government of India is in talks with stakeholders to further ease foreign direct investment (FDI) in defence under the automatic route to 51 per cent from the current 49 per cent, in order to give a boost to the Make in India initiative and to generate employment.
- The Ministry of Heavy Industries and Public Enterprises, Government of India, has approved the setting up of four Centres of Excellence (CoE) in areas of textile machinery, machine tools, welding technology and smart pumps, which will help raise the technology depth of the Indian Capital Goods Industry.
- The Ministry of Defence, Government of India, approved the “Strategic Partnership” model which will enable private companies to tie up with foreign players for manufacturing submarines, fighter jets, helicopters and armoured vehicles.
- The Union Cabinet has approved the Modified Special Incentive Package Scheme (M-SIPS) in which, proposals will be accepted till December 2018 or up to an incentive commitment limit of Rs 10,000 crore (US\$ 1.5 billion).

### **Road Ahead**

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.

The manufacturing sector of India has the potential to reach US\$ 1 trillion by 2025 and India is expected to rank amongst the top three growth economies and manufacturing destination of the world by the year 2020. The implementation of the Goods and Services Tax (GST) will make India a common market with a GDP of US\$ 2 trillion along with a population of 1.2 billion people, which will be a big draw for investors.

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 October 30, 2017

Notes: \* - According to the Global Manufacturing Competitiveness Index published by Deloitte

(Source: *Manufacturing Sector in India* - India Brand Equity Foundation, [www.ibef.org](http://www.ibef.org))





## GLOBAL COTTON INDUSTRY: POSITION & OUTLOOK

### World Cotton ImportsWorld Cotton Exports

| World Cotton Imports  |             |             |             |             |                     |                    |
|-----------------------|-------------|-------------|-------------|-------------|---------------------|--------------------|
| million 480 lb. bales | 2011/12     | 2012/13     | 2013/14     | 2014/15     | 2015/16<br>December | 2015/16<br>January |
| Bangladesh            | 3.4         | 5.0         | 5.3         | 5.4         | 5.8                 | 5.8                |
| China                 | 24.5        | 20.3        | 14.1        | 8.3         | 5.5                 | 5.5                |
| Vietnam               | 1.6         | 2.4         | 3.2         | 4.3         | 5.2                 | 5.2                |
| Turkey                | 2.4         | 3.7         | 4.2         | 3.7         | 3.8                 | 3.8                |
| Indonesia             | 2.5         | 3.1         | 3.0         | 3.3         | 3.1                 | 3.1                |
| Pakistan              | 0.9         | 1.8         | 1.2         | 0.8         | 2.0                 | 2.7                |
| Thailand              | 1.3         | 1.5         | 1.5         | 1.5         | 1.5                 | 1.5                |
| South Korea           | 1.2         | 1.3         | 1.3         | 1.3         | 1.3                 | 1.3                |
| India                 | 0.6         | 1.2         | 0.7         | 1.2         | 1.0                 | 1.0                |
| Mexico                | 1.0         | 1.0         | 1.0         | 0.8         | 1.0                 | 1.0                |
| Taiwan                | 0.9         | 0.9         | 0.9         | 0.9         | 0.9                 | 0.9                |
| Egypt                 | 0.3         | 0.2         | 0.4         | 0.3         | 0.5                 | 0.5                |
| Russia                | 0.5         | 0.4         | 0.4         | 0.3         | 0.3                 | 0.3                |
| Rest of World         | 4.4         | 4.7         | 4.0         | 3.5         | 3.6                 | 3.6                |
| African Franc Zone    | 0.0         | 0.0         | 0.0         | 0.0         | 0.0                 | 0.0                |
| EU-27                 | 0.9         | 0.9         | 0.9         | 0.9         | 0.9                 | 0.9                |
| <b>World Total</b>    | <b>45.5</b> | <b>47.6</b> | <b>41.3</b> | <b>35.7</b> | <b>35.3</b>         | <b>36.1</b>        |
| Source: USDA          |             |             |             |             |                     |                    |

| World Cotton Exports  |             |             |             |             |                     |                    |
|-----------------------|-------------|-------------|-------------|-------------|---------------------|--------------------|
| million 480 lb. bales | 2011/12     | 2012/13     | 2013/14     | 2014/15     | 2015/16<br>December | 2015/16<br>January |
| United States         | 11.7        | 13.0        | 10.5        | 11.2        | 10.0                | 10.0               |
| India                 | 11.1        | 7.8         | 9.3         | 4.2         | 5.3                 | 5.8                |
| Brazil                | 4.8         | 4.3         | 2.2         | 3.9         | 4.2                 | 4.3                |
| Australia             | 4.6         | 6.2         | 4.9         | 2.4         | 2.6                 | 2.8                |
| Uzbekistan            | 2.5         | 3.2         | 2.7         | 2.5         | 2.3                 | 2.3                |
| Burkina               | 0.7         | 1.2         | 1.3         | 1.1         | 1.3                 | 1.3                |
| Mali                  | 0.6         | 0.9         | 0.8         | 0.8         | 1.1                 | 1.2                |
| Turkmenistan          | 0.7         | 0.8         | 1.6         | 1.5         | 1.1                 | 1.0                |
| Greece                | 1.1         | 1.1         | 1.3         | 1.2         | 0.9                 | 0.9                |
| Cote d'Ivoire         | 0.4         | 0.6         | 0.7         | 0.9         | 0.9                 | 0.9                |
| Benin                 | 0.3         | 0.4         | 0.5         | 0.7         | 0.7                 | 0.7                |
| Cameroon              | 0.3         | 0.4         | 0.5         | 0.5         | 0.5                 | 0.6                |
| Argentina             | 0.4         | 0.3         | 0.2         | 0.4         | 0.4                 | 0.4                |
| Rest of World         | 6.9         | 6.4         | 4.4         | 4.3         | 4.1                 | 4.0                |
| African Franc Zone    | 2.3         | 3.6         | 3.9         | 4.1         | 4.8                 | 4.8                |
| EU-27                 | 1.5         | 1.5         | 1.6         | 1.6         | 1.2                 | 1.2                |
| <b>World</b>          | <b>46.1</b> | <b>46.5</b> | <b>40.8</b> | <b>35.4</b> | <b>35.4</b>         | <b>36.1</b>        |
| Source: USDA          |             |             |             |             |                     |                    |

(Source: USDA-United States Department of Agriculture [www.usda.gov](http://www.usda.gov))





## GLOBAL COTTON STOCKS: STATISTICAL OVERVIEW

### World Balancesheet of Cotton Stocks

| <b>World Balance Sheet</b> |         |         |         |         |                     |                    |
|----------------------------|---------|---------|---------|---------|---------------------|--------------------|
| million 480 lb. bales      | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16<br>December | 2015/16<br>January |
| Beginning Stocks           | 51.3    | 74.4    | 91.7    | 103.1   | 112.0               | 112.1              |
| Production                 | 127.4   | 123.9   | 120.4   | 119.2   | 103.7               | 101.6              |
| Supply                     | 178.8   | 198.3   | 212.1   | 222.2   | 215.7               | 213.6              |
| Mill-Use                   | 104.1   | 108.4   | 109.9   | 110.4   | 111.4               | 110.9              |
| Ending Stocks              | 74.4    | 91.7    | 103.1   | 112.1   | 104.4               | 102.9              |
| Stocks/Use Ratio           | 71.5%   | 84.6%   | 93.8%   | 101.5%  | 93.7%               | 92.7%              |

(Source: USDA-United States Department of Agriculture [www.usda.gov](http://www.usda.gov))

### China :Balancesheet of Cotton Stocks

| <b>China Balance Sheet</b> |         |         |         |         |                     |                    |
|----------------------------|---------|---------|---------|---------|---------------------|--------------------|
| million 480 lb. bales      | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16<br>December | 2015/16<br>January |
| Beginning Stocks           | 10.6    | 31.1    | 50.4    | 62.7    | 67.9                | 67.9               |
| Production                 | 34.0    | 35.0    | 32.8    | 30.0    | 24.3                | 23.8               |
| Imports                    | 24.5    | 20.3    | 14.1    | 8.3     | 5.5                 | 5.5                |
| Supply                     | 69.1    | 86.4    | 97.2    | 101.0   | 97.7                | 97.2               |
| Mill-Use                   | 38.0    | 36.0    | 34.5    | 33.0    | 32.5                | 32.5               |
| Exports                    | 0.1     | 0.0     | 0.0     | 0.1     | 0.2                 | 0.2                |
| Demand                     | 38.1    | 36.0    | 34.5    | 33.1    | 32.7                | 32.7               |
| Ending Stocks              | 31.1    | 50.4    | 62.7    | 67.9    | 65.0                | 64.5               |
| Stocks/Use Ratio           | 82.0%   | 140.0%  | 182.0%  | 205.4%  | 198.8%              | 197.3%             |

(Source: USDA-United States Department of Agriculture [www.usda.gov](http://www.usda.gov))

### World Less China : Balancesheet of Cotton Stocks



### World-Less-China Balance Sheet

| million 480 lb. bales | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16<br>December | 2015/16<br>January |
|-----------------------|---------|---------|---------|---------|---------------------|--------------------|
| Beginning Stocks      | 40.7    | 43.6    | 39.8    | 37.9    | 41.4                | 41.5               |
| Production            | 93.4    | 88.9    | 87.7    | 89.2    | 79.4                | 77.8               |
| Imports               | 0.1     | 0.0     | 0.0     | 0.1     | 0.2                 | 0.2                |
| Supply                | 134.2   | 132.5   | 127.5   | 127.1   | 121.0               | 119.4              |
| Mill-Use              | 66.1    | 72.4    | 75.4    | 77.4    | 78.9                | 78.4               |
| Exports               | 24.5    | 20.3    | 14.1    | 8.3     | 5.5                 | 5.5                |
| Demand                | 90.6    | 92.7    | 89.5    | 85.7    | 84.4                | 83.9               |
| Ending Stocks         | 43.6    | 39.8    | 37.9    | 41.5    | 36.6                | 35.5               |
| Stocks/Use Ratio      | 48.1%   | 42.9%   | 42.3%   | 48.4%   | 43.4%               | 42.3%              |

Source: USDA

Note: Trade for the world-less-China considered exports and imports to and from China.

(Source: USDA-United States Department of Agriculture [www.usda.gov](http://www.usda.gov))

### United States : Balancesheet of Cotton Stocks

#### U.S. Balance Sheet

| million 480 lb. bales | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16<br>December | 2015/16<br>January |
|-----------------------|---------|---------|---------|---------|---------------------|--------------------|
| Beginning Stocks      | 2.6     | 3.4     | 3.8     | 2.4     | 3.7                 | 3.7                |
| Production            | 15.6    | 17.3    | 12.9    | 16.3    | 13.0                | 12.9               |
| Imports               | 0.0     | 0.0     | 0.0     | 0.0     | 0.0                 | 0.0                |
| Supply                | 18.2    | 20.7    | 16.7    | 18.7    | 16.7                | 16.7               |
| Mill-Use              | 3.3     | 3.5     | 3.6     | 3.6     | 3.7                 | 3.6                |
| Exports               | 11.7    | 13.0    | 10.5    | 11.2    | 10.0                | 10.0               |
| Demand                | 15.0    | 16.5    | 14.1    | 14.8    | 13.7                | 13.6               |
| Ending Stocks         | 3.4     | 3.8     | 2.4     | 3.7     | 3.0                 | 3.1                |
| Stocks/Use Ratio      | 22.0%   | 23.0%   | 16.7%   | 25.0%   | 21.9%               | 22.8%              |

(Source: USDA-United States Department of Agriculture [www.usda.gov](http://www.usda.gov))

### India: Balance sheet of Cotton Stocks)



| <b>India Balance Sheet</b> |         |         |         |         |                     |                    |
|----------------------------|---------|---------|---------|---------|---------------------|--------------------|
| million 480 lb. bales      | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16<br>December | 2015/16<br>January |
| Beginning Stocks           | 11.5    | 10.6    | 11.8    | 11.5    | 13.5                | 13.5               |
| Production                 | 29.0    | 28.5    | 31.0    | 29.5    | 28.5                | 28.0               |
| Imports                    | 0.6     | 1.2     | 0.7     | 1.2     | 1.0                 | 1.0                |
| Supply                     | 41.1    | 40.3    | 43.5    | 42.2    | 43.0                | 42.5               |
| Mill-Use                   | 19.5    | 21.8    | 23.3    | 24.5    | 25.3                | 25.0               |
| Exports                    | 11.1    | 7.8     | 9.3     | 4.2     | 5.3                 | 5.8                |
| Demand                     | 30.5    | 29.5    | 32.5    | 28.7    | 30.6                | 30.8               |
| Ending Stocks              | 10.6    | 11.8    | 11.5    | 13.5    | 12.4                | 11.7               |
| Stocks/Use Ratio           | 34.8%   | 40.0%   | 35.3%   | 47.0%   | 40.5%               | 37.9%              |

(Source: USDA-United States Department of Agriculture [www.usda.gov](http://www.usda.gov))

## INTRODUCTION INDIAN TEXTILE INDUSTRY

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 13 per cent of total exports. The textiles industry is also labour intensive and is one of the largest employers. 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 textile industry employs about 45 million people directly and 20 million people indirectly. India's overall textile exports during FY 2015-16 stood at US\$ 40 billion.

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 OF TEXTILE INDUSTRY

The Indian textiles industry, currently estimated at around US\$ 120 billion, is expected to reach US\$ 230 billion by 2020. The Indian Textile Industry contributes approximately 2 per cent to India's Gross Domestic Product (GDP), 10 per cent of manufacturing production and 14 per cent to overall Index of Industrial Production (IIP).

Indian khadi products sales increased by 33 per cent year-on-year to Rs 2,005 crore (US\$ 311.31 million) in 2016-17 and is expected to exceed Rs 5,000 crore (US\$ 776.33 million) sales target for 2018-19, as per the Khadi and Village Industries Commission (KVIC).

The total area under cultivation of cotton in India is expected to increase by 7 per cent to 11.3 million hectares in 2017-18, on account of expectations of better returns from rising prices and improved crop yields during the year 2016-17.

Indian exports of locally made retail and lifestyle products grew at a compound annual growth rate (CAGR) of 10 per cent from 2013 to 2016, mainly led by bedding bath and home decor products and

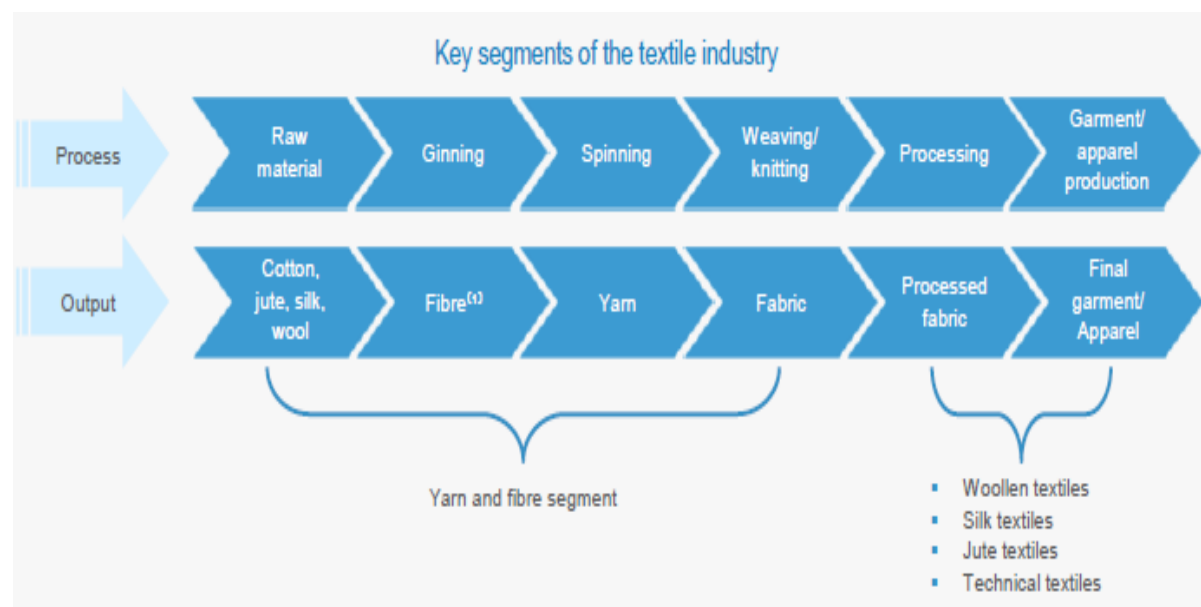


textiles#. The Government of India targets textile and garment sector exports at US\$ 45 billion for 2017-18.

(Source: India Brand Equity Foundation [www.ibef.org](http://www.ibef.org))

## INDIAN COTTON YARN SEGMENT OVERVIEW

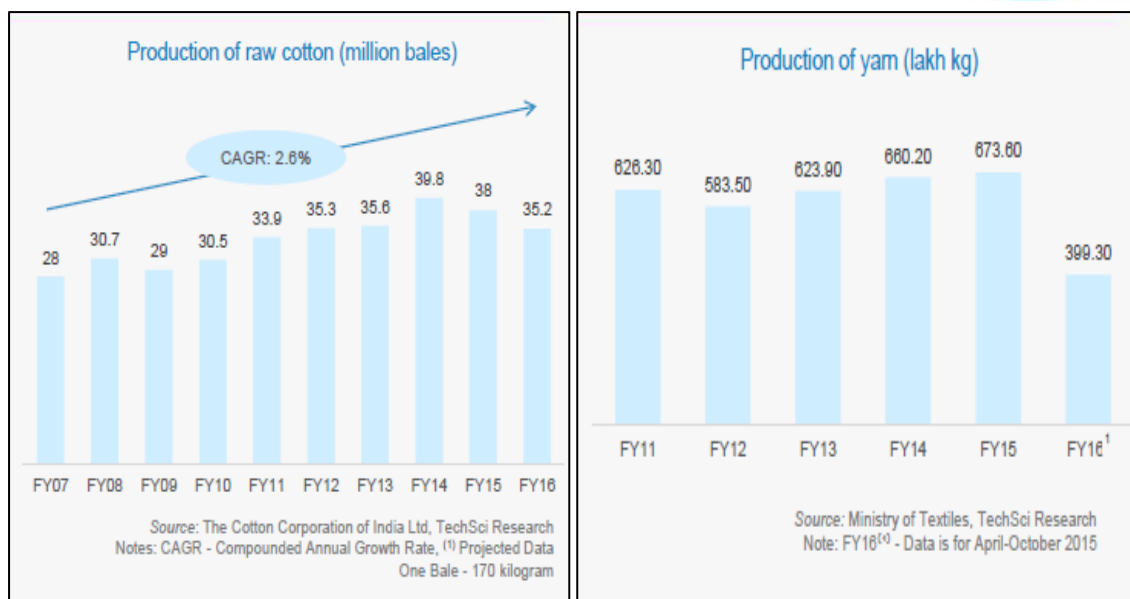
### Cotton Yarn :Segment



(Source: Textiles and Apparels January 2016 - India Brand Equity Foundation [www.ibef.org](http://www.ibef.org))

## COTTON PRODUCTION OVER THE PAST FEW LAST YEARS

- Production of raw cotton in India grew from 28 million bales in FY07 and further increased to 35.2 million bales in FY16.
- During FY07-16, raw cotton production expanded at a CAGR of 2.6 per cent
- During FY16, of the overall amount of raw cotton produced in the country, domestic consumption totaled to 30 million bales, while in FY15(1), the domestic consumption of raw cotton stood at 30.4 million bales
- Production of yarn grew to 673.60 Lakh Kgs in FY15 from 626.30 Lakh Kgs in FY11, implying a CAGR of 1.8 per cent
- Production of yarn between April to October'15 stood at 399.30 Lakh Kg
- Cotton yarn accounts for the largest share in total yarn production; in FY15, the segment's share amounted to 61 per cent



(Source: Textiles and Apparels January 2016 - India Brand Equity Foundation [www.ibef.org](http://www.ibef.org))

## NOTABLE TRENDS IN INDIA'S TEXTILE SECTOR

- Increasing investment in TUFs**  
 Ministry of Textiles is encouraging investments through increasing focus on schemes such as Technology Up-gradation Fund Scheme (TUFs) and cluster development activities TUFs for the textile sector to continue in the 12th Five Year plan with an investment target of USD24.8 billion
- Multi-Fibre Arrangement (MFA)**  
 With the expiry of MFA in January 2005, cotton prices in India are now fully integrated with international rates. In 2014, the government has cleared 13 proposal of new textile parks in different states.
- Public-Private Partnership (PPP)**  
 The Ministry of Textiles commenced an initiative to establish institutes under the Public-Private Partnership (PPP) model to encourage private sector participation in the development of the industry
- Technical textiles**  
 Technical textiles, which has been growing at around twice the rate of textiles for clothing applications over the past few years, is now expected to post a CAGR of 20 per cent over FY11-17. USD70.83 million has been allocated to promote the use of geotechnical textiles in the North East states.

(Source: Textiles and Apparels January 2016 - India Brand Equity Foundation [www.ibef.org](http://www.ibef.org))

## ADVANTAGES IN INDIA

### Robust demand

- Increased penetration of organised retail, favorable demographics & 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) & Technology Upgradation Fund Scheme (TUFs)-(term loan sanctioned in Feb, 2015-USD2198.45 million) to encourage more private equity & 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 2016-17, government has allocated USD7.43 million for setting up integrated parks in India
- Free trade with ASEAN countries & proposed agreement with European Union will boost exports

(Source: *Textiles and Apparels January 2016* - India Brand Equity Foundation [www.ibef.org](http://www.ibef.org))



## OUR BUSINESS

### OVERVIEW

Our Company was originally incorporated on February 01, 2011 as a private limited company under the name and style of “Gujarat Hy-Spin Private Limited” under the provisions of Companies Act 1956 with the Registrar of Companies, Gujarat, Dadra and Nagar Haveli. Subsequently, our Company was converted into public limited our company on August 5, 2016 and the name of Company was changed to “Gujarat Hy-Spin Limited”.

Our Company is engaged in manufacturing of cotton yarns. Our Registered Office is situated at P.O. Box No. 22, Gundala Road, Gondal, Rajkot, Gujarat and the manufacturing plant situated at Gundala, Gondal, Rajkot.

Our Company started with trading (including trading of products jobworked) of Cotton Bales, Cotton Seeds and Wash Oil and has now graduated to in manufacturing of cotton yarns mainly in domestic market and third party exports to some extent.

Our Company is promoted by Maganlal Parvadiya and Chandulal Parvadia. They are in the field of cotton ginning and pressing since last two decades. Our Promoters were cotton farmers and started activity of cotton ginning, pressing and oil in a partnership firm. With their knowledge in varieties of cotton, our promoters and have helped our Company to achieve a turnover of over Rs. 50 Crores in a very short span since incorporation.

Our Company forayed into manufacturing of ring yarns in the year 2013. We sell cotton yarns to the traders who further sell it to other Industrial units for weaving and other purposes. We also sell directly to Industrial units for weaving purpose. Our manufacturing plant is spread 15381.28 square meters which is well equipped with plant and machinery such as Blow room, Humidification facility, Contamination sorter, Link Conner etc. Our Company also have test laboratory of Uster where the cotton yarns are tested

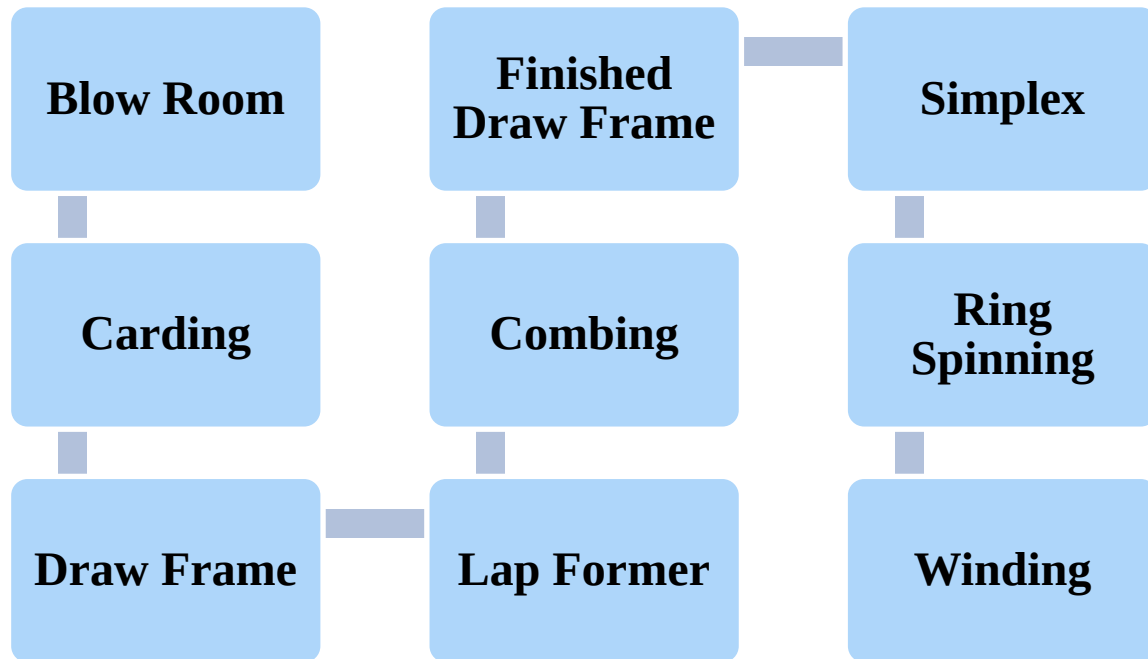
Customer Satisfaction has been one of the strengths of the Company. Our management and team has enables us to maintain continuing customer relations, ensuring repeat order flows. Similarly we have also developed cordial relationship with our suppliers to ensure smooth supply and availability of our raw materials.

For the period ended September 30, 2017 our Total Income was Rs. 2639.33 lakhs and Restated Profit After Tax was Rs. 16.85 lakhs. In Financial Years 2017, 2016 and 2015 our Total Income was Rs. 5204.61, Rs. 5189.41 and Rs. 5212.19 respectively. Our restated profit after tax were Rs. during the Financial Years 2017 & 2016 was Rs. 15.85 and Rs. 4.06 lakhs respectively. Our Company had made a loss Rs. 34.33 lakhs during in the Financial year 2015.





## MANUFACTURING PROCESS



### 1. Purifying of cotton

#### **Blow Room:**

Cotton bales enter the first stage of yarn formation where they are mixed to form a uniform mass by Reiter's blow room technology, which gently handles the material with a combination of high level cleaning and production rate. Cotton bales are spread and mixed according to the quality required.



## 2. Removing of short fibres and impurities

### Carding:

Blow Room provides uniform feeding to carding machines. The Picker Lap undergoes carding to remove short fibres and removes impurities and dust to provide additional orientation and alignment to individual fibres. The Carded Lap is removed by Doffer Cylinder in the form of Sliver, which undergoes additional blending to improve uniformity and density, which is carried out by Carding Machines.

**Draw Frame:**

Through draw frame, Slivers of high evenness can be produced. An adjustable Suction nozzle over the top rollers ensures cleaner Slivers. It helps to produce compact slivers with uniformity

**Lap Former:**

In lap forming process slivers are converted into laps by pressing the doubling of slivers uniformly and material is rolled on a lap. This is intermediate process, which produce feed material for the comber.

**Combing:**

The combing process is carried out in order to improve the quality of the sliver coming out of the card. The process eliminates short fibres, it achieves better parallelisation of fibres, it straightens curls, and it removes neps and residue impurities

**3. Parallelization of fibres**

After combing of the cotton sliver, it becomes ready for drawing process, which improves the quality, evenness and homogenization of fibres. The cotton sliver is made ready for being processed into yarn. The sliver goes through drafting Rollers and is systematically drawn for better evenness.



### **Simplex**

In case of Ring Spun Yarn the sliver is drawn into strands called roving. In this process both drafting and twisting takes place.

### **4. Ring Spinning**

Subsequent drawing and high speed twisting of roving bobbins is carried out on Ring frames until the required fitness achieved.

### **5. Winding**

The winding process has the basic function of obtaining a larger package from several small ring bobbins. This conversion process provides one with the possibility of cutting out unwanted and problematic objectionable faults. The process of removing such objectionable faults is called as yarn 'clearing'

## **BROAD DESCRIPTION OF PRODUCTS MANUFACTURED BY US**

| <b>Product</b>        | <b>Description</b>                                                                                                                                     |
|-----------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Ring Spun Yarn</b> | We generally sell yarn to the traders who in turn sell it to other Industrial units for weaving. We also sell directly to Industrial units for weaving |

## **RAW MATERIALS**

The basic raw material for manufacturing of yarn is cotton bales. Raw materials are majorly procured from our Promoter Group entity "Gujarat Ginning and Oil Industries". We also purchase from local markets for better pricing or for requisite quality.



## PLANT & MACHINERY

The following is the indicative list of machineries owned by our Company at the factory:-

| Sr No. | Description/Name of Machinery | Unit (In Nos) |
|--------|-------------------------------|---------------|
| 1.     | Blow Room Line                | 1             |
| 2.     | Scan Machine                  | 1             |
| 3.     | Card LC363                    | 9             |
| 4.     | Breaker Draw Frame LD2        | 2             |
| 5.     | Lap Former                    | 2             |
| 6.     | Comber LK64Z                  | 7             |
| 7.     | Finisher Draw Frame LDA1      | 4             |
| 8.     | Speed Frame F4200             | 3             |
| 9.     | Ring Frame LR9AXL             | 11            |
| 10.    | Winding Machine Q-Pro         | 11            |
| 11.    | Yarn Conditioning Machine     | 1             |
| 12.    | Compressor                    | 3             |
| 13.    | Laboratory Machines           | 4             |
| 14.    | H-Plant with 3 Parts          | 1             |

## COLLABORATION

Our Company have not entered into any technical or other collaboration.

## EXISTING CAPACITY UTILISATION

| Product Name                      | Existing  |           |           | Expected  |           |           |
|-----------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
|                                   | 2014-2015 | 2015-16   | 2016-17   | 2017-2018 | 2018-19   | 2019-20   |
| *Installed Capacity (in Kgs p.a)  | 36,00,000 | 36,00,000 | 36,00,000 | 36,00,000 | 36,00,000 | 36,00,000 |
| Capacity Utilisation (in Kgs p.a) | 23,95,688 | 28,99,961 | 26,32,369 | 29,00,000 | 28,17,000 | 29,43,000 |
| Capacity Utilisati                | 66.55%    | 80.55%    | 73.12%    | 80.55%    | 78.25%    | 81.75%    |



|        |  |  |  |  |  |  |
|--------|--|--|--|--|--|--|
| on (%) |  |  |  |  |  |  |
|--------|--|--|--|--|--|--|

\*The Installed capacity is based on 30 counts of yarn, however the actual installed capacity may depend upon the type of count of the yarn.

Projected capacity cannot be exactly determined as production depends upon the type of count of the yarn ordered

## EXPORT AND EXPORT OBLIGATION

As on the date on the Prospectus, our Company under the EPCG Scheme, in terms of which, capital goods may be imported at a concessional rate of custom duty has an Export obligation as follows.:

| Sr No | Details | License No         | Issue Authorisation date | Total Export Obligation (Rs. in lacs) | Expiry Date of export obligation |
|-------|---------|--------------------|--------------------------|---------------------------------------|----------------------------------|
| 1     | EPCG    | 0330036949/3/12/00 | 03-10-2013               | 135.12                                | 03-10-2019                       |
| 2     | EPCG    | 0330036590/3/12/00 | 16-08-2013               | 94.99                                 | 16-08-2019                       |
| 3     | EPCG    | 0330035897/3/12/00 | 22-05-2013               | 3,109.57                              | 22-05-2019                       |
| 4     | EPCG    | 0330035879/3/12/00 | 21-05-2013               | 1292.2                                | 21-05-2019                       |
| 5     | EPCG    | 0330036761/3/12/00 | 11-09-2013               | 134.41                                | 11-09-2019                       |
| 6     | EPCG    | 0330039167/3/12/00 | 03-07-2014               | 152.81                                | 03-07-2020                       |
| 7     | EPCG    | 0330039166/3/12/00 | 03-07-2014               | 155.04                                | 03-07-2020                       |
|       |         | <b>Total</b>       |                          | <b>5,074.13</b>                       |                                  |

## STANDING OF OUR COMPANY IN COMPARISON WITH PROMINENT COMPETITORS

We believe that we operate in a fragmented sector where companies solely engaged in the same activities as of our Company have varied market share depending on various factors. We cater to Industries in Gujarat region and would continue to do so.

## UTILITIES AND INFRASTRUCTURAL FACILITIES

### Infrastructure facilities

Our registered office at Gondal, Rajkot, Gujarat, is well equipped with computer systems internet connectivity, transport and other facilities, which are required for our business operations to function smoothly.

### Power

Our company meets its power requirements for our manufacturing process by purchasing electricity from Paschim Gujarat Vij Company Limited. We have sanctioned load of 1600 KVA at our manufacturing facility located at Gondal (Rajkot).

### Water

We meet our water supply from well as well as tankers.

## HUMAN RESOURCE



We believe that our employees are key contributors to our business success. We focus on attracting and retaining the best possible talent. Our Company looks for specific skill-sets, interests and background that would be an asset for our business.

As on the date of this Prospectus, our manufacturing facility has 38 employees who look after our business operations and factory management. Apart from these employees, we also employ casual labour or temporary labour on need basis. Further at our registered office, we have 9 employees in addition to our management. These employees look after administrative, secretarial, legal, marketing and accounting functions. Our manpower is a prudent mix of the experienced and youth which gives us the dual advantage of stability and growth. Our work processes and skilled/ semi-skilled/ unskilled resources together with our efficient management team have enabled us to successfully implement our growth plans.

## **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 cordial and established as we receive repeat order flows. To retain our customers, our team 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 marketing team is ready to take up challenges so as to scale new heights.

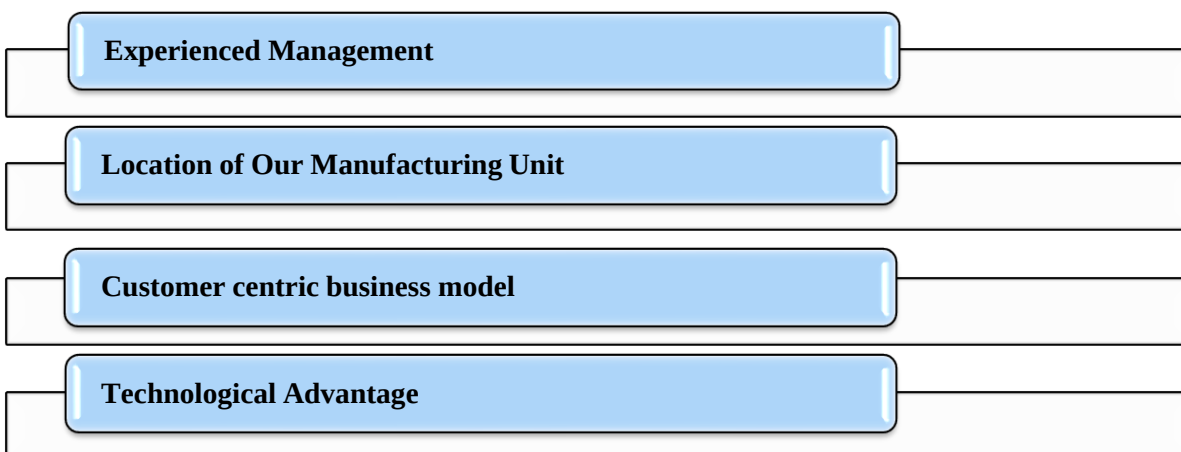
## **PAST PRODUCTION FIGURES FOR THE INDUSTRY**

There are no published data available to the Company for past production figures. The industry in which our Company operates is highly fragmented and is dominated by large number of unorganised players. Existing installed capacity, past trends and future prospects regarding demand & supply forecasts.

## **COMPETITION**

Textile being a large and global industry, we face competition from various domestic and international players. The industry is largely unorganized and fragmented with many small and medium-sized companies and entities.

## **OUR COMPETITIVE STRENGTHS**







### **1. Experienced Management**

Our Promoters have vast experience in cotton industry and were originally cotton farmers. Maganlal Parvadiya, Promoter, Chairman and Whole Time Director and Chandulal Parvadia, Promoter and Whole Time Director have experience of more than 20 years in Cotton Industry. Further, our Company has employed key professionals having technical and commercial backgrounds. Our Company believe that strength of our organization lies in experience of its management team.

### **2. Location of our manufacturing plant**

Our manufacturing plant is located at Gondal, Rajkot, Gujarat. Our Company has competitive advantage of procuring raw material because of our location. Our Promoter group entity, “Gujarat Ginning & Oil Industries” is the major supplier of the raw material required by us and is located adjacent to our factory which saves o to our transportation cost

### **3. Customer centric business model**

Our Company focuses on attaining highest level of customer satisfaction. The progress achieved by us is largely due to our ability to address and exceed customer satisfaction. Our Company has always believed in assessing the changing consumer preferences from time to time and redesigning our products accordingly by continuously exploring new types of yarn, cloth and fabric.

### **4. Technological advantage**

The technology used in textile industry is continuously changing and we have invested in latest models of LMV blow room to spinning machines. New technologies are constantly being developed for the various manufacturing processes. We also intend to continue upgrading our technology in the future to keep ourselves competitive and efficient.

## **BUSINESS STRATEGY**

### **1. Expansion plan**

Currently our Company has our major presence in state of Gujarat and Maharashtra. Through our marketing executives, our Company desires to expand geographical presence and thereby increase our customer base.

### **2. Export planning**

Presently, our Company is mainly focused on domestic sales but our Company is planning to flourish the business internationally through direct exports or third party exports.

### **3. Improving functional efficiency**

We intend to improve operating efficiency to achieve cost reductions to have a competitive edge over the peers. We believe it can be done through continuous process of improvement, customer service and technology development.

### **4. Leveraging our market skills and customer relationship**

Leveraging our market skills and relationships is a continuous process in our organization and the skills that we impart in our people give importance to customers. We aim to do this by leveraging our marketing skills and relationships and further enhancing customer satisfaction.

## **LAND AND PROPERTY**

### **Leased Properties**

Our Company has leased our Factory Land as per details given below:

| <b>Sr. No</b> | <b>Location Of Property</b>                    | <b>Lessor</b>     | <b>Period of Agreement</b> | <b>Usage</b>     |
|---------------|------------------------------------------------|-------------------|----------------------------|------------------|
| 1             | Revenue Survey No. 461 paiki measuring 4491.28 | Gujarat Ginning & | 30 Years commencing        | Administrative & |



|  |                                                                                                              |                |                      |         |
|--|--------------------------------------------------------------------------------------------------------------|----------------|----------------------|---------|
|  | and Revenue Survey No.80 paiki measuring 10890 Sq. Meters totalling 15381.28 Sq. meter Non Agricultural Land | Oil Industries | from August 01, 2012 | Factory |
|--|--------------------------------------------------------------------------------------------------------------|----------------|----------------------|---------|

### **Owned Properties**

We have constructed office building and factory on the above mentioned leased property. For further details please refer fixed assets schedule in chapter titled “*Financial Statements as restated*” on page no 171 of this Prospectus.

### **INSURANCE DETAILS:**

**Our Company have taken insurance polices for our building, Plant & machinery and Marine Cargo as under:**

| Sr. no | Policy No           | Policy Details                                                                           | Insurance Details                  | Property Insured                                                               | Date of Expiry of Policy | Insurance Amount |
|--------|---------------------|------------------------------------------------------------------------------------------|------------------------------------|--------------------------------------------------------------------------------|--------------------------|------------------|
| 1.     | 143900/11/2018/1060 | Standard fire and special perils policy schedule Covering Plant & Machinery and Building | The Oriental Insurance Co. Limited | Spinning Mills located at Gundala Road village, Gondal, Rajkot-360011, Gujarat | January 9, 2019          | Rs.3000 Lakhs    |

### **INTELLECTUAL PROPERTY**

#### **Trademark**

Our Company has applied for the following trademark

| Description                                                                         | Word/ Label Mark | Applicant               | Application Number | Date of filling            | Class | Date of Expiry | Status  |
|-------------------------------------------------------------------------------------|------------------|-------------------------|--------------------|----------------------------|-------|----------------|---------|
|  | Gondal to Global | Gujarat Hy-Spin Limited | 3308300            | July 13 <sup>th</sup> 2016 | 23    | N.A            | Pending |



## **KEY INDUSTRY REGULATIONS AND POLICIES**

Except as otherwise specified in this Prospectus, the Companies Act, 1956 / the Companies Act, 2013, we are subject to a number of central and state legislations which regulate substantive and procedural aspects of our business. Additionally, our operations require sanctions from the concerned authorities, under the relevant Central and State legislations and local bye-laws. The following is an overview of some of the important laws, policies and regulations which are pertinent to our business as a player in the business of manufacturing cotton yarn. 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 193 of this 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 decentralised sectors of the textile industry; and for this purpose to revitalise 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 Organisations in the fulfilment of these objectives. Vide the NTxP – 2000 the Government has conveyed its 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.

**Gujarat Textile Policy, 2012**

With the object of continuing leadership position in textile sector, State Government of Gujarat issued Gujarat Textile Policy, 2012. The state government wants to strengthen entire value chain for overall growth of textile sector in the State of Gujarat. Eligible entities will be provided various incentives under the different schemes under the policy.

**Major schemes under the policy are as follows:**

• **Interest Subsidy Scheme:**

An maximum interest subsidy of 5% (7% on spinning unit and garment/made-ups unit spinning) has been provided on new plant and machinery, without ceiling, for weaving, knitting, machine carpeting and other textile related activities, also on second hand imported weaving (power loom) with certain conditions, for the period of 5 years. Interest subsidy of 5 per cent on new plant and machinery, without ceiling, for weaving, knitting, machine carpeting and other textile related



activities, also on second hand imported weaving (power loom) with certain conditions, for the period of 5 years.

- **Special Concession in Power tariff**

Power Tariff subsidy of @ Rs. 1 per unit in the billed amount of the utility for the units available for a period of five years as promotional initiative for cotton spinning and industries with or without preparatory in State of Gujarat.

- **VAT Concession**

Eligible units will also be entitled to refund of VAT paid on purchase of raw materials and remission of VAT/CST collected on final/intermediate product within entire value chain to the extent of 100% the eligible fixed capital investments in plant and machinery within one year.

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

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

- **Export Promotion Capital Goods (EPCG) Scheme**

The EPCG scheme facilitates import of capital goods at 3% concessional rate of duty with appropriate export obligation.

- **Advance Licensing Scheme (Advance Authorisation Scheme)**

With a view to facilitate exports and to access duty-free inputs under the Advance Licensing Scheme, standard input-output norms for approximately 300 textiles and clothing export products have been prescribed.

- **Duty Drawback Scheme**

Indian exporters are allowed a refund of the excise and import duty incurred on raw materials under the Duty Drawback Scheme so as to make Indian textile products more competitive in the international market

- **Scheme for Integrated Textile Parks**

In 2005, during the Tenth Five Year Plan, the Government sponsored “Scheme for Integrated Textile Parks (“SITP”) was launched, by merging the two previously existing schemes namely, the Scheme for Apparel Parks for Exports and the Textile Centre Infrastructure Development Scheme. SITP is intended to provide the Indian textile industry with world-class infrastructure facilities for setting up textile units and to facilitate textile units to meet international standards and social standards. The SITP is now co-terminus with the Eleventh Five Year Plan (i.e. 2007-2012) and is continued in the twelfth Five Year Plan (i.e. 2012-17). The state government under the scheme, shall inter alia, provide requisite clearances, assistance in identification and procurement of suitable land, and participate in projects, by way of subscribing to equity of special purpose vehicles through various state government agencies. During the Tenth Five Year Plan, 30 textiles park projects were approved. Locations of these projects are: Andhra Pradesh-4, Gujarat-7, Maharastra-6, Tamil Nadu-6, Rajasthan-4, Karnataka-1, Punjab-1 and West Bengal-1.



### **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.

### **Cotton Control Order, 1986**

The Cotton (Control) Order, 1986 (“Cotton Order”) prescribes the maximum quantity of cotton that may be possessed by a manufacturer, a cotton ginning factory, a cotton pressing factory, a cotton ginning and pressing factory and a person (other than a member of a Hindu Undivided Family growing cotton). The Cotton Order establishes the office of the Textile Commissioner as the regulator there under. The Cotton Order further specifies the quality standards that have to be met while picking cotton for the purposes of export and domestic consumption as well as the markings that have to be made on the cotton bale before marketing of the same.

### **Gujarat Industrial Policy 2015**

Gujarat has witnessed strong growth in Micro, Small & Medium Enterprises (MSMEs) sector which covers the medium sector of Gujarat. MSME sector has a special importance as this is the sector which belongs to common man. Gujarat Government wishes to strengthen the sector by making it more technology-driven. This type of support will come by way of interest subsidy for manufacturing and service sector, venture capital assistance, quality certification, technology acquisition fund, patent assistance for national and international, energy and water conservation audit, market development assistance and support, MSMEs for credit rating, raising capital through MSE exchange, reimbursement of CGTSME scheme for collateral free loan, state awards under MSMEs and skill development etc. Support would also be extended for development of ancillary and auxiliary enterprises for labour intensive industries.

The Government of Gujarat, will constitute separate awards for MSMEs. The awards will be for achieving excellence through growth and production profit, quality improvement measures, Environment improvement measures and Innovation and new product/process/technology



development. The policy encourages adoption of new and innovative technologies by providing financial support will be provided to each cluster for every innovative technology, setting up R&D Institutions, setting new laboratories, financial support through partial reimbursement of cost for filing domestic patents and international patents.

Gujarat government shall be taking market development initiatives with the intention of giving enhanced visibility to local produce from large industries and specifically from MSMEs. Government of Gujarat stresses on “Zero Defect” to produce globally-competitive, locally manufactured goods. One of the expansive marketing practices around the globe is participation in international and domestic trade fairs to show one’s products or wares. Government of Gujarat will make market credit available to MSMEs.

Quality improvement is strongly envisaged in the new industrial policy. The assistance will be granted by national (approved by quality council of India) and international certification. The policy also intends to encourage use of enterprise resources planning system (ERP) for MSMEs. Government of Gujarat also provides assistance for raising capital through SME exchange on one time basis.

### **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**

It act provides for development and regulation of foreign trade by facilitating imports and exports from and to India. The Import-Export Code number and licence to import or export includes a customs clearance permit and any other permission issued or granted under this act. The Export and Import policy, provision for development and regulation of foreign trade shall be made by the Central Government by publishing an order. The Central Government may also appoint Director General of Foreign Trade (DGFT) for the purpose of Export-Import Policy formulation.

If any person makes any contravention to any law or commits economic offence or imports/exports in a manner prejudicial to the trade relations of India or to the interest of other person engaged in imports or exports then there shall be no Import Export Code number granted by Director-General to such person and if in case granted shall stand cancelled or suspended. Provision of search and seizure of Code of Criminal Procedure, 1973 shall apply to every search and seizure made under this Act. In case of appeals in a case the order made by the appellate authority shall be considered to be final. The powers of 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.

### **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 to the extent still applicable and The Companies Act, 2013 to the extent notified with any rules, regulations framed thereunder.

The Companies Act, 2013 provides for, among other things, changes to the regulatory framework governing the issue of capital by companies, corporate governance, audit procedures, corporate social responsibility, the requirements for independent directors, director's liability, class action suits, and the inclusion of women directors on the boards of companies. The Act prescribes regulatory mechanism regarding all relevant aspects including organizational, financial and managerial aspects of companies. Regulation of the financial and management aspects constitutes the main focus of the Act. In the functioning of the corporate sector, although freedom of companies is important, protection of the investors and shareholders, on whose funds they flourish, is equally important. The Companies Act, 2013 is complemented by a set of rules that set's out the procedure for compliance with the substantive provisions of the Companies Act, 2013.

Further, Schedule V (read with sections 196 and 197), Part I lays down conditions to be fulfilled for the appointment of a managing or whole time director or manager. It provides with the list of acts under which if a person is prosecuted he cannot be appointed as the director or Managing Director or Manager of the firm. The provisions relating to remuneration of the directors payable by the companies is under Part II of the said schedule.

Further, The Companies Act, 2016 (Amendment) Regulations, 2016 was passed by Lok Sabha and now awaiting its final nod and assent of the President.

### **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 LEGISLATIONS**

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 authorisation 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 authorisation 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.

### **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.

### **Ministry of Industry, Department of Industrial Policy and Promotion, Press Note No. 17 (1998 series)**

With a view to encouraging investments towards setting up of integrated units and thus achieving value additions, as well as to address the current difficulties of the cotton yarn export oriented units, the Government of India issued Press Note No. 17 (1998 Series), which allows export oriented units the operational flexibility of exporting cotton yarn without being subject to domestic cotton sourcing restrictions to the extent provided for within the press note.

## **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.

### **Workmen'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 ("the 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, 1971**

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.

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## **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 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.

### **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.

### **Gujarat Value Added Tax Act, 2003 ("GVAT")**

Gujarat Value Added Tax, 2003 (GVAT Act) is made effective in the state of Gujarat from 1st April, 2006. On its implementation following Acts are repealed.

- The Gujarat Sales Tax Act, 1969,
- The Bombay Sales of Motor Spirit Taxation Act, 1958,
- The Purchase Tax on Sugarcane Act, 1989.

However provisions relating to pending assessment, appeals, recovery etc., under the above Acts will survive. The basic requirement of charging tax under GVAT Act is that where any sale in the course of business is affected, in the State of Gujarat, VAT is payable under GVAT Act. Transactions made in the course of business only are covered under the GVAT Act.

### **Gujarat State Tax on Profession, Trades, Callings And Employment Act, 1976. And The Gujarat State Tax On Professions Traders, Callings And Employments Rules, 1976**

Professional tax in Gujarat is governed by the Gujarat Panchayats, Municipalities, Municipal Corporation and State Tax on Professions, Traders, Callings and Employment Act, 1976 and rules of 1976. All registered partnership firms, all factory owners, all shops or establishment owners (if the shop has employed on an average five employees per day during the year), all businesses covered under the definition of 'dealer' defined in the Gujarat Value Added Tax Act, 2003 whose annual turnover is more than Rs. 2.50 lakhs, all transport permit holders, money lenders, petrol pump owners, all limited companies, all banks, all district or state level co-operative societies, estate agents, brokers, building contractors, video parlors, video libraries, members of associations registered under Forward Contract Act, members of stock exchange, other professionals, like legal consultants, solicitors, doctors, insurance agents, etc are covered under this Act. It is duty of the employers to deduct tax from the person earning any salary/wage in the organisation. For the purpose of this act, employer means in relation to an employee earning any salary or wages on regular basis under him, means the person or the officer who is responsible for disbursement of such salary or wages, and includes the head of the office or any establishment as well as the manager of agent of the employer.



| Monthly Salary        | Amount payable in Gujarat |
|-----------------------|---------------------------|
| Less than Rs. 5999    | Nil                       |
| Rs. 6000 to Rs. 8999  | Rs. 80 per month          |
| Rs. 9000 to Rs. 11999 | Rs. 150 per month         |
| Rs. 12000 & above     | Rs. 200 per month         |

### **Goods and Service Tax (GST)**

Goods and Services Tax (GST) is levied on supply of goods or services or both jointly by the Central and State Governments. It was introduced as The Constitution (One Hundred and First Amendment) Act 2017 and is governed by the GST Council. GST provides for imposition of tax on the supply of goods or services and will be levied by Centre on intra-state supply of goods or services and by the States including Union territories with legislature/ Union Territories without legislature respectively. A destination based consumption tax GST would be a dual GST with the centre and states simultaneously levying tax with a common base. The GST law is enforced by various acts viz. Central Goods and Services Act, 2017 (CGST), State Goods and Services Tax Act, 2017 (SGST), Union Territory Goods and Services Tax Act, 2017 (UTGST), Integrated Goods and Services Tax Act, 2017 (IGST) and Goods and Services Tax (Compensation to States) Act, 2017 and various rules made thereunder. It replaces following indirect taxes and duties at the central and state levels:

Central Excise Duty, Duties of Excise (Medicinal and Toilet Preparations), additional duties on excise – goods of special importance, textiles and textile products, commonly known as CVD – special additional duty of customs, service tax, central and state surcharges and cesses relating to supply of goods and services, state VAT, Central Sales Tax, Luxury Tax, Entry Tax (all forms), Entertainment and Amusement Tax (except when levied by local bodies), taxes on advertisements, purchase tax, taxes on lotteries, betting and gambling.

It is applicable on all goods except for alcohol for human consumption and five petroleum products.

Taxpayers with an aggregate turnover of Rs. 20 lakhs would be exempt from tax. The exemption threshold for special category of states like North-East shall be Rs. 10 lakhs. Small taxpayers with an aggregate turnover in preceding financial year upto Rs. 75 lakhs (50 lakhs in case of special category states) may opt for composition levy. Under GST, goods and services are taxed at the following rates, 0%, 5%, 12% and 18%. There is a special rate of 0.25% on rough precious and semi-precious stones and 3% on gold. In addition a cess of 15% or other rates on top of 28% GST applies on few items like aerated drinks, luxury cars and tobacco products.

Export and supplies to SEZ shall be treated as zero-rated supplies. Import of goods and services would be treated as inter-state supplies. Every person liable to take registration under these Acts shall do so within a period of 30 days from the date on which he becomes liable to registration. The Central/State authority shall issue the registration certificate upon receipt of application. The Certificate shall contain fifteen digit registration number known as Goods and Service Tax Identification Number (GSTIN). In case a person has multiple business verticals in multiple location in a state, a separate application will be made for registration of each and every location. The registered assessee are then required to pay GST as per the rules applicable thereon and file the appropriate returns as applicable thereon.

### **OTHER LAWS**

#### **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:

- The Patents Act, 1970
- The Copyright Act, 1957
- The Trade Marks 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 HISTORY AND BACKGROUND

Our Company was incorporated as “Gujarat Hy-Spin Private Limited” at Gujarat as a private limited company under the provisions of the Companies Act, 1956 and a Certificate of Incorporation dated February 01, 2011 bearing Corporate Identification Number U17110GJ2011PTC063898 issued by Assistant Registrar of Companies, Gujarat, Dadra and Nagar Haveli. Subsequently our Company was converted into a Public Limited Company pursuant to Special Resolution passed at the Extra-Ordinary General Meeting of the Company held on June 13, 2016 and the name of our company was changed to “Gujarat Hy-Spin Limited” A fresh Certificate of Incorporation consequent upon conversion to Public limited company by Registrar of Companies, Ahmedabad on August 05, 2016. The Corporate Identity Number of our Company is U17110GJ2011PLC063898.

For further details please refer to chapter titled “*Our History and Certain Other Corporate Matters*” beginning on page 143 of this Prospectus.

Maganbhai Parvadiya and Chandulal Parvadia were the Initial subscribers to the Company’s Memorandum and Articles of Association and are Promoters of the Company and were allotted shares on February 1, 2011.

Our Company started with trading (including trading of products jobworked) of Cotton Bales, Cotton Seeds and Wash Oil but now engaged in manufacturing of cotton yarns mainly in domestic market and third party exports to some extent. For information on our Company’s profile, activities, market, products, etc., market of each segment, capacity built-up, exports and profits due to foreign operations together with country wise analysis, standing of our Company in comparison with prominent competitors, with reference to its products, management, managerial competence, technology, market, major suppliers and customers, environmental issues, geographical segment, etc. wherever applicable, please refer to this chapter and chapters titled “*Our Business*”, “*Our Industry*”, “*Financial Statements as Restated*”, “*Management’s Discussion and Analysis of Financial Condition and Results of Operation*”, “*Government and Other Statutory Approvals*” beginning on page 114, 92, 171, 172 and 193 respectively of the Prospectus.

### CHANGES IN REGISTERED OFFICE OF THE COMPANY SINCE INCORPORATION

Since incorporation, there have been no changes in the Registered Office of the Company and is situated at P.O. Box. No. 22, Gundala Road, Gondal, Rajkot-360311

### MAIN OBJECT OF OUR COMPANY

The main objects of our Company as set forth in the Memorandum of Association of our Company are as follows:

1. *To carry on India or abroad the business of manufacturing, processing, spinning, weaving, knitting, refining, carding, combing, gilling, mixing, doubling, twisting, chesse, winding, rewinding, raising, dyeing, bleaching, importing, exporting, trading and otherwise dealing in wholesale or in retail in all shapes, sizes, varieties, specifications, descriptions, applications, kinds, types and use of cotton, yarns including fancy yarns, fibers whether synthetic, artificial or natural, wool, worsted, shoddy, silk, nylon, polyester, acrylic, polypropylene, polynosic, blended materials and other synthetic fibers, yarns or fibrous materials or substances, textile substances including linen cloth and fabrics whether textile, felted, netted or looped and allied products, waste products and substitutes for all or any of them and to treat and utilize any business of ginning, pressing, bailing or otherwise packing of cotton, kapas, -yarn, waste, hemp, jute or other fibrous materials and cultivation of such raw materials.*



## CHANGES IN MEMORANDUM OF ASSOCIATION

Except as stated below there has been no change in the Memorandum of Association of our Company since its Incorporation:

| Sr. No. | Particulars                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Date of Meeting   | Type of Meeting |
|---------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-----------------|
| 1.      | Initial authorised share capital of Rs. 100.00 lakhs consisting of 10,00,000 Equity Shares of face value of Rs. 10/- each was increased to Rs. 300.00 lakhs consisting of 30,00,000 Equity Shares of face value of Rs. 10/- each.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | December 01, 2012 | EGM             |
| 2.      | Authorised share capital of Rs. 300.00 lakhs consisting of 30,00,000 Equity Shares of face value of Rs. 10/- each was increased to Rs. 600.00 lakhs consisting of 60,00,000 Equity Shares of face value of Rs. 10/- each                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | March 01, 2013    | EGM             |
| 3.      | Authorised share capital of Rs. 600.00 lakhs consisting of 60,00,000 Equity Shares of face value of Rs. 10/- each was increased to Rs. 1200.00 lakhs consisting of 1,20,00,000 Equity Shares of face value of Rs. 10/- each.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | April 05, 2013    | EGM             |
| 4.      | Authorised share capital of Rs. 1200.00 lakhs consisting of 12,00,000 Equity Shares of face value of Rs. 10/- each was increased to Rs. 1600.00 lacs consisting of 1,60,00,000 Equity Shares of face value of Rs. 10/- each                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | December 03, 2013 | EGM             |
| 5.      | Authorised share capital of Rs. 1600 lakhs consisting of 1,60,00,000 Equity Shares of face value of Rs. 10/- each to Rs.1675.00 lakhs consisting of 16,750,000 Equity Shares of face value of Rs. 10/- each                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | February 07, 2015 | EGM             |
| 6.      | Clause 1 of the Memorandum of Association of the Company changed to reflect changed name of the Company as Gujarat Hy-Spin Limited on conversion of the Company into a Public Company.<br><br>Deletion of Part C of Clause III of the Memorandum of Association of the Company stating Other Objects in order to comply with the provisions of the Companies Act, 2013.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | June 13,2016      | EGM             |
| 7.      | Clauses 1, 2 and 3 of the “Main Objects Clause” were substituted with current clause 1 as follows:<br><br><i>To carry on India or abroad the business of manufacturing, processing, spinning, weaving, knitting, refining, carding, combing, gilling, mixing, doubling, twisting, chesse, winding, rewinding, raising, dyeing, bleaching, importing, exporting, trading and otherwise dealing in wholesale or in retail in all shapes, sizes, varieties, specifications, descriptions, applications, kinds, types and use of cotton, yarns including fancy yarns, fibers whether synthetic, artificial or natural, wool, worsted, shoddy, silk, nylon, polyster, acrylic, polypropylene, polynosic, blended materials and other synthetic fibers, yarns or fibrous materials or substances, textile substances including linen cloth and fabrics whether textile, felted, netted or looped</i> | June 13,2016      | EGM             |



| Sr. No | Particulars                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Date of Meeting | Type of Meeting |
|--------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------|
|        | <p><i>and allied products, waste products and substitutes for all or any of them and to treat and utilize any business of ginning, pressing, bailing or otherwise packing of cotton, kapas, - yarn, waste, hemp, jute or other fibrous materials and cultivation of such raw materials</i></p> <p>Prior to their substitution, clauses 1,2 and 3 of the Main Objects Clause” used to read as follows:</p> <ol style="list-style-type: none"> <li>1. <i>“All kinds of Processing / Manufacturing / Trading of Cottan Ginning and its related products. As well as all kinds of spinning and weaving mill”</i></li> <li>2. <i>“To carry on in India or elsewhere, the business of Exporters, Importers, Traders, Distributors, Manufacturers, Assemblers, Dealers, Resallers, Franchisesers, C &amp; F Agents, Marketers of all kind of ginning cotton and its its related products”</i></li> <li>3. <i>“To carry on all or any Business of ginning / spinning / weaving / cottan seeds or its allied products”</i></li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                 |                 |
| 8.     | <ol style="list-style-type: none"> <li>1. Sub Clause 1 and 2 of “Objects Incidental or Ancillary to the attainment of main objects” was substituted with current sub clause 1 and 2 which reads as follows:               <ol style="list-style-type: none"> <li>A. <i>“To acquire, build, construct, improve, develop, give or take in exchange or on lease, rent, hire, occupy, allow, control, maintain, operate, run, sell, dispose of, carry out or alter as may be necessary or convenient any lease-hold or freehold lands, movable or immovable properties, including building, workshops, warehouse, stores, easement or other rights, machineries, plant, work, stock in trade, industrial colonies, conveniences together with all modern amenities and facilities such as housing, schools, hospitals, water supply, sanitation, townships and other facilities or properties which may seem calculated directly or indirectly to advance the company’s objects and interest either in consideration of a gross sum of a rent charged in cash or services”</i></li> <li>B. <i>“To apply for, purchase, acquire, and protect, prolong and renew in any part of the world any patents, patent rights, brevets invention, licences, protections and concessions which may appear likely to be advantageous or useful to the company and to use and turn to account and or grant licences or privileges in respect of the same and to spend money in experimenting upon and testing and improving or seeking to improve any patents, inventions or rights which the company may acquire or proposes to acquire”</i></li> </ol> </li> <li>2. Sub Clause 7 of “Objects Incidental or Ancillary to the</li> </ol> | June 13,2016    | EGM             |



| Sr. No. | Particulars                                                                                                                                                                                                                                                                                                                       | Date of Meeting | Type of Meeting |
|---------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------|
|         | attainment of main objects” was amended by deleting the table in the sub-clause and the revised sub clause 7 reads as follows<br><br><i>To acquire or amalgamate, absorb or merge with any other company or companies or to form, promote subsidiaries having objects altogether or in part similar to those of this company.</i> |                 |                 |

#### KEY EVENTS AND MILESTONES

| Year | Key Events / Milestone / Achievements                        |
|------|--------------------------------------------------------------|
| 2011 | Incorporation of Company                                     |
| 2013 | Commencement of Commercial Production for yarn manufacturing |
| 2016 | Conversion of Company from Private Limited to Public Limited |

For details on technology, market, managerial competence and built up capacity; please refer to chapter titled “Our Business” beginning on page 114 of this Prospectus.

#### HOLDING COMPANY OF OUR COMPANY

There is no holding company of our Company as on this date of filing of this Prospectus.

#### SUBSIDIARY COMPANY OF OUR COMPANY

There is no subsidiary of our Company as on this date of filing of this Prospectus.

#### CAPITAL RAISING ACTIVITIES THROUGH EQUITY OR DEBT

For details regarding our capital raising activities through equity and debt, refer to the section titled “Capital Structure” and “Financial Indebtedness” beginning on page 68 and page 183 respectively of this Prospectus.

#### INJUNCTIONS OR RESTRAINING ORDERS

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

#### MERGERS AND ACQUISITIONS IN THE HISTORY OF OUR COMPANY

Our Company has not acquired any entity, business or undertakings nor has it undertaken any merger, amalgamation or revaluation of assets.

#### SHAREHOLDERS AGREEMENTS

Our Company has not entered into any shareholders agreement as on date of filing of this Prospectus.

#### OTHER AGREEMENTS

Our Company has not entered into any agreements / arrangement except under normal course of business of the Company, as on the date of filing of this Prospectus

#### STRATEGIC/ FINANCIAL PARTNERS

Our Company does not have any strategic/financial partner as on the date of filing of this Prospectus.

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



There have been no defaults or rescheduling of borrowings with financial institutions or banks as on the date of this Prospectus. However, our Company has made delayed payment of installments of Term Loans that were repayable during the Financial year 2016-17 and during the period ended September 30, 2017. For further details, please refer to chapter titled “Financial Indebtness” and “Risk Factors” beginning on page 183 and 18 of this Prospectus.

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

There has been no incident of conversion of loans availed from financial institutions and banks into Equity Shares as on the date of this Prospectus.

#### **CHANGE IN ACTIVITIES OF OUR COMPANY IN THE LAST FIVE YEARS**

We were into trading (including job work) of cotton bales. However our Company has ventured into manufacturing of cotton yarns since 2013-14

#### **STRIKES AND LOCKOUTS**

There have been no strikes or lockouts in our Company since incorporation.

#### **REVALUATION OF ASSETS**

Our Company has not revalued its assets since incorporation and has not issued any Equity Shares including bonus shares by capitalizing any revaluation reserves.

#### **TIME AND COST OVERRUNS IN SETTING UP PROJECTS**

As on the date of this Prospectus, there have been no time and cost overruns in any of the projects undertaken by our Company.

#### **NUMBER OF SHAREHOLDERS**

Our Company has 24 shareholders as on the date of this Prospectus. For further details on the shareholding pattern of our Company, please refer to the chapter titled “*Capital Structure*” beginning on page 68 of this Prospectus.



## OUR MANAGEMENT

### Board of Directors

Under the Articles of Association, our Company is required to have not less than 3 Directors and not more than 15 Directors, subject to applicable provisions of the Companies Act. Our Company has 8 Directors on our Board.

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

| Sr. No. | Name, Father's Name, Age, Designation, Address, Occupation, Nationality & DIN                                                                                                                                                                                                                                                                                                                                                    | Date of Appointment                                                                                                              | Other Directorships                                                                                            |
|---------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------|
| 1.      | <b>Name:</b> Maganlal Parvadiya<br><b>S/o:</b> Shambhubhai Parvadiya<br><b>Age:</b> 57 years<br><b>Designation:</b> Chairman and Whole Time Director<br><b>Address:</b> Krushna Kunj, Krushna Nagar Main Road, B H Bus Stand, Gondal, Rajkot- 360311, Gujarat<br><b>Occupation:</b> Business<br><b>Nationality :</b> Indian<br><b>Term:</b> Five years from August 1, 2016, liable to retire by rotation<br><b>DIN:</b> 03190749 | <b>Appointed as Director</b> on February 01, 2011<br><br><b>Designated as Chairman and Whole Time Director</b> on August 1, 2016 | <b>Public Companies Limited</b><br>Nil<br><b>Private Companies Limited</b><br>1. Tulip Cotspin Private Limited |
| 2.      | <b>Name:</b> Chandulal Parvadia<br><b>S/o:</b> Shambhubhai Parvadia<br><b>Age:</b> 50 years<br><b>Designation:</b> Whole Time Director<br><b>Address:</b> Krushna Kunj, Krushna Nagar Main Road, B H Bus Stand, Gondal, Rajkot- 360311, Gujarat<br><b>Occupation:</b> Business<br><b>Nationality :</b> Indian<br><b>Term:</b> Five years from August 1, 2016,s liable to retire by rotation<br><b>DIN:</b> 03197876              | <b>Appointed as Director</b> on February 01, 2011<br><br><b>Designated as Whole Time Director</b> on August 1, 2016              | <b>Public Companies Limited</b><br>Nil<br><b>Private Companies Limited</b><br>1. Tulip Cotspin Private Limited |
| 3.      | <b>Name:</b> Kaushik Dave<br><b>S/o:</b> Labhshanker Dave<br><b>Age:</b> 64 years<br><b>Designation:</b> Managing Director<br><b>Address:</b> Surya, Jyoti Nagar St. 2, Kalavad Road, Rajkot-360005, Gujarat<br><b>Occupation:</b> Business<br><b>Nationality:</b> Indian<br><b>Term:</b> Five years from November 27, 2017, liable to retire by rotation<br><b>DIN:</b> 06551940                                                | <b>Appointed as Managing Director</b> on November 27, 2017                                                                       | <b>Public Companies: NIL Limited</b><br><br><b>Private Companies : NIL Limited</b>                             |
| 4.      | <b>Name:</b> Kamleshbhai Bokarwadiya<br><b>S/o:</b> Bacchubhai Bokavadiya                                                                                                                                                                                                                                                                                                                                                        | <b>Appointed as Non-Executive Director</b> on                                                                                    | <b>Public Limited</b>                                                                                          |



| Sr. No. | Name, Father's Name, Age, Designation, Address, Occupation, Nationality & DIN                                                                                                                                                                                                                                                                                                            | Date of Appointment                                           | Other Directorships                                                                                                                                           |
|---------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|
|         | <b>Age:</b> 49 years<br><b>Designation:</b> Non Executive Director<br><b>Address:</b> 1-Jadeshwar Society, Nr. Jalaram Society Hanuman Area Amreli-365601 Gujarat<br><b>Occupation:</b> Business<br><b>Nationality:</b> Indian<br><b>Term:</b> Liable to retire by rotation<br><b>DIN:</b> 00153160                                                                                      | August 1, 2016                                                | <b>Companies</b><br>Nil<br><b>Private Limited Companies</b><br>1. Tulip Cotspin Private Limited<br>2. Shree Umiya Cotton Ginning and Pressing Private Limited |
| 5.      | <b>Name:</b> Madhuben Gandhi<br><b>Husband:</b> Maheshbhai Gandhi<br><b>Age:</b> 41 years<br><b>Designation:</b> Non Executive Director<br><b>Address:</b> A- 101, Rajmandir, Appartment, Zanzarda Road, Junagadh – 362001, Gujarat, India<br><b>Occupation:</b> Business<br><b>Nationality:</b> Indian<br><b>Term:</b> Liable to retire by rotation<br><b>DIN:</b> 07563463             | <b>Appointed as Non-Executive Director</b> on August 02, 2016 | <b>Public Limited Companies:</b> NIL<br><b>Private Limited Companies :</b> NIL                                                                                |
| 6.      | <b>Name:</b> Ashokkumar Pandya<br><b>S/o:</b> Nanubhai Pandya<br><b>Age:</b> 66 years<br><b>Designation:</b> Independent Director<br><b>Address:</b> Plot no-29,Vandana BPTI,Road Meru Nursing Home, Vidyanagar, Takhteshwar Bhavnagar-364002, Gujarat<br><b>Occupation:</b> Business<br><b>Nationality:</b> Indian<br><b>Term:</b> 5 Years from August 02, 2016<br><b>DIN:</b> 07563446 | <b>Appointed as Independent Director</b> on August 02, 2016   | <b>Public Limited Companies:</b> NIL<br><b>Private Limited Companies :</b> NIL                                                                                |
| 7.      | <b>Name:</b> Hemant Maru<br><b>S/o:</b> Virambhai Maru<br><b>Age:</b> 63 years<br><b>Designation:</b> Independent Director<br><b>Address:</b> Prashant, Purnima Society, Nanamava road, Rajkot – 360004, Gujarat<br><b>Occupation:</b> Business<br><b>Nationality:</b> Indian<br><b>Term:</b> 5 Years from August 02, 2016                                                               | <b>Appointed as Independent Director</b> on August 02, 2016   | <b>Public Limited Companies:</b> NIL<br><b>Private Limited Companies :</b> NIL                                                                                |





| Sr. No. | Name, Father's Name, Age, Designation, Address, Occupation, Nationality & DIN                                                                                                                                                                                                                                                                                                  | Date of Appointment                                            | Other Directorships                                                            |
|---------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------|--------------------------------------------------------------------------------|
|         | DIN: 07563394                                                                                                                                                                                                                                                                                                                                                                  |                                                                |                                                                                |
| 8.      | <b>Name:</b> Narendra Vegad<br><b>S/o:</b> Manordas Vegad<br><b>Age:</b> 64 years<br><b>Designation:</b> Independent Director<br><b>Address:</b> Plot No 98, Vitthal Baug, Bambhaniyas Wadi, Vidhyanagar, Bhavnagar – 364002, Gujarat, India<br><b>Occupation:</b> Business<br><b>Nationality:</b> Indian<br><b>Term:</b> 5 Years from August 02, 2016<br><b>DIN:</b> 07566982 | <b>Appointed as Independent Director</b><br>on August 02, 2016 | <b>Public Limited Companies:</b> NIL<br><b>Private Limited Companies :</b> NIL |

## BRIEF BIOGRAPHIES OF OUR DIRECTORS

### Maganlal Parvadiya, Promoter, Chairman and Whole Time Director

Maganlal Parvadiya, aged 57 years is Promoter and Whole Time Director of our Company. He has been on the Board of our Company since incorporation. He has considerable experience of two decades in the textile Industry. He looks after the overall management and operations of our Company.

### Chandulal Parvadia, Promoter and Whole Time Director

Chandulal Parvadia, aged 50 years is the Promoter and Whole Time Director of our Company. He has been on the Board of our Company since incorporation. He has an experience of 10 years in the textile industry. He looks after the overall operations of our Company.

### Kaushik Dave, Managing Director

Kaushik Dave, aged 64 years, is the Managing Director of our Company. He has been on the board of our Company since November 27, 2017. He was an Assistant General Manager for 5 years at State Bank of India at the time of retirement prior to which he has worked as an employee for 40 years in State Bank of India. He holds Bachelor of Commerce degree from Saurashtra University. He looks after the administration of the company.

### Kamleshbhai Bokarwadiya, Non-Executive Director

Kamleshbhai Bokarwadiya, aged 49 years is the Non Executive Director of our Company. He has been on the Board of the Company since August 1, 2016

### Madhuben Gandhi, Non Executive Director

Madhuben Gandhi, aged 41 years is appointed Non Executive Director of our Company. She is appointed as an Non Executive director of our Company with effect from August 2, 2016.

### Ashokkumar Pandya, Independent Director

Ashokkumar Pandya, aged 66 years is an Independent Director of our Company. He has been on the Board of our Company since August 2, 2016. He has worked in various departments in various capacities in State Bank of Saurashtra and State Bank of India for nearly 38 years in the banking industry. He has done his Master of Science from Saurashtra University Further he has also completed his General LLB from Saurashtra University.

**Hemant Maru, Independent Director**

Hemant Maru, aged 63 years is an Independent Director of our Company. He has been on the Board of our Company since August 2, 2016. He holds Bachelor's degree in Commerce from Saurashtra University.

**Narendra Vegad, Independent Director**

Narendra Vegad, aged 64 years is an Independent Director of our Company. He has been on the Board of our Company since August 2, 2016. He has completed his Masters of Commerce from Saurashtra University and also holds PG Diploma in Banking & Finance from Certified Associate of the Indian Institute of Bankers (CAIIB).

**CONFIRMATIONS**

We confirm that, as on the date of this Prospectus:

1. Except as mentioned below, none of the Directors of our Company are related to each other within the meaning of section 2(77) of the Companies Act, 2013

| Name of the Director | Name of other Director | Relation |
|----------------------|------------------------|----------|
| Maganlal Parvadiya   | Chandulal Parvadia     | 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 Managerial 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 willful 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.
6. None of the Promoters, persons forming part of our Promoter Group, Directors or persons in control of our Company, has been or is involved as a promoter, director or person in control of any other company, which is debarred from accessing the capital market under any order or directions made by SEBI or any other regulatory authority.

**REMUNERATION/COMPENSATION/COMMISSION PAID TO DIRECTORS**

During the last financial year ended on March 31, 2017, the directors have been paid gross remuneration as follows:

| Name of Director   | Remuneration paid during FY 2016-17 (in Rs) |
|--------------------|---------------------------------------------|
| Maganlal Parvadiya | Nil                                         |
| Chandulal Parvadia | Nil                                         |
| Kaushik Dave       | Nil                                         |

**None of the existing directors except as named above have received any remuneration during the Financial Year 2016-17**

**Terms and Conditions of employment of Our Managing Director**

1. Kaushik Dave was designated as Managing Director vide shareholders resolution in the Extra Ordinary General Meeting held on November 27, 2017 for a period of five years with effect from November 27, 2011.



The terms and conditions of his employment are as follows:

|                             |                                            |
|-----------------------------|--------------------------------------------|
| <b>Remuneration</b>         | Rs 1.25 per month                          |
| <b>Terms of Appointment</b> | 5 Years with effect from November 27, 2017 |

2. Maganlal Parvadiya and Chandulal Parvadia were designated as Whole Time Director shareholders resolution in the Extra Ordinary General Meeting held on August 2, 2016 for a period of five years with effect from August 1, 2016.

### **3. Terms and conditions of employment of our Independent Directors and Non Executive Directors**

Independent Directors and Non Executive Directors of our Company may be paid sitting fees, commission and any other amounts as may be decided by our Board in accordance with the provisions of the Articles of Association a, the Companies Act, 2013 and their appointment letters and other applicable laws and regulations.

### **SHAREHOLDING OF OUR DIRECTORS IN OUR COMPANY**

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

| <b>Sr. No</b> | <b>Name of the Director</b> | <b>No. of Equity Shares</b> | <b>% of Pre Offer Equity Share Capital</b> | <b>% of Post Offer Equity Share Capital</b> |
|---------------|-----------------------------|-----------------------------|--------------------------------------------|---------------------------------------------|
| 1             | Maganlal Parvadiya*         | 57,62,190                   | 34.40%                                     | 21.12%                                      |
| 2             | Chandulal Parvadia*         | 34,68,470                   | 20.71%                                     | 7.42%                                       |
| 3             | Kaushik Dave                | 1,30,500                    | 0.78%                                      | 0.78%                                       |
| 4             | Kamleshbhai Bokarwadiya     | 8,00,000                    | 4.78%                                      | 4.78%                                       |
|               | <b>Total</b>                | <b>1,01,61,160</b>          | <b>60.66%</b>                              | <b>34.10%</b>                               |

*\*Maganlal Parvadiya and Chandulal Parvadia are the selling shareholders who have offered 22,25,000 equity shares each respectively*

### **COMPENSATION TO NON EXECUTIVE AND INDEPENDENT DIRECTOR**

Non-executive and Independent Directors of the Company may be paid sitting fees, commission and any other amounts as may be decided by our Board in accordance with the provisions of the Articles of Association, the Companies Act, 2013 and other applicable laws and regulations.



## **INTERESTS OF DIRECTORS**

### **Interest in Promotion of the Company**

Some of our Directors viz. Maganlal Parvadiya and Chandulal Parvadia may be deemed to be interested to the extent of being Promoter of our Company. They may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the Equity Shares held by them. For further details, refer to chapters titled “*Our Promoter and Promoter Group*” and “*Related Party Transaction*” beginning on page 163 and 169 of this Prospectus.

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

### **Interest as member of our Company**

As on date of this Prospectus, our Directors together hold 1,01,61,160 Equity Shares in our Company i.e. 60.66 % of the pre offer paid up Equity Share capital of our Company. Therefore, our Directors are interested to the extent of their respective shareholding, dividend declared and other distributions, if any, by our Company.

### **Interest in the property of our Company**

Our Directors do not have any interest in any property acquired by our Company in a period of two years before filing of this Prospectus or proposed to be acquired by us as on date of filing the Prospectus. However, our Company has taken land on lease from Gujarat Ginning and Oil Industries where our Promoters are interested

### **Interest in transactions involving acquisition of land**

Our Directors are not currently interested in any transaction with our Company involving acquisition of land. Except as stated/referred to in the heading titled “*Land and Property*” in the chapter “*Our Business*” beginning on page 114 of the Prospectus, our Directors have not entered into any contract, agreement or arrangements in relation to acquisition of property, since incorporation in which the Directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements or are proposed to be made to them.

### **Interest of Directors as Key Managerial Personnel of our Company**

Kaushik Dave, Managing Director of our Company is the Key Managerial Personnel of the Company and may be deemed to be interested to the extent of remuneration, reimbursement of expenses payable to them for services rendered to us in accordance with the provisions of the Companies Act and in terms of agreement entered into with our Company, if any and AOA of our Company. For further details, please refer details mentioned in “*Related Party Transactions*” beginning on page 169 of this Prospectus.

### **Interest as a creditor of our Company**

As on the date of this Prospectus, our Company has availed loans from the Directors of our Company. For further details, refer to chapter titled “*Financial Indebtedness*” and section titled “*Related Party Transactions*” beginning on page 183 and 169 of this Prospectus.

### **Interest in the Business of Our Company**

Except as stated in “*Related Party Transactions*” on page no 169 and described herein, our Directors do not have any other interest in our business.

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



## SHAREHOLDING OF DIRECTORS IN SUBSIDIARIES AND ASSOCIATE COMPANIES

Our Company does not have any associate or subsidiary company as on date of filing of this Prospectus.

## CHANGES IN BOARD OF DIRECTORS IN LAST 3 YEARS

| Name                     | Date of Event     | Nature of Appointment | Reasons                                        |
|--------------------------|-------------------|-----------------------|------------------------------------------------|
| Kaushik Dave             | June 13, 2016     | Change designation in | Designated as Managing Director                |
| Maganlal Parvadiya       | August 01, 2016   | Change in designation | Designated as Chairman & Whole Time Director   |
| Chandulal Parvadia       | August 01, 2016   | Change in designation | Designated as Whole time Director              |
| Kamleshbbhai Bokarwadiya | August 01, 2016   | Change designation in | Appointed as Non-Executive Director            |
| Madhuben Gandhi          | August 02, 2016   | Appointment           | Appointed as Non Executive Director            |
| Ashokkumar Pandya        | August 02, 2016   | Appointment           | Appointed as Independent Director              |
| Hemant Maru              | August 02, 2016   | Appointment           | Appointed as Independent Director              |
| Narendra Vegad           | August 02, 2016   | Appointment           | Appointed as Independent Director              |
| Kaushik Dave             | December 17, 2016 | Resignation           | Resignation from the post of Managing Director |
| Kaushik Dave             | November 27, 2017 | Appointment           | Appointed as Managing Director                 |

## DETAILS OF BORROWING POWERS OF DIRECTORS

Pursuant to a resolution passed on August 02, 2016 Extra Ordinary 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 for borrowing, from time to time, any sum or sums of money at its discretion on such terms and conditions as the Board may deem fit and appropriate, notwithstanding that the money to be borrowed together with the money already borrowed by our Company from the financial institutions, Company's banker's, firms, bodies corporate and/or from any other person or persons whether by way of loan, advances, deposits, bill discounting, issue of debentures, bonds or any financial instruments or otherwise and whether secured or unsecured, borrowed by our Company and outstanding at any one time shall not exceed the sum Rs. 500 Crore (Rupees Five Hundred crores).



## CORPORATE GOVERNANCE

The provisions of the SEBI Listing Regulations will be applicable to our Company immediately upon the listing of our Equity Shares with BSE. 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.

The Board functions either as a full Board or through various committees constituted to oversee specific operational areas.

Currently our Board has Eight directors out of which three are Independent Directors, two are Non Executive Director, one is Managing Director, two Whole Time Directors

### **The following committees have been formed in compliance with the corporate governance norms:**

- a. Audit Committee
- b. Nomination and Remuneration Committee
- c. Stakeholder's Relationship Committee

#### **A. Audit Committee:**

Our Company has constituted an audit committee ("**Audit Committee**"), as per section 177 of the Companies Act, 2013; vide resolution passed at the meeting of the Board of Directors held on November 28, 2017.

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 directors

| Name of the Director | Status in Committee | Nature of Directorship |
|----------------------|---------------------|------------------------|
| Hemant Maru          | Chairman            | Independent Director   |
| Narendra Vegad       | Member              | Independent Director   |
| Kaushik Dave         | Member              | Managing Director      |

The Company Secretary and Compliance Officer of the Company would act as the Secretary to the Audit Committee.

The Audit Committee shall have following powers/responsibilities:

- a. To investigate any activity within its terms of reference.
- b. To seek information from any employee.
- c. To obtain outside legal or other professional advice, and
- d. To secure attendance of outsiders with relevant expertise if it considers necessary

The Audit Committee shall mandatorily review the following information:

- a. Management discussion and analysis of financial condition and results of operations;
- b. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
- c. Management letters / letters of internal control weaknesses issued by the statutory auditors;
- d. Internal audit reports relating to internal control weaknesses; and
- e. The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the Audit Committee

To submit statement of deviations:

- i. Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of SEBI Listing Regulations.



- ii. Report of the monitoring agency on annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(6) SEBI Listing Regulations, if applicable.

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, remuneration and terms of appointment of auditors of the listed entity
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 and auditor's report thereon before submission to the board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;
  - b. Changes, if any, in accounting policies and practices and reasons for the same;
  - c. Major accounting entries involving estimates based on the exercise of judgment by management;
  - d. Significant adjustments made in the financial statements arising out of audit findings;
  - e. Compliance with listing and other legal requirements relating to financial statements;
  - f. Disclosure of any related party transactions;
  - g. Modified opinion(s) in the draft audit report
5. Reviewing, with the management, the 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/ 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 four times in a year and not more than one hundred and twenty days shall elapse between two meetings. The quorum shall be either two members or one third of the members of the Audit Committee whichever is greater, but there shall be a minimum of two Independent Directors 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 November 28, 2017

The Stakeholder's Relationship Committee comprises the following Directors:

| <b>Name of the Director</b> | <b>Status in Committee</b> | <b>Nature of Directorship</b> |
|-----------------------------|----------------------------|-------------------------------|
| Narendra Vegad              | Chairman                   | Independent Director          |
| Ashokkumar Pandya           | Member                     | Independent Director          |
| Kaushik Dave                | Member                     | Managing Director             |

The Company Secretary of our Company shall act as a Secretary to the Stakeholder's Relationship Committee.

The scope and function of the Stakeholder's Relationship Committee and its terms of reference shall include the following:

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 formed Nomination and Remuneration Committee Resolution vide Board of Directors resolution dated August 11, 2016. The scope and functions of the Committee complies with requirements of section 178 of the Companies Act, 2013. The Nomination and Remuneration Committee comprises of following Chairman and the members:

| <b>Name of the Director</b> | <b>Status in Committee</b> | <b>Nature of Directorship</b> |
|-----------------------------|----------------------------|-------------------------------|
| Ashokkumar Pandya           | Chairman                   | Independent Director          |
| Hemant Maru                 | Member                     | Independent Director          |
| Narendra Vegad              | Member                     | Independent Director          |

The Company Secretary of our Company shall act as a Secretary to the Nomination and Remuneration Committee.

#### **The terms of reference of the Nomination and Compensation Committee are:**

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees
2. Formulation of criteria for evaluation of Independent Directors and the Board;
3. Devising a policy on Board diversity;
4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board of Directors their appointment and removal and shall carry out evaluation of every director's performance;
5. 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;
6. To ensure that the relationship of remuneration to perform is clear and meets appropriate performance benchmarks.
7. 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;
8. 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.

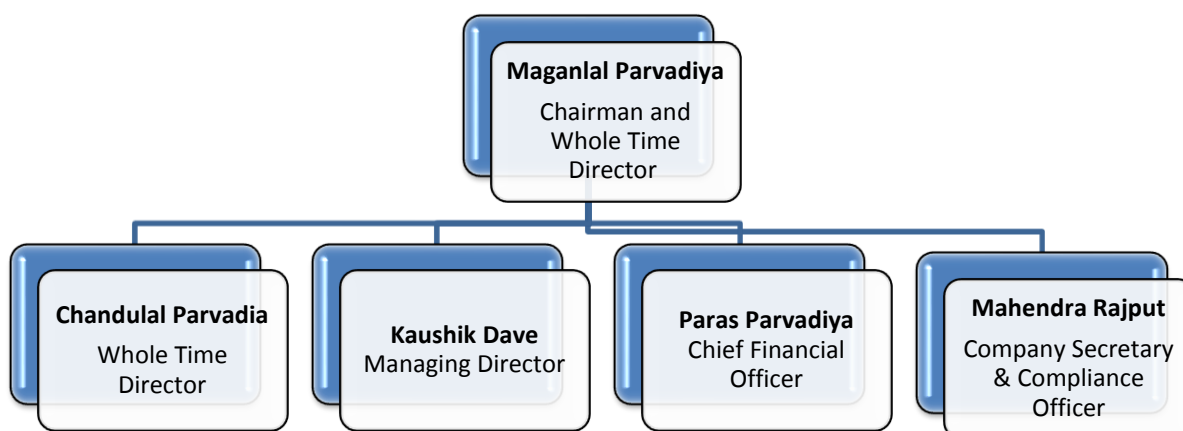
### **Policy on Disclosures and Internal Procedure for Prevention of Insider Trading**

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.

### **Our Organizational Chart**

The following chart depicts our Management Organization Structure:



### **Our 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:

#### **Kaushik Dave, Managing Director**

Kaushik Dave, aged 64 years, is the Managing Director of our Company. He has been on the board of our Company since November 27, 2017. He was an Assistant General Manager for 5 years at State Bank of India at the time of retirement prior to which he has worked as an employee for 40 years in State Bank of India. He holds Bachelor of Commerce degree from Saurashtra University. He looks after the administration of the company.

#### **Paras Parvadiya, Chief Financial Officer**

Paras Parvadiya age 30 years is Chief Financial Officer of our Company. He is associated with the company from November 2012 and designated as Chief Financial Officer from August 01, 2016. He has completed Master of Business Administration from Gujarat Technological University. He looks after the financial matters of our Company.



### **Mahendra Rajput, Company Secretary and Compliance Officer.**

Mahendra Rajput, aged 30 years is the Company Secretary and Compliance Officer of our Company with effect from November 28, 2017. He is a Company Secretary by qualification and is an associate member of The Institute of Company Secretaries of India. He looks after the Legal and Compliance Department of the Company.

### **RELATIONSHIPS OF DIRECTORS/ AND PROMOTERS WITH KEY MANAGERIAL PERSONNEL**

Except as stated below; none of the Directors /and promoters of the Company are related with Key Managerial Personnel to each other as per section 2(77) of the Companies Act, 2013.

| <b>Director</b>    | <b>KMP</b>         | <b>Relation</b> |
|--------------------|--------------------|-----------------|
| Maganlal Parvadiya | Paras Parvadiya    | Father-Son      |
| Chandulal Parvadia | Maganlal Parvadiya | Brothers        |

### **ARRANGEMENTS AND UNDERSTANDING WITH MAJOR SHAREHOLDERS**

None of our Key Managerial Personal has been appointed pursuant to any arrangement with our major shareholders, customers, suppliers or others.

### **SHAREHOLDING OF THE KEY MANAGERIAL PERSONNEL**

Except as stated below, none of other Key Managerial Personnel holds any Equity Shares of our Company as on the date of this Prospectus.

| <b>Sr. No.</b> | <b>Name of the KMP</b> | <b>No. of Equity Shares</b> | <b>% of Pre offer Equity Share Capital</b> | <b>% Of Post Offer Equity Share Capital</b> |
|----------------|------------------------|-----------------------------|--------------------------------------------|---------------------------------------------|
| 1.             | Paras Parvadiya        | 8,85,620                    | 5.29%                                      | 5.29s%                                      |
| 2.             | Kaushik Dave           | 1,30,500                    | 4.78%                                      | 4.78%                                       |

### **REMUNERATION/ COMPENSATION TO KEY MANAGERIAL PERSONNEL**

Except as disclosed below, none of our Key Managerial Personnel is paid any remuneration as on the date of this Prospectus.

| <b>Name of the Key Managerial Personnel</b> | <b>Remuneration paid during FY 2016-17 (Rupees in Lakhs)</b> |
|---------------------------------------------|--------------------------------------------------------------|
| Kaushik Dave                                | Nil                                                          |
| Paras Parvadiya                             | Nil                                                          |
| Mahendra Rajput                             | Nil                                                          |

### **BONUS OR PROFIT SHARING PLAN OF THE KEY MANAGERIAL PERSONNEL**

Our Company has not entered into any Bonus or Profit Sharing Plan with any of the Key Managerial Personnel.

### **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

Except as disclosed in the document our Company has not given any loans and advances to the Key Managerial Personnel as on the date of this Prospectus.

## INTEREST OF KEY MANAGERIAL PERSONNEL

The Key Managerial Personnel of our Company 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 169, 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 IN THE LAST THREE YEARS

The changes in the Key Managerial Personnel in the last three years are as follows:

| Name of Managerial Personnel | Date of Event     | Nature of Appointment | Reason                                                                |
|------------------------------|-------------------|-----------------------|-----------------------------------------------------------------------|
| Bhardwaj Dave                | August 06, 2015   | Appointment           | Appointed as General Manager                                          |
| Kaushik Dave                 | June 13, 2016     | Change in Designation | Designated as Managing Director                                       |
| Paras Parvadiya              | August 01, 2016   | Appointment           | Appointed as Chief Financial Officer                                  |
| Dhaval Mirani                | August 01, 2016   | Appointment           | Appointed as Company Secretary and Compliance Officer                 |
| Bhardwaj Dave                | December 01, 2016 | Resignation           | Resignation from the post of General Manager                          |
| Kaushik Dave                 | December 17, 2016 | Cessation             | Resignation from the post of Managing Director                        |
| Dhaval Mirani                | February 01, 2017 | Cessation             | Resignation from the post of Company Secretary and Compliance Officer |
| Kaushik Dave                 | November 27, 2017 | Appointment           | Appointed as Managing Director                                        |
| Mahendra Rajput              | November 28, 2017 | Appointment           | Appointed as Company Secretary and Compliance Officer                 |

Other than the above changes, there have been no changes to the key managerial personnel of our Company that are not in the normal course of employment.



#### **ESOP/ESPS SCHEME TO EMPLOYEES**

Presently, 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 171 of this Prospectus, no amount or benefit has been paid or given within the three preceding years or is intended to be paid or given to any of our officers except the normal remuneration for services rendered as officers or employees.



## OUR PROMOTERS AND PROMOTER GROUP

### OUR PROMOTERS

The Promoters of Our Company are Maganlal Parvadiya and Chandulal Parvadia. Our Promoters collectively hold in aggregate 92,30,660 Equity Shares representing 55.11% of the pre – Offer Paid up share capital of our Company and will continue to hold a majority of post –Offer paid up share capital of our Company

The details of our Promoters are as under:

#### **Maganlal Parvadiya**



Maganlal Parvadiya, aged 56 years, is the Chairman and Whole Time Director of our Company. He has been the director of our Company since Incorporation. He has Experience of more than 20 years in the Textile Industry He is looks after the overall management of the Company.

**Passport :** G0575509

**Driving Licence:** GJ0319900003330

**Voters ID:** ZEF1476266

**Address:** Krushna Kunj, Krushna Nagar Main Road, B H Bus Stand, Gondal, Rajkot- 360311

**Firms and Ventures promoted by Maganlal Parvadiya:** Tulip Cotspin Private Limited, Maganlal Parvadiya HUF and Gujarat Ginning & Oil Industries

For further details relating to Maganlal Parvadiya, including terms of appointment as Whole Time Director, other directorships, please refer to the chapters titled “*Our Management*” beginning on page148 of this Prospectus.





### **Chandulal Parvadia**



Chandulal Parvadia, aged 49 years, is the Promoter and Whole Time Director of our Company. He has been director the our Company since Incorporation. He has Experience of about 2 decades in the Textile Industry. He looks after the overall operations of the Company

**Passport :** K7593926

**Driving Licence :** GJ1419960403990

**Voters ID:** GJ/07/043/042303

**Address:** Krushna Kunj, Krushna Nagar Main Road, B H Bus Stand, Gondal, Rajkot- 360311

**Firms and Ventures promoted by Maganlal Parvadiya:** Tulip Cotspin Private Limited, Chandulal Parvadia HUF and Gujarat Ginning & Oil Industries

For further details relating to Chandulal Parvadia, including terms of appointment as Whole Time Director, other directorships, please refer to the chapters titled “*Our Management*” beginning on page148 of this Prospectus.

## **DECLARATION**

Our Company confirms that the permanent account number, bank account number and passport number of our Promoters shall be submitted to the Stock Exchange at the time of filing of this 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 68 of this Prospectus

Our Promoters may also be deemed to be interested in our Company to the extent of their shareholding/ interest in ventures promoted by them with which our Company transacts during the course of its operations..

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 148, 171 and 68 respectively of this 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 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 further details please refer to the chapter titled “*Our Business*” beginning on page 114 of this Prospectus.

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 169 of this Prospectus.

Except as stated in this section and “*Related Party Transactions*” and “*Our Management*” on page 169 and 148 respectively, there has been no payment of benefits to our Promoters or Promoter Group during the two years preceding the filing of the Prospectus nor is there any intention to pay or give any benefit to our Promoters or Promoter Group.

#### **COMMON PURSUITS**

Tulip Cotspin Private Limited is authorised under its constitutional documents to engage in a similar line of business as we do. Although, as on date, our Company does not have any transactions with tulip Cotspin Private Limited, there can be no assurance that it will not in future engage in any competing business activity or acquire interests in competing ventures. As a result, conflicts of interests may arise in allocating business opportunities amongst our Company, and in circumstances where our respective interests diverge. In cases of conflict, our Promoter may favour itself or other ventures in which our Promoters have interests. Except as disclosed in this Prospectus, our promoters do not have any interest in any venture that is involved in any activities similar to those conducted by our Company.

#### **PAYMENT OR BENEFIT TO PROMOTERS OF OUR COMPANY**

Except as stated otherwise in the chapters “*Related Party Transactions*” on page 169 of the Prospectus, there has been no payment or benefits to the Promoters during the two years prior to the filing of this Prospectus

#### **LITIGATION INVOLVING OUR PROMOTER**

For details of legal and regulatory proceedings involving our Promoters, see “*Outstanding Litigation and Material Developments*” on page 187 of this Prospectus.

#### **OTHER VENTURES OF OUR PROMOTERS**

Save and except as disclosed in the section titled “*Our Promoter and Promoter Group*” beginning on page 163 of this Prospectus, there are no ventures promoted by our Promoters in which they have any business interests / other interests.

#### **RELATED PARTY TRANSACTIONS**

For the transactions with our Promoters, Promoter Group and Group Companies, please refer to section titled “*Related Party Transactions*” on page 169 of this Prospectus.

Except as stated in “*Related Party Transactions*” beginning on page 169 of this Prospectus, and as stated therein, our Promoters or any of the Promoter Group Entities do not have any other interest in our business.

#### **CONFIRMATIONS**

Our Company, our individual Promoter and his relatives (as defined under the Companies Act, 2013) are not wilful Defaulters and there are no violations of securities laws committed by our Promoter in the past and no proceedings for violation of securities laws are pending against them.

Our Promoters are not interested as a member of a firm or company, and no sum has been paid or agreed to be paid to our Promoters or to such firm or company in cash or otherwise by any person



for services rendered by our Promoters or by such firm or company in connection with the promotion or formation of our Company.

Our Promoters and members of the Promoter Group have not been prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.

Our Promoters are not and have never been a promoter, director or person in control of any other company which is prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.

Except as disclosed in “*Related Party Transactions*” on page 169, our Promoters are not related to any of the sundry debtors or are not beneficiaries of Loans and Advances given by/to our Company

#### **DISASSOCIATION BY THE PROMOTER IN THE LAST THREE YEAR**

Our Promoters have not disassociated themselves from any entities/firms during preceding three years.

#### **OUR PROMOTER GROUP**

Our Promoter Group in terms of Regulation 2(1) (zb) of the SEBI (ICDR) Regulations is as under:

##### **A. Individuals related to our Promoters:**

| <b>Relationship with Promoters</b> | <b>Maganlal Parvadiya</b>                                        | <b>Chandulal Parvadia</b>                                                             |
|------------------------------------|------------------------------------------------------------------|---------------------------------------------------------------------------------------|
| Father                             | Late Shambu Parvadiya                                            | Late Shambhu Parvadia                                                                 |
| Mother                             | Vajiben Parvadia                                                 | Vajiben Parvadia                                                                      |
| Brother                            | Chandulal Parvadia                                               | Maganlal Parvadiya                                                                    |
| Sister                             | Lilaben Kotadiya                                                 | Lilaben Kotadiya                                                                      |
| Spouse                             | Nirmalaben Parvadiya                                             | Hansaben Parvadia                                                                     |
| Son                                | Ketan Parvadia<br>Paras Parvadiya<br>Yogesh Parvadiya            | Divyesh Parvadiya                                                                     |
| Daughter                           | --                                                               | Rinkal Parvadiya                                                                      |
| Spouse's Father                    | Late Ranchchod                                                   | Shambhu Narodiya                                                                      |
| Spouse's Mother                    | Hem Matariya                                                     | Ambaben Narodiya                                                                      |
| Spouse's Brother                   | Kalubhai Matariya<br>Ghanshyambhai Matariya<br>Mukabhai Matariya | Kantibhai Narodiya<br>Anilbhai Narodiya<br>Chandubhai Narodiya<br>Dineshbhai Narodiya |
| Spouse's Sister                    | Sangita Parvadiya                                                | Shardaben Gol<br>Champaben Bud                                                        |

##### **B. Companies, firms, proprietorships and HUFs which form part of our Promoter Group are as follows:**

- Gujarat Ginning & Oil Industries
- Paras Cotton
- Tulip Cotspin Private Limited
- Shree Patel Brokers
- Maganlal Parvadiya HUF



- Chandulal Parvadia HUF
- Ketanbhai Parvadiya HUF
- Parasbhai Parvadiya HUF

**C. Other persons included in promoter group**

Kamleshbhai Bokarwadiya, Sandhyadevi Dave, Kaushik Dave, Nidhiben Parvadiya and Bindiya Parvadiya are not relatives within the meaning of Regulation 2(1) (zb) of ICDR Regulations but are considered for the purposes of shareholding of the Promoter Group under Regulation 2(1) (zb)(v) of ICDR Regulations.

**RELATIONSHIP OF PROMOTERS WITH OUR DIRECTORS**

Our Promoters are the part of our Board of Directors as Chairman and Whole Time Director and Director. Except as disclosed herein, none of our Promoter(s) are related to any of our Company's Directors within the meaning of Section 2 (77) of the Companies Act, 2013.

| <b>Name of Promoter</b> | <b>Relationship with</b> | <b>Chandulal Parvadia</b> |
|-------------------------|--------------------------|---------------------------|
| Maganlal Parvadiya      | Chandulal Parvadia       | Brothers                  |

**CHANGES IN THE MANAGEMENT AND CONTROL OF OUR COMPANY**

Maganlal Parvadiya and Chandulal Parvadia are the original promoters of our Company. They joined the Company by subscribing to the Memorandum of Association of the company. There has been no change in the management or control of our Company since then.

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## **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, being AS 18 (as mentioned in our Restated Consolidated Summary Statements for fiscal year 2017) and other companies as per the policy adopted by our Board in its meeting held on dated November 28, 2017. Based on the above, there are no Group Companies of our Company.



## **RELATED PARTY TRANSACTIONS**

For details on Related Party Transactions of our Company, please refer to *Annexure XXXI* of restated financial statement under the section titled, *Financial Statements as restated* beginning on page 171 of this 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, 2017.

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**

| <b>Particulars</b>            | <b>Page No.</b> |
|-------------------------------|-----------------|
| Restated Financial Statements | F1 to F48       |

## FINANCIAL STATEMENTS AS RE-STATED

### Report of the Independent Auditor on the Restated Summary Financial Statements

To,  
The Board of Directors,  
**GUJARAT HY-SPIN LIMITED**  
Rajkot

Dear Sirs,

1. We have examined the attached financial information of Gujarat Hy-Spin Limited (“the Company”), as approved by the Board of Directors of the Company as on 30<sup>th</sup> November, 2017, prepared by the management of the Company in terms of the requirements of Section 26 of the Companies Act, 2013 read with The Companies (Prospectus and Allotment of Securities) Rules, 2014, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time (the ‘SEBI Regulations’), the ‘Guidance Note on ‘Reports in Company’s Prospectus (Revised)’ issued by the Institute of Chartered Accountants of India (‘ICAI’) to the extent applicable (‘Guidance Note’) and in terms of our engagement agreed upon with you in accordance with our engagement letter dated 15<sup>th</sup> November, 2017 in connection with the proposed Initial Public Offer (“IPO”) of Equity Shares of the Company.
2. This Restated Summary Financial Information has been extracted by the Management from the financial statements for stub period ended 30 September 2017 & financial years ended 31 March 2017, 31 March 2016, 31 March 2015, 31 March 2014, and 31 March 2013. The audit for the Company’s financial statements for stub period ended 30 September 2017 & financial years ended on 31 March 2017, 31 March, 2016, 31 March 2015 and 31 March 2014 was conducted by M/s Pabari Associates Chartered Accountants and audit for the Company’s financial statements for the year ended on 31 March, 2013 was conducted by M/s M/s. H. B. Dhamelia & Co. Chartered Accountants and accordingly reliance has been placed on the financial statements audited by them. The financial report included for these years i.e., for stub period ended 30 September 2017 & year ended on 31 March 2017, 31 March 2016, 31 March 2015, 31 March 2014, and 31 March 2013 are based solely on the report submitted by them. We have carried out re-audit of the financial statements for stub period ended 30 September 2017 & year ended 31 March, 2017 as required by SEBI regulations.
3. In accordance with the requirements of Section 26 of the Companies Act, 2013 read with The Companies (Prospectus and Allotment of Securities) Rules, 2014, the SEBI Regulations, and the Guidance Note, as amended from time to time, and in terms of our engagement agreed with you, we further report that-
  - a. The Restated Summary Statement of Assets and Liabilities of the Company for stub period ended 30 September 2017 & as at financial years ended 31 March 2017, 31 March 2016, 31 March 2015, 31 March 2014, and 31 March 2013 examined by us, as set out in **Annexure I** to this report read with the significant accounting policies

in **Annexure IV**, are after making such adjustments and regrouping as in our opinion were appropriate and more fully described in the Notes to the Restated Summary Financial Information enclosed as **Annexure V** to this report. For stub period ended 30 September 2017 & the financial years ended 31 March 2017, 31 March 2016, 31 March 2015 and 31 March 2014 reliance has been placed on the financial statements audited by M/s Pabari Associates Chartered Accountants and the financial year ended 31 March 2013 reliance has been placed on the financial statements audited by M/s. H. B. Dhamelia & Co. Chartered Accountants. As a result of these adjustments, the amounts reported in the above mentioned statements are not necessarily the same as those appearing in the financial statements of the Company for the relevant financial years;

- b. The Restated Summary Statement of Profit and Loss of the Company for stub period ended 30 September 2017 & as at financial years ended 31 March 2017, 31 March 2016, 31 March 2015, 31 March 2014, and 31 March 2013 as set out in **Annexure II** to this report read with the significant accounting policies in **Annexure IV**, are after making such adjustments and regrouping as in our opinion were appropriate and more fully described in the Notes to the Restated Summary Financial Information enclosed as **Annexure V** to this report. For stub period ended 30 September 2017 & the financial years ended 31 March 2017, 31 March 2016, 31 March 2015 and 31 March 2014 reliance has been placed on the financial statements audited by M/s Pabari Associates Chartered Accountants and the financial year ended 31 March 2013 reliance has been placed on the financial statements audited by M/s. H. B. Dhamelia & Co. Chartered Accountants. As a result of these adjustments, the amounts reported in the above mentioned statements are not necessarily the same as those appearing in the financial statements of the Company, for the relevant financial years; and
  - c. The Restated Summary Statement of Cash Flows of the Company for stub period ended 30 September 2017 & as at financial years ended 31 March 2017, 31 March 2016, 31 March 2015, 31 March 2014, and 31 March 2013 as set out in **Annexure III** to this report read with the significant accounting policies in **Annexure IV**, are after making such adjustments and regrouping as in our opinion were appropriate and more fully described in the Notes to the Restated Summary Standalone Financial Information enclosed as **Annexure V** to this report. For stub period ended 30 September 2017 & the financial years ended 31 March 2017, 31 March 2016, 31 March 2015 and 31 March 2014 reliance has been placed on the financial statements audited by M/s Pabari Associates Chartered Accountants. Audited financial statement for the year 2012-13 does not contain cash flow statement and hence reliance has been placed on the cash flow statement prepared by the management. As a result of these adjustments, the amounts reported in the above mentioned statements are not necessarily the same as those appearing in the financial statements of the Company, for the relevant financial years.
4. Based on the above, and based on the reliance placed on the financial statements audited by M/s Pabari Associates, Chartered Accountants for stub period ended 30 September 2017 & as at financial years ended 31 March 2017, 31 March 2016, 31 March 2015, 31 March 2014 and based on the reliance placed on the financial statements audited by M/s. H. B. Dhamelia & Co. Chartered Accountants for financial year ended on 31 March 2013, we are of the opinion that the Restated Summary Financial Information
- a) has been made after incorporating adjustments for prior period and other material amounts in the respective financial years to which they relate;

- b) do not contain any qualifications or emphasis of matter requiring adjustments
  - c) do not contain any extra-ordinary items that need to be disclosed separately in the Restated Financial Information
5. We have also examined the following Restated Summary Financial Information as set out in the Annexure prepared by the management of the Company and approved by the Board of Directors as on 30<sup>th</sup> November, 2017, relating to the Company for stub period ended 30 September 2017 & as at financial years ended 31 March 2017, 31 March 2016, 31 March 2015, 31 March 2014, and 31 March 2013. This information has been included based upon the reports submitted by Statutory Auditor, and relied upon by us.
- a) **Annexure VI** containing the statement of Shares Capital, As Restated
  - b) **Annexure VII** containing Statement of Reserve & Surplus, As Restated
  - c) **Annexure VIII** containing Statement of Long Term Borrowing, As Restated
  - d) **Annexure IX** containing Statement Deferred Tax Liabilities/(Assets), As Restated
  - e) **Annexure X** containing Statement of Long Term Provisions, As Restated, As Restated
  - f) **Annexure XI** containing Statement of Short Term Borrowings, As Restated
  - g) **Annexure XII** containing Statement of Trade Payables, As Restated
  - h) **Annexure XIII** containing Statement of Current Liabilities, As Restated
  - i) **Annexure XIV** containing Statement of Short Term Provision, As Restated
  - j) **Annexure XV** containing Statement of Fixed Assets, As Restated
  - k) **Annexure XVI** containing Statement of Non Current Investment, As Restated
  - l) **Annexure XVII** containing Statement of Long Term Loans and Advances, As Restated
  - m) **Annexure XVIII** containing Statement of Other Non Current Assets, As Restated
  - n) **Annexure XIX** containing Statement of Inventories, As Restated
  - o) **Annexure XX** containing Statement of Trade Receivable
  - p) **Annexure XXI** containing Statement of Cash and Bank
  - q) **Annexure XXII** containing Statement of Short Term Loans and Advances, As Restated
  - r) **Annexure XXIII** containing Statement of Revenue from Operations, As Restated
  - s) **Annexure XXIV** containing Statement of Other Income, As Restated
  - t) **Annexure XXV** containing Statement of Purchases of Traded Goods, As Restated
  - u) **Annexure XXVI** containing Statement of Cost of Raw Material Consumed, As Restated
  - v) **Annexure XXVII** containing Statement of (Increase)/Decrease in inventories of finished goods, work in progress and traded goods, As Restated
  - w) **Annexure XXVIII** containing Statement of Employee Benefit Expenses, As Restated
  - x) **Annexure XXIX** containing Statement of Finance Cost, As Restated
  - y) **Annexure XXX** containing Statement of Other Expenses, As Restated
  - z) **Annexure XXXI** containing Statement of Related Party Transactions, As Restated

- bb) **Annexure XXXII** containing Statement of Capitalisation Statement, As Restated
- cc) **Annexure XXXIII** containing Statement of Tax Shelters, As Restated
- dd) **Annexure XXXIV** containing Statement of Accounting Ratio, As Restated
6. This report should not in any way be construed as a reissuance or redrafting of the previous audit reports nor should this be construed as a new opinion on any of the financial statements referred to herein.
7. We have no responsibility to update our report for events and circumstances occurring after the date of the report.
8. In our opinion, the above Restated Summary Financial Information contained in **Annexure VI** to **XXXIV** of this report read along with the Significant Accounting Policies and Notes to the Restated Summary Financial Information are prepared after making adjustments and regrouping as considered appropriate and have been prepared in accordance with Section 26 of the Companies Act, 2013 read with the Companies (Prospectus and Allotment of Securities) Rules, 2014, to the extent applicable, SEBI Regulations and the Guidance note, as amended from time to time, and in terms of our engagement as agreed with you.
9. Our report is intended solely for use of the management and for inclusion in the offer document in connection with the proposed issue of Equity Shares of the Company by way of offer for sale. Our report should not be used, referred to or distributed for any other purpose except with our consent in writing.

**For Maharishi & Co.**  
Chartered Accountants  
ICAI Firm Registration No.124872W

**Kapil Sanghvi**  
Partner  
Membership No. 141168

Place: Rajkot  
Date: November 30, 2017

## Annexure I - Summary statement of assets and liabilities, as restated

(Rs. in lacs)

|                                                     | Particulars | For period/year ended on  |                    |                       |                    |                    |                       |
|-----------------------------------------------------|-------------|---------------------------|--------------------|-----------------------|--------------------|--------------------|-----------------------|
|                                                     |             | 30th<br>September<br>2017 | 31st March<br>2017 | 31st<br>March<br>2016 | 31st March<br>2015 | 31st March<br>2014 | 31st<br>March<br>2013 |
|                                                     |             | (Audited)                 | (Audited)          | (Audited)             | (Audited)          | (Audited)          | (Audited)             |
| <b>1) Equity &amp; Liabilities</b>                  |             |                           |                    |                       |                    |                    |                       |
| <b>Shareholders' Funds</b>                          |             |                           |                    |                       |                    |                    |                       |
| (a) Share Capital                                   |             | 1,675.00                  | 1,675.00           | 1,675.00              | 1,675.00           | 1,590.00           | 250.00                |
| (b) Reserves & surplus                              |             | 187.54                    | 129.71             | 62.01                 | -53.07             | -18.87             | -4.32                 |
| <b>Sub Total.....(1)</b>                            |             | <b>1,862.54</b>           | <b>1,804.71</b>    | <b>1,737.01</b>       | <b>1,621.93</b>    | <b>1,571.13</b>    | <b>245.68</b>         |
| <b>2) Share Application Money Pending Allotment</b> |             |                           |                    | -                     | -                  | -                  | <b>150.00</b>         |
| <b>3) Non Current Liabilities</b>                   |             |                           |                    |                       |                    |                    |                       |
| (a) Long term Borrowings                            |             | 1,555.00                  | 1,798.00           | 2,301.50              | 2,623.00           | 3,067.00           | -                     |
| (b) Trade Payables                                  |             |                           |                    |                       |                    |                    |                       |
| (c) Deferred Tax Liabilities (Net)                  |             | 67.58                     | 58.39              | 27.62                 | -                  | -                  | -                     |
| (d) Other Long term Liabilities                     |             |                           |                    |                       |                    |                    |                       |
| (e) Long term Provisions                            |             | 4.55                      | 5.07               | 3.77                  | 2.15               | 0.71               | -                     |
| <b>Sub Total.....(3)</b>                            |             | <b>1,627.13</b>           | <b>1,861.46</b>    | <b>2,332.89</b>       | <b>2,625.15</b>    | <b>3,067.71</b>    | <b>-</b>              |
| <b>4) Current Liabilities</b>                       |             |                           |                    |                       |                    |                    |                       |
| (a) Short Term Borrowing                            |             | 1,300.90                  | 1,348.60           | 1,291.09              | 809.96             | 938.94             | 39.93                 |
| (b) Trade Payables                                  |             | 587.08                    | 127.80             | 171.16                | 25.50              | 98.42              | 69.39                 |
| (c) Other Current Liabilities                       |             | 1,026.42                  | 787.98             | 627.09                | 577.13             | 374.24             | 0.56                  |
| (d) Short term provisions                           |             | 15.35                     | 4.19               | 2.70                  | 0.04               | 9.29               | 0.07                  |
| <b>Sub Total.....(4)</b>                            |             | <b>2,929.76</b>           | <b>2,268.57</b>    | <b>2,092.04</b>       | <b>1,412.63</b>    | <b>1,420.89</b>    | <b>109.94</b>         |
| <b>TOTAL LIABILITIES.....(1+2+3+4)</b>              |             | <b>6,419.43</b>           | <b>5,934.73</b>    | <b>6,161.95</b>       | <b>5,659.71</b>    | <b>6,059.73</b>    | <b>505.62</b>         |
|                                                     |             |                           |                    |                       |                    |                    |                       |
| <b>ASSETS</b>                                       |             |                           |                    |                       |                    |                    |                       |
| <b>5) Non Current Assets</b>                        |             |                           |                    |                       |                    |                    |                       |
| (a) Fixed Assets                                    |             |                           |                    |                       |                    |                    |                       |
| i. Tangible Assets                                  |             | 2,545.20                  | 2,765.35           | 3,300.69              | 3,754.75           | 4,425.98           | 0.58                  |
| ii. Intangible Assets                               |             |                           |                    |                       |                    |                    |                       |
| iii. Capital Work in Progress                       |             | -                         | -                  | -                     | -                  | -                  | 297.98                |

|           |                              |                 |                 |                 |                 |                 |               |
|-----------|------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|---------------|
|           | (b) Non Current Investments  | 0.14            | 0.14            | 0.14            | 0.14            | 0.10            | 0.10          |
|           | (c) Deferred Tax Assets      |                 |                 |                 | 23.85           | 8.57            | 2.15          |
|           | (d) Loans and Advances       | 0.00            | 6.23            | 5.28            | 13.50           | 6.39            | 173.05        |
|           | (e) Trade Receivables        |                 |                 |                 |                 |                 |               |
|           | (f) Other Non Current Assets | 204.25          | 197.28          | 191.86          | 164.24          | 52.91           | 0.00          |
|           | <b>Sub Total.....( 5)</b>    | <b>2,749.59</b> | <b>2,969.00</b> | <b>3,497.98</b> | <b>3,956.48</b> | <b>4,493.94</b> | <b>473.85</b> |
| <b>6)</b> | <b>Current Assets</b>        |                 |                 |                 |                 |                 |               |
|           | (a ) Current Investment      |                 |                 |                 |                 |                 |               |
|           | (b) Inventories              | 1637.08         | 1421.57         | 1005.39         | 735.82          | 1080.26         | 0.00          |
|           | (c) Trade Receivables        | 1546.53         | 1154.22         | 1337.89         | 778.09          | 156.87          | 0.00          |
|           | (d) Cash and bank balances   | 8.19            | 10.58           | 21.02           | 6.35            | 18.03           | 16.24         |
|           | (e) Loans and Advances       | 478.04          | 379.38          | 299.67          | 182.97          | 310.64          | 15.53         |
|           | (f) Other Current Assets     | 0.00            | 0.00            | 0.00            | 0.00            | 0.00            | 0.00          |
|           | <b>Sub Total.....( 6)</b>    | <b>3669.84</b>  | <b>2965.74</b>  | <b>2663.97</b>  | <b>1703.23</b>  | <b>1565.79</b>  | <b>31.77</b>  |
|           | <b>TOTAL ASSETS..(5+6)</b>   | <b>6419.43</b>  | <b>5934.73</b>  | <b>6161.95</b>  | <b>5659.71</b>  | <b>6059.73</b>  | <b>505.62</b> |

Note:- The above Statement Should be read with notes on adjustment to Financial Statement, material regroupings, significant accounting policies and note **IV To V** appearing herewith.



**GUJARAT HY - SPIN LIMITED**
**Annexure II - Summary Statement of Profits and Loss, as restated**
**(Rs. in lacs)**

| Particulars                                                                                                                       | For the period/year ended on |                       |                       |                       |                       |                       |
|-----------------------------------------------------------------------------------------------------------------------------------|------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                                                                                                                   | 30th<br>September<br>2017    | 31st<br>March<br>2017 | 31st<br>March<br>2016 | 31st<br>March<br>2015 | 31st<br>March<br>2014 | 31st<br>March<br>2013 |
| <b>Income</b>                                                                                                                     | <b>(Audited)</b>             | <b>(Audited)</b>      | <b>(Audited)</b>      | <b>(Audited)</b>      | <b>(Audited)</b>      | <b>(Audited)</b>      |
| Revenue from operations                                                                                                           | 2,632.33                     | 5,189.30              | 5,174.99              | 5,205.23              | 1,239.30              | 189.05                |
| Other Income                                                                                                                      | 7.00                         | 15.31                 | 14.42                 | 6.96                  | 2.95                  | -                     |
| <b>Total Revenue</b>                                                                                                              | <b>2,639.33</b>              | <b>5,204.61</b>       | <b>5,189.41</b>       | <b>5,212.19</b>       | <b>1,242.25</b>       | <b>189.05</b>         |
| <b>Expenses</b>                                                                                                                   |                              |                       |                       |                       |                       |                       |
| Cost of Raw Material Consumed                                                                                                     | 2,087.07                     | 3,471.16              | 3,464.41              | 3,415.62              | 1,161.67              | -                     |
| Purchase of traded goods                                                                                                          | -                            | -                     | -                     | -                     | -                     | 83.97                 |
| (Increase)/decrease in inventories of finished goods, work-in-progress and traded goods                                           | (239.94)                     | 14.28                 | (170.24)              | 44.76                 | (556.84)              | 85.28                 |
| Employee benefits expense                                                                                                         | 42.37                        | 100.93                | 95.10                 | 110.35                | 27.16                 | 1.31                  |
| Depreciation and amortisation                                                                                                     | 222.59                       | 537.82                | 649.01                | 737.92                | 223.84                | 0.13                  |
| Finance Costs                                                                                                                     | 127.59                       | 315.40                | 260.88                | 230.58                | 168.50                | -                     |
| Other expenses                                                                                                                    | 374.88                       | 743.33                | 885.02                | 722.43                | 238.89                | 10.96                 |
| <b>Total Expenses</b>                                                                                                             | <b>2,614.55</b>              | <b>5,182.93</b>       | <b>5,184.17</b>       | <b>5,261.67</b>       | <b>1,263.22</b>       | <b>181.65</b>         |
| <b>Profit before tax, as restated</b>                                                                                             | <b>24.78</b>                 | <b>21.68</b>          | <b>5.24</b>           | <b>-49.48</b>         | <b>-20.97</b>         | <b>7.40</b>           |
| <b>Tax expense/(income)</b>                                                                                                       |                              |                       |                       |                       |                       |                       |
| Current tax                                                                                                                       | 16.71                        | -                     | -                     | 0.00                  | (0.00)                | 0.07                  |
| Deferred tax charge/(credit)                                                                                                      | (9.03)                       | 7.05                  | 1.62                  | (15.28)               | (6.42)                | (1.55)                |
| <b>Total tax expense</b>                                                                                                          | <b>7.68</b>                  | <b>7.05</b>           | <b>1.62</b>           | <b>-15.27</b>         | <b>-6.43</b>          | <b>-1.48</b>          |
| <b>Restated profit / (loss) for the period / year carried forward to summary statement of assets and liabilities, as restated</b> | <b>17.10</b>                 | <b>14.64</b>          | <b>3.62</b>           | <b>-34.21</b>         | <b>-14.54</b>         | <b>8.88</b>           |
| <b>Earning Per Share</b>                                                                                                          |                              |                       |                       |                       |                       |                       |
| Basic & Diluted                                                                                                                   | <b>0.10</b>                  | <b>0.09</b>           | <b>0.02</b>           | <b>-0.21</b>          | <b>-0.11</b>          | <b>0.91</b>           |
|                                                                                                                                   |                              |                       |                       |                       |                       |                       |

Note:- The above Statement Should be read with notes on adjustment to Financial Statement, material regroupings, significant accounting policies and note **IV To V** appearing herewith.

## Annexure III - Statement of Cash Flows, as restated for the period / year ended

(Rs. in lacs)

| Particulars                                                                     | For the period/year ended on |                       |                       |                       |                       |                       |
|---------------------------------------------------------------------------------|------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                                                                 | 30th<br>September<br>2017    | 31st<br>March<br>2017 | 31st<br>March<br>2016 | 31st<br>March<br>2015 | 31st<br>March<br>2014 | 31st<br>March<br>2013 |
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>                                   |                              |                       |                       |                       |                       |                       |
| Net profit before tax                                                           | 24.78                        | 21.68                 | 5.24                  | -49.48                | -20.97                | 7.40                  |
| <b>Adjustments to reconcile profit before tax to net cash flows</b>             |                              |                       |                       |                       |                       |                       |
| Depreciation and amortisation expense                                           | 222.59                       | 537.82                | 649.01                | 737.92                | 223.84                | 0.13                  |
| Finance Costs                                                                   | 127.59                       | 315.40                | 260.88                | 230.58                | 168.50                | -                     |
| <b>Operating profit before working capital changes (as restated)</b>            | <b>374.96</b>                | <b>874.90</b>         | <b>915.13</b>         | <b>919.02</b>         | <b>371.37</b>         | <b>7.53</b>           |
| <b>Movement in Working Capital</b>                                              |                              |                       |                       |                       |                       |                       |
| (Increase)/decrease in Inventories                                              | -215.51                      | -416.18               | -269.57               | 344.43                | -1,080.26             | 88.97                 |
| (Increase)/decrease in Trade Receivable                                         | -392.31                      | 183.68                | -559.80               | -621.22               | -156.87               | -                     |
| (Increase)/decrease in Short term loans and advances                            | -100.02                      | -66.50                | -112.56               | 138.67                | -295.11               | -13.82                |
| (Increase)/decrease Long Term Loan and Advances and Non Current Asset           | -6.87                        | -5.42                 | -27.62                | -110.23               | -52.91                | -1.20                 |
| Increase/(decrease) in trade payables                                           | 459.28                       | -43.36                | 145.66                | -72.92                | 29.03                 | -28.04                |
| Increase/(decrease) in Other Current Liabilities                                | 145.58                       | 117.96                | 30.12                 | 96.51                 | 2.55                  | -9.35                 |
| Increase/(decrease) in Long term and short term provisions                      | 1.46                         | 2.78                  | 4.29                  | -2.91                 | 5.10                  | 0.00                  |
| <b>Cash flow from operations</b>                                                | <b>266.56</b>                | <b>647.86</b>         | <b>125.63</b>         | <b>691.34</b>         | <b>-1,177.09</b>      | <b>44.10</b>          |
| Direct taxes paid (including fringe benefit taxes paid) (net of refunds)        | 0.03                         | 14.15                 | -2.70                 | -15.89                | -0.36                 | -0.09                 |
| <b>Net cash generated from operating</b>                                        | <b>266.60</b>                | <b>662.01</b>         | <b>122.93</b>         | <b>675.45</b>         | <b>-1,177.45</b>      | <b>44.01</b>          |
| <b>B. CASH FLOW USED IN</b>                                                     |                              |                       |                       |                       |                       |                       |
| Purchase of fixed assets, including intangible assets, capital work in progress | -2.44                        | -2.47                 | -186.74               | -74.91                | -4,179.41             | -412.32               |
| Purchase of Non Current Investment                                              |                              |                       | -                     | -0.04                 | -                     | -                     |
| <b>(B)</b>                                                                      | <b>-2.44</b>                 | <b>-2.47</b>          | <b>-186.74</b>        | <b>-74.95</b>         | <b>-4,179.41</b>      | <b>-412.32</b>        |
| <b>C. CASH FLOW FROM /(USED IN) FINANCING ACTIVITIES</b>                        |                              |                       |                       |                       |                       |                       |
| Proceeds From Share Capital                                                     | -                            | -                     | -                     | 85.00                 | 1,190.00              | 350.00                |
| Proceeds/ (Repayment) from Long Term Borrowings                                 | -150.13                      | -460.57               | -301.66               | -337.62               | 3,438.13              | -                     |
| Increase/(decrease) in Short Term Borrowings                                    | -47.71                       | 57.51                 | 481.13                | -128.98               | 899.01                | 28.13                 |
| Finance Costs                                                                   | -127.59                      | -315.40               | -260.88               | -230.58               | -168.50               | -                     |
| Proceeds From Capital Subsidy                                                   | 58.95                        | 76.78                 | 161.31                |                       |                       |                       |
| <b>Net cash generated from/(used in) financing activities (C)</b>               | <b>-266.48</b>               | <b>-641.68</b>        | <b>79.91</b>          | <b>-612.18</b>        | <b>5,358.65</b>       | <b>378.13</b>         |

|                                                                    |       |       |       |        |       |       |
|--------------------------------------------------------------------|-------|-------|-------|--------|-------|-------|
| Net increase/(decrease) in cash and cash equivalents ( A + B + C ) | -2.32 | 17.86 | 16.10 | -11.67 | 1.78  | 9.82  |
| Cash and cash equivalents at the beginning of the year             | 10.58 | 21.02 | 6.35  | 18.03  | 16.24 | 2.60  |
| Cash and cash equivalents at the end of the year                   | 8.19  | 10.58 | 21.02 | 6.35   | 18.03 | 16.24 |

| Components of Cash and Cash Equivalents | For the period/year ended on |                 |                 |                 |                 |                 |
|-----------------------------------------|------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|                                         | 30th September 2017          | 31st March 2017 | 31st March 2016 | 31st March 2015 | 31st March 2014 | 31st March 2013 |
| Cash and cheques on hand                | 5.97                         | 9.97            | 20.39           | 6.15            | 17.07           | 9.82            |
| Balance with scheduled banks :          | 2.22                         | 0.61            | 0.62            | 0.19            | 0.96            | 6.43            |
| Current & Deposit account               | -                            | -               | -               | -               | -               | -               |
|                                         | 8.19                         | 10.58           | 21.02           | 6.35            | 18.03           | 16.24           |

Note:- The above Statement Should be read with notes on adjustment to Financial Statement, material regroupings, significant accounting policies and note **IV** to **V** appearing herewith.

**Annexure IV - Significant Accounting Policies**

**Corporate Information**

Gujarat Hy-Spin Limited was incorporated in the year 2011. The Company is situated at Rajkot District. The Company is engaged in manufacturing of Cotton Yarn/ Other Yarns and dealing in the cotton and other related

**1 Basis of Preparation**

**a Accounting Concepts**

The "Summary Statement of the Assets and Liabilities as restated " of the Company as at 30 September, 2017 & 31 March 2017, 2016, 2015, 2014, and 2013 the "Summary of Profit & Loss, as restated" and "Statement of Cash Flow, as restated" for the period/year ended 30 September, 2017 & 31 March 2017, 2016, 2015, 2014, and 2013 (collectively referred to as "Restated Summary Statements) have been prepared specifically for the purpose of inclusion in the offer documents to be filed by the Company with Securities and Exchange Board of India ('SEBI') in connection with the proposed Offer for Sale (hereinafter referred to as 'OFS').

The Restated Summary Statement of the Company have been prepared to comply in all material respects with the requirements of Part I of Chapter III to the Companies Act, 2013 and Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 issued by SEBI, as amended from time to time.

Appropriate re-classifications/ adjustments have been made in the Restated Summary Statements wherever required, by re-classification of the corresponding items of income, expenses, assets and liabilities, in order to bring them in line with the presentation and recognition as per the audited financial statements of the Company and the requirements of the SEBI Regulations.

- b** The accounting policies that are adopted in preparation of financial statements are consistently applied by the Company. Where a change in accounting policy is necessitated due to changed circumstances, detailed disclosures to that effect along with the impact of such change is duly disclosed in the financial statements.
- c** The Company has considered its operating cycle as 12 months for the purpose of Current or Non-Current classification of Assets and Liabilities.
- d** The Restated financial statements are presented Indian Rupees. All Previous Year figures are regrouped/reclassified, wherever necessary to conform to the figures presented in the current year/period.

**2 Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumption that effect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the financial statements and the results of operations during the

- a** reporting period. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future result could differ from those estimates. The effects of change in accounting estimates are reflected in the financial statements in the period in which the results are known and if material, are disclosed in the financial statements.

**3 Inventories:**

Raw Materials and stores and spares are valued at lower of cost and net realizable value. However , materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials and stores and spares is determined on a First In First Out basis.

- b Work - in - progress is valued at estimated cost based on the stage of completion and finished goods are valued as lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Net realizable value is the estimated selling price in the ordinary course of the business.

- c Traded goods are valued at lower of cost and net realizable value. Cost include cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on First In First Out basis.

#### **4 Cash Flow Statement**

- a Cash Flows are presented using indirect method, whereby profit/(loss) before extra ordinary items and tax is adjusted for the effects of transactions of non -cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flow from operating, investing and financing activities of the company is segregated based on the available information.

- b Cash comprises of cash on hand and demand deposits with banks. Cash equivalents are short term balances, highly liquid investment with maturity of 3 months or less that are readily convertible into cash.

#### **5 Depreciation & Amortisation**

- a Depreciation on fixed assets other than those referred to in (b) up to 31st March, 2014 was provided at rates prescribed under Schedule XIV of the Companies Act, 1956 on written down value method. This has been changed to Written Down Value (WDV) based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013. Hence, with effect from 1st April, 2014 depreciation on fixed assets other than those referred in (b) is provided on pro-rata basis according useful life specified in schedule II of the Companies Act, 2013. Depreciation method, useful life and residual value are reviewed periodically.

- b Depreciation on the following assets are provided considering the useful life with supporting of technical opinion of Patcon Consultancy, Chartered Engineer as below:  
Spinning Plant and Machinery single shift - 32 years  
Spinning Plant and Machinery triple shift - 16 years

#### **6 Revenue Recognition:**

- a Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods.
- b Interest Income is recognised on a time proportion basis taking into account the amount outstanding and the interest
- c Revenue in respect of other income is recognised when no significant uncertainty as to its determination or realisation exists.

#### **7 Fixed Assets**

- a Tangible Fixed Assets are stated at cost less accumulated depreciation / amortisation and impairment loss, if any. The cost of Tangible Fixed Assets comprises its purchases price, borrowing cost and any cost directly attributable to the bringing the assets to its working condition for its intended use, net charges on foreign exchange contracts and adjustment arising from exchange rate variations attributable to the assets. Subsequent expenditures related to an item of Fixed Assts are added to its book value only if they increases the future benefits from the existing asset beyond its previously assessed standard of performance. Projects under which assets are not ready for their intended use are disclosed under Capital Work in Progress, comprising direct cost, related incidental expenses and attributable interest.

- b** All other expenses on fixed assets, including repair and maintenance expenditure and replacement expenditure of parts, are charged to Statement of Profit and Loss for the period during the which such expenses are incurred
- c** Gains or losses that arise on disposal or retirement of an asset are measured as the difference between net disposal proceeds and the carrying value of an asset and are recognised in the statement of profit and loss when the asset is derecognised
- d** Exchange Loss/Gain in case of Imported of Plant & Machinery are capitalized to respective assets account.

## **8 Foreign Currency Transactions**

### **a Initial Recognition**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting current and the foreign currency at the date of the transactions.

### **b Conversion**

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transactions. Non-monetary items, which are measured at fair value or others similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

### **c Exchange Differences**

All other exchange differences are recognized as income or as expenses in the period in which they arise.

## **9 Government Grants**

- a** Government grants are recognised where there is reasonable assurance that the enterprise will comply with the conditions attached to them and it is reasonable that the ultimate collection will be made.
- b** Government grants (net of deferred tax if any) in the nature of promoters contribution are credited to capital reserve and treated as a part the shareholder's funds.
- c** When the grant or subsidy relates to revenue, it is recognised as income or set off against the related cost, which they are intended to compensate.

## **10 Investment**

- a** 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 cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued. If an investment is acquired in exchange for another asset, the acquisition is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident.

- b** 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.

## **11 Employee Benefits**

- a Retirement benefit in the form of provident fund is a defined contribution scheme. The company has no obligation, other than the contribution payable to the provident fund. The company recognizes contributions payable to the provident fund scheme as an expenditure, when an employee renders the related services. If the contributions payable to the scheme for service received before the balance sheet date exceeds the contributions already paid. If the contributions already paid exceeds the contributions due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre payment will lead to, for example, a reduction in future payment or a cash refund.
- b The Company has defined benefit plans for its employees, viz., gratuity. The cost of providing benefits under this plans are determined on the basis of actuarial valuation at each year end. Actuarial valuation is carried out for the plan using the projected unit credit method. Actuarial gains and losses for defined benefit plans are recognised in full in the period in which they occurs in the statement of profit and loss.

## **12 Borrowing Costs**

- a Borrowing cost includes interest and ancillary costs incurred in connection with the arrangement of borrowings.
- b Borrowing costs directly attributable to the construction of an asset that necessarily take a substantial period of time to get ready for its intended use are capitalized as part of the cost of the respective asset. All of there borrowing costs are expensed in the period they are incurred.

## **13 Earning Per Share**

- a Basic earnings per share is calculated by dividing the net profit/ loss for the year attributable to equity shareholders by weighted average number of equity shares outstanding during the year.

## **14 Taxation**

Provision for tax comprises of current and deferred tax provision is made on the basis of relies and deductions available under relevant tax laws. Deferred tax resulting from "timing differences" between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognised and carried forward for timing differences of items other than unabsorbed depreciation and accumulated losses only to the extent that there is a reasonable certainty that the assets can be realised in future.

However, if there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognized only if there is virtual certainty that there will be sufficient future taxable income available to realise the assets. Deferred tax assets are reviewed as at each balance sheet date for their realisability.

## **15 Impairment of Assets**

- a An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

## **16 Provision, Contingent Liabilities and Contingent Assets**

- a Provision is recognised in the accounts when there is a present obligation as a result of past event(s) and it is probable that an outflow of resources will be required to settle the obligation and reliable estimate can be made. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates reviewed at each reporting date and adjusted to reflect the current best estimate
- b Contingent liabilities are disclosed unless the possibility of outflow of resources is remote. Contingent assets are not recognised in the financial statements.



**Annexure V - Notes to Related Summary Statements**

Summary of results of restated audited statement of company for the respective period / years on (loss)/profit of the company

(Rs. in lacs)

| Particulars                                                                | For the period/year ending |                       |                       |                       |                       |                       |                       |
|----------------------------------------------------------------------------|----------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                                                            | 30th<br>September<br>2017  | 31st<br>March<br>2017 | 31st<br>March<br>2016 | 31st<br>March<br>2015 | 31st<br>March<br>2014 | 31st<br>March<br>2013 | 31st<br>March<br>2012 |
| A. Net Profit / (Loss) after tax as per audited statement of profit & loss | 8.04                       | 4.72                  | 2.97                  | -84.37                | 21.97                 | 0.19                  |                       |
| B. Opening Balance of Surplus as audited financial statement               |                            |                       |                       |                       |                       |                       | 0.43                  |
| <b>C. Adjustments</b>                                                      |                            |                       |                       |                       |                       |                       |                       |
| Provision for Gratuity                                                     | -0.52                      | 1.32                  | 1.65                  | 1.47                  | 0.72                  | -                     | -                     |
| Change in Depreciation                                                     | -5.35                      | -13.40                | -5.45                 | -28.75                | 42.34                 |                       |                       |
| Change in value of inventories                                             |                            |                       |                       |                       |                       | -12.06                | 12.06                 |
| Interest on Income Tax                                                     | -                          | -                     | -                     | 0.54                  | -                     | -                     | -                     |
| Preliminary Expenses Written Off                                           | 0.00                       | 0.00                  | 0.00                  | 0.56                  | 7.99                  | 5.18                  | 2.30                  |
| Interest Income accrued on FD                                              | -6.66                      | 0.00                  | 0.00                  | 0.00                  | 0.00                  | 0.00                  |                       |
| preliminary expenses                                                       | -2.32                      | -4.63                 | -2.98                 | -2.98                 | -2.86                 | -0.23                 | -0.23                 |
| Income Tax                                                                 | 14.82                      | -0.25                 | -0.70                 | -0.54                 | -5.25                 | -0.03                 | 0.09                  |
| Deferred Tax                                                               | -9.03                      | 7.05                  | 6.81                  | -20.47                | -6.42                 | -1.55                 | -0.60                 |
| Total adjustments                                                          | -9.06                      | -9.92                 | -0.65                 | -50.16                | 36.51                 | -8.69                 | 13.63                 |
|                                                                            |                            |                       |                       |                       |                       |                       |                       |
| D. Net Profit / (Loss) after tax as restated (A+C)                         | 17.10                      | 14.64                 | 3.62                  | -34.20                | -14.55                | 8.88                  |                       |
| E. Opening Balance of Surplus as restated (B+C)                            |                            |                       |                       |                       |                       |                       | -13.20                |

**Notes****1. Provision for Gratuity**

Company has not recognised gratuity liability as per actuarial valuation as required by Accounting Standard 15 for the financial years 31 March 2014, 31 March 2015, 31 March 2016, 31 March 2017 & stub period 30 September 2017. Hence, company has obtained actuarial valuation from valuer and effect of the same is given in respective years.

**2. Change in Depreciation**

Company has provided depreciation on spinning plant on single shift basis for the financial years 31 March, 2014, 31 March 2015, 31 March 2016 31 March 2017 & stub period 30 September 2017. Hence, company with support of technical opinion recalculated depreciation on triple shift basis and effect of the same is given in respective years.

**3. Interest on Income Tax**

Company has shown interest on income tax as current tax only. Hence, the same is bifurcated and adjusted in financial year 2014-15.

**4. Preliminary Expenses**

Company has amortised preliminary expenses each year following straight line method. However, as per AS 26, the same is required to written off in the year in which it is incurred. Hence, effect of the same is given in respective years.

**5. Change in Inventories**

In financial year 2011-12 and 2012-13, inventories are valued at market value. However the same is valued at cost or NRV whichever is lower and effect of the same is given in respective years.

**6. Interest Income accrued on FD**

For Stub Period 30 September 2017, Interest income from Fixed Deposit is recognised on accrual basis.

## 7 Provision for Gratuity

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

The Following table summaries the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the respective plans.

| Particulars                                                             | 30/09/2017   | 2016-17     | 2015-16     | 2014-15     | 2013-14     | 2012-13     |
|-------------------------------------------------------------------------|--------------|-------------|-------------|-------------|-------------|-------------|
| <b>Amount in Balance Sheet:-</b>                                        |              |             |             |             |             |             |
| Defined Benefit Obligation (DBO)                                        | 4.64         | 5.16        | 3.84        | 2.19        | 0.72        |             |
| <b>Funded Status - (Surplus) Deficit</b>                                | <b>4.64</b>  | <b>5.16</b> | <b>3.84</b> | <b>2.19</b> | <b>0.72</b> | <b>0.00</b> |
| Unrecognized Past Service Cost /                                        |              |             |             |             |             |             |
| <b>Liability/ (Asset) recognised in the Balance Sheet</b>               | <b>4.64</b>  | <b>5.16</b> | <b>3.84</b> | <b>2.19</b> | <b>0.72</b> | <b>0.00</b> |
|                                                                         |              |             |             |             |             |             |
| <b>Amount Recognised in the statement of Profit &amp; Loss:-</b>        |              |             |             |             |             |             |
| Current Service Cost                                                    | 1.40         | 1.82        | 2.09        | 1.75        | 0.72        |             |
| Interest Cost                                                           | 0.19         | 0.28        | 0.17        | 0.06        |             |             |
| Past Service Cost                                                       |              |             |             |             |             |             |
| Net Actuarial Losses / (Gains)                                          | -2.11        | -0.79       | -0.61       | -0.34       | -           | -           |
| <b>Total Expenses/ (income) included in "Employee Benefit Expenses"</b> | <b>-0.52</b> | <b>1.32</b> | <b>1.65</b> | <b>1.47</b> | <b>0.72</b> | <b>-</b>    |
| <b>Change in Present Value of Benefit Obligation during the Period</b>  |              |             |             |             |             |             |
| Defined Benefit Obligation, Beginning of Period                         | 5.16         | 3.84        | 2.19        | 0.72        | -           |             |
| Current Service Cost                                                    | 1.40         | 1.82        | 2.09        | 1.75        | 0.72        |             |
| Interest Cost                                                           | 0.19         | 0.28        | 0.17        | 0.06        | -           |             |
| Actuarial (Gains)/ Losses                                               | -2.11        | -0.79       | -0.61       | -0.34       | -           |             |
| <b>Defined Benefit Obligation, End of Period</b>                        | <b>4.63</b>  | <b>5.16</b> | <b>3.84</b> | <b>2.19</b> | <b>0.72</b> | <b>-</b>    |
|                                                                         |              |             |             |             |             |             |
| The Principal assumptions used in                                       |              |             |             |             |             |             |
| Discount Rate                                                           | 7.40%        | 7.40%       | 7.70%       | 8.00%       | 9.00%       |             |

## 8 Contingent Liabilities

Bank has sanctioned bank guarantee upto Rs. 219.29 lakhs which is issued in favour of PGVCL, Central Government for duty receivable under EPCG and Letter of Credit issued to Machinery Supplier.

As at 30 september, 2017 company has an export obligations of Rs. 5074.13 lakhs against advance authorization license issued under EPCG Scheme which needs to be fulfilled within 6 years of date of authorisation. This amount pertains to import made at concessional rate of import duty against advance license.

**GUJARAT HY - SPIN LIMITED**

**Annexure VI - Statement of Share Capital as restated**

(Rs. in lacs)

| Particulars                                    | For the year ended on     |                    |                    |                    |                    |                    |
|------------------------------------------------|---------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|                                                | 30th<br>September<br>2017 | 31st March<br>2017 | 31st March<br>2016 | 31st March<br>2015 | 31st March<br>2014 | 31st March<br>2013 |
|                                                | (Audited)                 | (Audited)          | (Audited)          | (Audited)          | (Audited)          | (Audited)          |
| <b>Authorised:</b>                             |                           |                    |                    |                    |                    |                    |
| Equity shares of Rs. 10/- each                 |                           |                    |                    |                    |                    |                    |
| No of Shares                                   | 1,67,50,000               | 1,67,50,000        | 1,67,50,000        | 1,67,50,000        | 1,60,00,000        | 60,00,000          |
| Amount                                         | 1,675.00                  | 1,675.00           | 1,675.00           | 1,675.00           | 1,600.00           | 600.00             |
| <b>Issued, subscribed &amp; fully paid up:</b> |                           |                    |                    |                    |                    |                    |
| <b>No of Shares</b>                            | 1,67,50,000               | 1,67,50,000        | 1,67,50,000        | 1,67,50,000        | 1,59,00,000        | 25,00,000          |
| Amount                                         | 1,675.00                  | 1,675.00           | 1,675.00           | 1,675.00           | 1,590.00           | 250.00             |
| <b>Total</b>                                   | <b>1,675.00</b>           | <b>1,675.00</b>    | <b>1,675.00</b>    | <b>1,675.00</b>    | <b>1,590.00</b>    | <b>250.00</b>      |

**Reconciliation of number of shares outstanding:**

(Rs. in lacs)

| Particulars                                            | For the year ended on     |                    |                    |                    |                    |                    |
|--------------------------------------------------------|---------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|                                                        | 30th<br>September<br>2017 | 31st March<br>2017 | 31st March<br>2016 | 31st March<br>2015 | 31st March<br>2014 | 31st March<br>2013 |
|                                                        | (Audited)                 | (Audited)          | (Audited)          | (Audited)          | (Audited)          | (Audited)          |
| Equity shares outstanding at the beginning of the year | 1,675.00                  | 1,675.00           | 1,675.00           | 1,590.00           | 250.00             | 50.00              |
| Add : Shares issued during the year                    | -                         | -                  | -                  | 85.00              | 1,340.00           | 200.00             |
| Add : Issue of bonus shares                            | -                         | -                  | -                  | -                  | -                  | -                  |
| Equity shares outstanding at the end of the year       | 1,675.00                  | 1,675.00           | 1,675.00           | 1,675.00           | 1,590.00           | 250.00             |

**Terms/Rights attached to equity shares**

The company has only one class of equity shares having par value of Rs. 10 Per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distributions will be in proportion to the numbers of equity shares held by the shareholders.

**Details of shareholders holding more than 5% of the aggregate shares in the Company:**

| Name of Shareholder & shareholding | For the period/year ended on |                 |                 |                 |                 |                 |
|------------------------------------|------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|                                    | 30th September               | 31st March 2017 | 31st March 2016 | 31st March 2015 | 31st March 2014 | 31st March 2013 |
|                                    | No. of Shares                | No. of Shares   | No. of Shares   | No. of Shares   | No. of Shares   | No. of Shares   |
| Maganbhai S Parvadia               | 57 62 190                    | 57 62 190       | 57 62 190       | 57 62 190       | 56 12 190       | 14 79 500       |
| % of shareholding                  | 34.40%                       | 34.40%          | 34.40%          | 34.40%          | 35.30%          | 59.18%          |
| Chandu Shambhu Parvadia            | 34 68 470                    | 34 68 470       | 34 68 470       | 34 68 470       | 33 68 470       | 9 50 000        |
| % of shareholding                  | 20.70%                       | 20.70%          | 20.70%          | 20.70%          | 21.18%          | 38.00%          |
| Ketanbhai M. Paravadia             | 12 25 185                    | 12 25 185       | 12 25 185       | 12 25 185       | 9 75 185        |                 |
| % of shareholding                  | 7.31%                        | 7.31%           | 7.31%           | 7.31%           | 6.13%           |                 |
| Yogesh Magan Parvadia              | 10 79 190                    | 10 79 190       | 10 79 190       | 10 79 190       | 9 79 190        |                 |
| % of shareholding                  | 6.44%                        | 6.44%           | 6.44%           | 6.44%           | 6.16%           |                 |
| Paras Magan Parvadia               | 8 85 620                     | 8 85 620        | 8 85 620        | 8 85 620        | 8 85 620        |                 |
| % of shareholding                  | 5.29%                        | 5.29%           | 5.29%           | 5.29%           | 5.57%           |                 |
| Kamleshbhai B Bokarvadia           | 8 00 000                     | 8 00 000        | 8 00 000        | 8 00 000        | 8 00 000        |                 |
| % of shareholding                  | 4.78%                        | 4.78%           | 4.78%           | 4.78%           | 5.03%           |                 |

**GUJARAT HY - SPIN LIMITED**

**Annexure VII Statement of Restated Reserves & Surplus, as restated**

(Rs. in lacs)

| Particulars                                             | As at                     |                    |                    |                    |                    |                    |
|---------------------------------------------------------|---------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|                                                         | 30th<br>September<br>2017 | 31st March<br>2017 | 31st March<br>2016 | 31st March<br>2015 | 31st March<br>2014 | 31st March<br>2013 |
|                                                         | (Audited)                 | (Audited)          | (Audited)          | (Audited)          | (Audited)          | (Audited)          |
| <b>Capital Reserve</b>                                  |                           |                    |                    |                    |                    |                    |
| Opening Balance                                         |                           |                    | 0                  |                    |                    |                    |
| Add: Subsidy received during the year                   | 297.04                    | 238.09             | 161.31             |                    |                    |                    |
| Less: Deferred Tax on subsidy                           | -91.79                    | -73.57             | -49.85             |                    |                    |                    |
| <b>Closing Balance</b>                                  | 205.26                    | 164.52             | 111.47             |                    |                    |                    |
|                                                         |                           |                    |                    |                    |                    |                    |
| <b><u>Surplus in statement of Profit &amp; Loss</u></b> |                           |                    |                    |                    |                    |                    |
| Opening Balance                                         | -34.81                    | -49.45             | -53.07             | -18.87             | -4.32              | -13.20             |
| Add: Profit/(Loss) for the year                         | 17.10                     | 14.64              | 3.62               | -34.21             | -14.54             | 8.88               |
| <b>Closing Balance</b>                                  | -17.71                    | -34.81             | -49.45             | -53.07             | -18.87             | -4.32              |
|                                                         |                           |                    |                    |                    |                    |                    |
| <b>Total</b>                                            | <b>187.54</b>             | <b>129.71</b>      | <b>62.01</b>       | <b>-53.07</b>      | <b>-18.87</b>      | <b>-4.32</b>       |

**GUJARAT HY - SPIN LIMITED**

**Annexure VIII Statement of Long Term Borrowings as Restated**

(Rs. in lacs)

| Particulars                     | For the period/year ended on |                 |                 |                 |                 |                 |
|---------------------------------|------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|                                 | 30th September 2017          | 31st March 2017 | 31st March 2016 | 31st March 2015 | 31st March 2014 | 31st March 2013 |
|                                 | (Audited)                    | (Audited)       | (Audited)       | (Audited)       | (Audited)       | (Audited)       |
| <b>Secured</b>                  |                              |                 |                 |                 |                 |                 |
| <b><u>Term Loan</u></b>         |                              |                 |                 |                 |                 |                 |
| <b>From State Bank of India</b> |                              |                 |                 |                 |                 |                 |
| Term Loan A                     | 1,219.00                     | 1,405.00        | 1,777.00        | 2,149.00        | 2,521.00        | -               |
| Term Loan B                     | 276.00                       | 318.00          | 402.00          | 474.00          | 546.00          | -               |
| Term Loan C                     | 60.00                        | 75.00           | 122.50          | -               | -               | -               |
| <b>Total</b>                    | <b>1,555.00</b>              | <b>1,798.00</b> | <b>2,301.50</b> | <b>2,623.00</b> | <b>3,067.00</b> | <b>-</b>        |

Term Loan A, B and C are secured against hypothecation of plant and machinery and other fixed assets and factory building. It is also secured against personal guarantee of directors.

**Term Loans A:-**

- 1 Term Loan A is repayable in 89 monthly instalment of Rs. 31,00,000/- and 1st instalment of Rs.41,00,000/- commencing from 01/07/2014.

|                            |               |                   |                   |                   |                   |
|----------------------------|---------------|-------------------|-------------------|-------------------|-------------------|
| 2 Interest rate            | 1 Year MCLR + | Base Rate + 3.95% | Base Rate + 2.95% | Base Rate + 2.95% | Base Rate + 2.95% |
| MCLR/Base Rate             | 8.00%         | 9.30%             | 9.30%             | 10.00%            | 10.00%            |
| <b>Total Interest Rate</b> | <b>12.60%</b> | <b>13.25%</b>     | <b>12.25%</b>     | <b>12.95%</b>     | <b>12.95%</b>     |

- 3 There is delay in repayment of Term Loan. Amount of overdue installment as at 31 March 2017 is Rs.11,50,154/- & as at 30 September 2017 is Rs.79,44,027/-.

**Term Loans B:-**

- 1 Term Loan B is repayable in 33 monthly instalment of Rs. 6,00,000/-, 56 monthly instalment of Rs.7,00,000/- and instalment of Rs. 10,00,000/- commencing from 01/07/2014.

|                            |                    |                   |                   |                   |                   |
|----------------------------|--------------------|-------------------|-------------------|-------------------|-------------------|
| 2 Interest rate            | 1 Year MCLR + 4.6% | Base Rate + 3.95% | Base Rate + 2.95% | Base Rate + 2.95% | Base Rate + 2.95% |
| MCLR/Base Rate             | 8.00%              | 9.30%             | 9.30%             | 10.00%            | 10.00%            |
| <b>Total Interest Rate</b> | <b>12.60%</b>      | <b>13.25%</b>     | <b>12.25%</b>     | <b>12.95%</b>     | <b>12.95%</b>     |

- 3 There is delay in repayment of Term Loan. Amount of overdue installment as at 31 March 2017 is Rs.2,20,895/- & as at 30 September 2017 is Rs.24,38,885/-.

**Term Loans C:-**

- 1 Term Loan C is repayable in 66 monthly instalment of Rs. 2,50,000/- commencing from 01/11/2015.

|                            |               |                   |                   |
|----------------------------|---------------|-------------------|-------------------|
| 2 Interest rate            | 1 Year MCLR + | Base Rate + 3.90% | Base Rate + 2.90% |
| MCLR/Base Rate             | 8.00%         | 9.30%             | 9.30%             |
| <b>Total Interest Rate</b> | <b>12.60%</b> | <b>13.20%</b>     | <b>12.20%</b>     |

- 3 There is delay in repayment of Term Loan. Amount of overdue installment as at 31 March 2017 is Rs.14,23,308/- & as at 30 September 2017 is Rs.20,51,186/-.

**GUJARAT HY - SPIN LIMITED**

**Annexure IX Statement of Deferred Tax Liabilities / (Assets) (Net) as Restated**

**(Rs. in lacs)**

| Particulars                                                             | As at                     |                    |                    |                    |                       |                       |
|-------------------------------------------------------------------------|---------------------------|--------------------|--------------------|--------------------|-----------------------|-----------------------|
|                                                                         | 30th<br>September<br>2017 | 31st March<br>2017 | 31st March<br>2016 | 31st March<br>2015 | 31st<br>March<br>2014 | 31st<br>March<br>2013 |
|                                                                         | (Audited)                 | (Audited)          | (Audited)          | (Audited)          | (Audited)             | (Audited)             |
|                                                                         |                           |                    |                    |                    |                       |                       |
| <u>Deferred Tax Liability</u>                                           |                           |                    |                    |                    |                       |                       |
| Differences in WDV of assets as per books and as per Income Tax         | 69.72                     | 67.89              | 85.38              | 86.53              | 142.37                | 0.02                  |
|                                                                         | 69.72                     | 67.89              | 85.38              | 86.53              | 142.37                | 0.02                  |
|                                                                         |                           |                    |                    |                    |                       |                       |
| <u>Deferred Tax Asset</u>                                               |                           |                    |                    |                    |                       |                       |
| Deferred Tax Assets on Gratuity                                         | 1.43                      | 1.60               | 1.19               | 0.68               | 0.22                  |                       |
| Deferred Tax Assets on Carried Forward Loss and Unabsorbed Depreciation | 0.00                      | 6.74               | 54.48              | 106.69             | 146.96                | 0.00                  |
| Deferred Tax Asset on amount allowable u/s 35D                          | 0.71                      | 1.17               | 2.09               | 3.01               | 3.75                  | 2.17                  |
|                                                                         | 2.14                      | 9.50               | 57.76              | 110.37             | 150.94                | 2.17                  |
|                                                                         |                           |                    |                    |                    |                       |                       |
| <b>Total</b>                                                            | <b>67.58</b>              | <b>58.39</b>       | <b>27.62</b>       | <b>-23.85</b>      | <b>-8.57</b>          | <b>-2.15</b>          |



# GUJARAT HY - SPIN LIMITED

## Annexure X Statement of Long Term Provisions, as restated

(Rs. in lacs)

| Particulars                       | As at                     |                    |                    |                    |                    |                    |
|-----------------------------------|---------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|                                   | 30th<br>September<br>2017 | 31st March<br>2017 | 31st March<br>2016 | 31st March<br>2015 | 31st March<br>2014 | 31st March<br>2013 |
|                                   |                           | (Audited)          | (Audited)          | (Audited)          | (Audited)          | (Audited)          |
| Provision for Employee<br>Benefit |                           |                    |                    |                    |                    |                    |
| Provision for gratuity            | 4.55                      | 5.07               | 3.77               | 2.15               | 0.71               | -                  |
|                                   |                           |                    |                    |                    |                    |                    |
| <b>Total</b>                      | <b>4.55</b>               | <b>5.07</b>        | <b>3.77</b>        | <b>2.15</b>        | <b>0.71</b>        | <b>-</b>           |

## Annexure XI Statement of Short Term Borrowings as Restated

(Rs. in lacs)

| Particulars               | As at               |                 |                 |                 |                 |                 |
|---------------------------|---------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|                           | 30th September 2017 | 31st March 2017 | 31st March 2016 | 31st March 2015 | 31st March 2014 | 31st March 2013 |
|                           | (Audited)           | (Audited)       | (Audited)       | (Audited)       | (Audited)       | (Audited)       |
|                           |                     |                 |                 |                 |                 |                 |
| <b>Secured</b>            |                     |                 |                 |                 |                 |                 |
|                           |                     |                 |                 |                 |                 |                 |
| <b><u>Cash Credit</u></b> |                     |                 |                 |                 |                 |                 |
| State Bank of India       | 1,009.93            | 1,057.64        | 1,000.13        | 519.00          | 649.18          | -               |
|                           |                     |                 |                 |                 |                 |                 |
| <b>Unsecured</b>          |                     |                 |                 |                 |                 |                 |
|                           |                     |                 |                 |                 |                 |                 |
| From Promoters            | 66.75               | 66.75           | 66.75           | 66.75           | 23.75           | 24.95           |
| From Promoters Groups     | 220.20              | 220.20          | 220.20          | 220.20          | 181.00          | 9.48            |
| From Others               | 4.01                | 4.01            | 4.01            | 4.01            | 85.01           | 5.50            |
|                           |                     |                 |                 |                 |                 |                 |
| <b>Total</b>              | <b>1,300.90</b>     | <b>1,348.60</b> | <b>1,291.09</b> | <b>809.96</b>   | <b>938.94</b>   | <b>39.93</b>    |
|                           |                     |                 | -               | -               | -               | -               |

**Cash Credit**

1 Cash Credit is secured against the whole of current assets of the company including Inventory, Book Debts, Consumables and Stores & Spares etc and personal guarantee of directors.

2 It is repayable on

3 Interest Rate

|                            |                    |                   |                   |                   |                   |
|----------------------------|--------------------|-------------------|-------------------|-------------------|-------------------|
|                            | 1 Year MCLR + 4.6% | Base Rate + 3.75% | Base Rate + 2.75% | Base Rate + 2.75% | Base Rate + 2.75% |
| MCLR/Base Rate             | 8.00%              | 9.30%             | 9.30%             | 10.00%            | 10.00%            |
| <b>Total Interest Rate</b> | <b>12.60%</b>      | <b>13.05%</b>     | <b>12.05%</b>     | <b>12.75%</b>     | <b>12.75%</b>     |

**Loans from Promoters, Promoters Group and Others**

1 Loans and advances from promoters, promoters groups and others are unsecured and Interest free.

2 Loans are repayable on demand.

**GUJARAT HY - SPIN LIMITED****Annexure XII Statement of Trade Payables as Restated****(Rs. in lacs)**

| <b>Particulars</b>                                                                   | <b>As at</b>                       |                                |                            |                            |                            |                            |
|--------------------------------------------------------------------------------------|------------------------------------|--------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
|                                                                                      | <b>30th<br/>September<br/>2017</b> | <b>31st<br/>March<br/>2017</b> | <b>31st March<br/>2016</b> | <b>31st March<br/>2015</b> | <b>31st March<br/>2014</b> | <b>31st March<br/>2013</b> |
|                                                                                      | <b>(Audited)</b>                   | <b>(Audited)</b>               | <b>(Audited)</b>           | <b>(Audited)</b>           | <b>(Audited)</b>           | <b>(Audited)</b>           |
|                                                                                      |                                    |                                |                            |                            |                            |                            |
| Trade Payable as defined<br>under The Micro Small and<br>Medium Enterprise Act, 2006 | Nil                                | Nil                            | Nil                        | Nil                        | Nil                        | Nil                        |
| Others                                                                               | 587.08                             | 127.80                         | 171.16                     | 25.50                      | 98.42                      | 69.39                      |
|                                                                                      |                                    |                                |                            |                            |                            |                            |
| <b>Total</b>                                                                         | <b>587.08</b>                      | <b>127.80</b>                  | <b>171.16</b>              | <b>25.50</b>               | <b>98.42</b>               | <b>69.39</b>               |

**GUJARAT HY - SPIN LIMITED**

**Annexure XIII Statement of Other Current Liabilities as Restated**

**(Rs. in lacs)**

| Particulars                          | As at                     |                       |                       |                       |                       |                       |
|--------------------------------------|---------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                      | 30th<br>September<br>2017 | 31st<br>March<br>2017 | 31st<br>March<br>2016 | 31st<br>March<br>2015 | 31st<br>March<br>2014 | 31st<br>March<br>2013 |
|                                      | (Audited)                 | (Audited)             | (Audited)             | (Audited)             | (Audited)             | (Audited)             |
|                                      |                           |                       |                       |                       |                       |                       |
| Current maturities of long term debt | 610.34                    | 513.94                | 468.22                | 443.45                | 332.77                | 0.00                  |
| Statutory Dues                       | 308.42                    | 247.19                | 129.38                | 99.27                 | 2.76                  | 0.51                  |
| Interest payable on loans            | 22.81                     | 26.35                 | 29.14                 | 34.07                 | 38.36                 | 0.00                  |
| Expenses Payable                     | 82.69                     | 0.35                  | 0.35                  | 0.35                  | 0.35                  | 0.05                  |
| Advance from Customers               | 2.15                      | 0.15                  | 0.00                  | 0.00                  | 0.00                  | 0.00                  |
| <b>Total</b>                         | <b>1026.42</b>            | <b>787.98</b>         | <b>627.09</b>         | <b>577.13</b>         | <b>374.24</b>         | <b>0.56</b>           |

**GUJARAT HY - SPIN LIMITED**

**Annexure XIV - Statement of Short Term Provision as Restated**

**(Rs. in lacs)**

| Particulars                               | As at                     |                    |                       |                       |                       |                       |
|-------------------------------------------|---------------------------|--------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                           | 30th<br>September<br>2017 | 31st March<br>2017 | 31st<br>March<br>2016 | 31st<br>March<br>2015 | 31st<br>March<br>2014 | 31st<br>March<br>2013 |
|                                           |                           |                    |                       |                       |                       |                       |
| <b><u>Short Term Provisions</u></b>       |                           |                    |                       |                       |                       |                       |
|                                           |                           |                    |                       |                       |                       |                       |
| Provision for Income Tax                  | 9.19                      | 0.00               | 0.00                  | 0.00                  | 4.89                  | 0.07                  |
| <u>Provision for Employee<br/>Benefit</u> |                           |                    |                       |                       |                       |                       |
| Provision for gratuity                    | 0.09                      | 0.09               | 0.07                  | 0.04                  | 0.01                  | 0.00                  |
| Provision for other employee<br>benefits  | 6.08                      | 4.09               | 2.63                  | 0.00                  | 4.38                  | 0.00                  |
|                                           | <b>15.35</b>              | <b>4.19</b>        | <b>2.70</b>           | <b>0.04</b>           | <b>9.29</b>           | <b>0.07</b>           |

**GUJARAT HY - SPIN LIMITED**

**Annexure XV - Statement of Fixed Assets as Restated**

**(Rs in Lacs)**

| Year    | Particular          | Building | Computer | Furniture,<br>Fixture &<br>electric fitting | Office<br>Equipment | Plant &<br>Machinery | Vehicle | Grand<br>Total |
|---------|---------------------|----------|----------|---------------------------------------------|---------------------|----------------------|---------|----------------|
|         | Gross Block         |          |          |                                             |                     |                      |         |                |
| 2011-12 | Opening             |          |          |                                             |                     |                      |         |                |
|         | Addition            |          | 0.42     |                                             |                     |                      |         |                |
|         | Deletion            |          |          |                                             |                     |                      |         |                |
|         | Closing             | -        | 0.42     | -                                           | -                   | -                    | -       | 0.42           |
|         |                     |          |          |                                             |                     |                      |         |                |
| 2012-13 | Opening             | -        | 0        | -                                           | -                   | -                    | -       |                |
|         | Addition            | -        | -        | -                                           | 0.42                | -                    | -       |                |
|         | Deletion            | -        | -        | -                                           | -                   | -                    | -       |                |
|         | Closing             | -        | 0.42     | -                                           | 0.42                | -                    | -       | 1              |
|         |                     |          |          |                                             |                     |                      |         |                |
| 2013-14 | Opening             | -        | 0        | -                                           | 0                   | -                    | -       |                |
|         | Addition            | 862      | 3        | 87                                          | 11                  | 3,673                | 13      |                |
|         | Deletion            | -        | -        | -                                           | -                   | -                    | -       |                |
|         | Closing             | 862      | 3        | 87                                          | 11                  | 3,673                | 13      | 4,650          |
|         |                     |          |          |                                             |                     |                      |         |                |
| 2014-15 | Opening             | 862      | 3        | 87                                          | 11                  | 3,673                | 13      |                |
|         | Addition            | 12       | 1        | 12                                          | 2                   | 23                   | 17      |                |
|         | Deletion            | -        | -        | -                                           | -                   | -                    | -       |                |
|         | Closing             | 874      | 4        | 99                                          | 13                  | 3,697                | 30      | 4,717          |
|         |                     |          |          |                                             |                     |                      |         |                |
| 2015-16 | Opening             | 874      | 4        | 99                                          | 13                  | 3,697                | 30      |                |
|         | Addition            | 6        | 1        | 7                                           | 2                   | 179                  | -       |                |
|         | Deletion            | -        | -        | -                                           | -                   | -                    | -       |                |
|         | Closing             | 880      | 5        | 106                                         | 15                  | 3,876                | 30      | 4,912          |
|         |                     |          |          |                                             |                     |                      |         |                |
| 2016-17 | Opening             | 880      | 5        | 106                                         | 15                  | 3,876                | 30      |                |
|         | Addition            | -        | 0.1      | 1.9                                         | 0.5                 | 0.1                  | -       |                |
|         | Deletion            | -        | -        | -                                           | -                   | 0.1                  | -       |                |
|         | Closing             | 880      | 5        | 108                                         | 15                  | 3,876                | 30      | 4,914          |
|         |                     |          |          |                                             |                     |                      |         |                |
| 2017-18 | Opening             | 880      | 5        | 108                                         | 15                  | 3,876                | 30      |                |
|         | Addition            | -        | 0.2      | 2                                           | 0.40                | -                    | -       |                |
|         | Deletion            | -        | -        | -                                           | -                   | -                    | -       |                |
|         | Closing             | 880      | 6        | 110                                         | 16                  | 3,876                | 30      | 4,917          |
|         |                     |          |          |                                             |                     |                      |         |                |
|         | <b>Depreciation</b> |          |          |                                             |                     |                      |         |                |
|         |                     |          |          |                                             |                     |                      |         |                |
| 2011-12 | Opening             |          |          |                                             |                     |                      |         |                |
|         | Addition            | -        | 0.12     | -                                           | -                   | -                    | -       |                |
|         | Deletion            |          |          |                                             |                     |                      |         |                |
|         | Closing             | -        | 0.12     | -                                           | -                   | -                    | -       | 0              |
|         |                     |          |          |                                             |                     |                      |         |                |
| 2012-13 | Opening             | -        | 0.12     | -                                           | -                   | -                    | -       |                |
|         | Addition            | -        | 0.12     | -                                           | -                   | -                    | -       |                |
|         | Deletion            | -        | -        | -                                           | -                   | -                    | -       |                |

|         |                           |        |      |       |       |          |       |          |
|---------|---------------------------|--------|------|-------|-------|----------|-------|----------|
|         | Closing                   | -      | 0.24 | -     | -     | -        | -     | 0        |
|         |                           |        |      |       |       |          |       |          |
| 2013-14 | Opening                   | -      | 0    | -     | -     | -        | -     |          |
|         | Addition                  | 26.69  | 0.52 | 4.81  | 0.44  | 189.63   | 1.75  |          |
|         | Deletion                  |        |      |       |       |          |       |          |
|         | Closing                   | 26.69  | 0.76 | 4.81  | 0.44  | 189.63   | 1.75  | 224.09   |
|         |                           |        |      |       |       |          |       |          |
| 2014-15 | Opening                   | 26.69  | 0.76 | 4.81  | 0.44  | 189.63   | 1.75  |          |
|         | Addition                  | 80.07  | 1.96 | 22.53 | 5.17  | 622.10   | 6.11  |          |
|         | Deletion                  |        |      |       |       |          |       |          |
|         | Closing                   | 106.76 | 2.72 | 27.34 | 5.61  | 811.73   | 7.86  | 962.03   |
|         |                           |        |      |       |       |          |       |          |
| 2015-16 | Opening                   | 106.76 | 2.72 | 27.34 | 5.61  | 811.73   | 7.86  |          |
|         | Addition                  | 73.13  | 1.43 | 19.23 | 4.04  | 544.34   | 6.84  | 649.01   |
|         | Deletion                  |        |      |       |       |          |       |          |
|         | Closing                   | 179.89 | 4.15 | 46.57 | 9.65  | 1,356.07 | 14.70 | 1,611.04 |
|         |                           |        |      |       |       |          |       |          |
| 2016-17 | Opening                   | 179.89 | 4.15 | 46.57 | 9.65  | 1,356.07 | 14.70 |          |
|         | Addition                  | 66.49  | 0.76 | 15.69 | 2.56  | 447.62   | 4.70  | 537.81   |
|         | Deletion                  |        |      |       |       | 0.01     |       |          |
|         | Closing                   | 246.38 | 4.91 | 62.26 | 12.21 | 1,803.71 | 19.40 | 2,148.86 |
|         |                           |        |      |       |       |          |       |          |
| 2017-18 | Opening                   | 246.38 | 4.91 | 62.26 | 12.21 | 1,803.71 | 19.40 |          |
|         | Addition                  | 30.09  | 0.18 | 6.18  | 0.78  | 184.06   | 1.61  | 222.89   |
|         | Deletion                  |        |      |       |       |          |       |          |
|         | Closing                   | 276.47 | 5.09 | 68.43 | 12.99 | 1,987.76 | 21.01 | 2,371.75 |
|         |                           |        |      |       |       |          |       |          |
|         | <b>Net Block</b>          |        |      |       |       |          |       |          |
|         |                           |        |      |       |       |          |       |          |
|         | As at 31st March 2012     | -      | 0.30 | -     | -     | -        | -     | 0.30     |
|         |                           |        |      |       |       |          |       |          |
|         | As at 31st March 2013     | -      | 0.18 | -     | 0.42  | -        | -     | 0.60     |
|         |                           |        |      |       |       |          |       |          |
|         | As at 31st March 2014     | 835.46 | 2.42 | 82.55 | 10.55 | 3,483.84 | 11.17 | 4,425.99 |
|         |                           |        |      |       |       |          |       |          |
|         | As at 31st March 2015     | 766.95 | 1.55 | 72.00 | 7.26  | 2,885.18 | 21.82 | 3,754.75 |
|         |                           |        |      |       |       |          |       |          |
|         | As at 31st March 2016     | 699.84 | 1.17 | 59.86 | 5.16  | 2,519.70 | 14.98 | 3,300.69 |
|         |                           |        |      |       |       |          |       |          |
|         | As at 31st March 2017     | 633.34 | 0.53 | 46.03 | 3.09  | 2,072.07 | 10.28 | 2,765.35 |
|         |                           |        |      |       |       |          |       |          |
|         | As at 30th September 2017 | 603.26 | 0.91 | 41.64 | 2.72  | 1,888.01 | 8.67  | 2,545.20 |

**GUJARAT HY - SPIN LIMITED**

**Annexure XVI - Statement of Non Current Investment as restated**

**(Rs. in lacs)**

| Particulars                                  | As at                     |                    |                    |                    |                    |                    |
|----------------------------------------------|---------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|                                              | 30th<br>September<br>2017 | 31st March<br>2017 | 31st March<br>2016 | 31st March<br>2015 | 31st March<br>2014 | 31st March<br>2013 |
|                                              |                           |                    |                    |                    |                    |                    |
| <b><u>Non Current Investment</u></b>         |                           |                    |                    |                    |                    |                    |
|                                              |                           |                    |                    |                    |                    |                    |
| Investment in National<br>Saving Certificate | 0.14                      | 0.14               | 0.14               | 0.14               | 0.10               | 0.10               |
|                                              |                           |                    |                    |                    |                    |                    |
| <b>Total</b>                                 | <b>0.14</b>               | <b>0.14</b>        | <b>0.14</b>        | <b>0.14</b>        | <b>0.10</b>        | <b>0.10</b>        |



**GUJARAT HY - SPIN LIMITED**

**Annexure - XVII Statement of Long Term Loans and Advances as Restated**

**(Rs. in lacs)**

| Particulars                            | As at                     |                    |                    |                    |                    |                    |
|----------------------------------------|---------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|                                        | 30th<br>September<br>2017 | 31st March<br>2017 | 31st March<br>2016 | 31st March<br>2015 | 31st March<br>2014 | 31st March<br>2013 |
| <b><u>Unsecured</u></b>                |                           |                    |                    |                    |                    |                    |
| Capital Advances                       | 0.00                      | 0.00               | 0.00               | 8.21               | 0.00               | 171.85             |
| Security Deposit                       | 0.00                      | 0.10               | 0.10               | 0.10               | 1.20               | 1.20               |
| Balance with Government<br>Authorities | 0.00                      | 6.13               | 5.19               | 5.19               | 5.19               | 0.00               |
| <b>Total</b>                           | <b>0.00</b>               | <b>6.23</b>        | <b>5.28</b>        | <b>13.50</b>       | <b>6.39</b>        | <b>173.05</b>      |

**GUJARAT HY - SPIN LIMITED****Annexure - XVIII Statement of Other Non-Current Assets as Restated****(Rs. in lacs)**

| <b>Particulars</b>      | <b>As at</b>                       |                                |                                |                                |                                |                                |
|-------------------------|------------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
|                         | <b>30th<br/>September<br/>2017</b> | <b>31st<br/>March<br/>2017</b> | <b>31st<br/>March<br/>2016</b> | <b>31st<br/>March<br/>2015</b> | <b>31st<br/>March<br/>2014</b> | <b>31st<br/>March<br/>2013</b> |
|                         |                                    |                                |                                |                                |                                |                                |
| Other Balance with Bank | 204.25                             | 197.28                         | 191.86                         | 164.24                         | 52.91                          | 0.00                           |
|                         |                                    |                                |                                |                                |                                |                                |
| <b>Total</b>            | <b>204.25</b>                      | <b>197.28</b>                  | <b>191.86</b>                  | <b>164.24</b>                  | <b>52.91</b>                   | <b>0.00</b>                    |

**GUJARAT HY - SPIN LIMITED****Annexure - XIX Statement of Inventories as Restated****(Rs. in lacs)**

| <b>Particulars</b>           | <b>As at</b>                       |                                |                                |                                |                                |                                |
|------------------------------|------------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
|                              | <b>30th<br/>September<br/>2017</b> | <b>31st<br/>March<br/>2017</b> | <b>31st<br/>March<br/>2016</b> | <b>31st<br/>March<br/>2015</b> | <b>31st<br/>March<br/>2014</b> | <b>31st<br/>March<br/>2013</b> |
|                              |                                    |                                |                                |                                |                                |                                |
| Raw Material                 | 729.10                             | 753.53                         | 307.92                         | 212.41                         | 516.03                         | 0.00                           |
| Work in Progress             | 647.16                             | 442.81                         | 328.28                         | 309.49                         | 401.14                         | 0.00                           |
| Finished Goods               | 260.82                             | 225.22                         | 354.03                         | 202.58                         | 155.69                         | 0.00                           |
| Stores, Spares & Consumables | 0.00                               | 0.00                           | 15.16                          | 11.34                          | 7.39                           | 0.00                           |
| <b>Total</b>                 | <b>1637.08</b>                     | <b>1421.57</b>                 | <b>1005.39</b>                 | <b>735.82</b>                  | <b>1080.26</b>                 | <b>0.00</b>                    |

**GUJARAT HY - SPIN LIMITED**

**Annexure - XX Statement of Trade Receivables as restated**

(Rs. in lacs)

| Particulars                                                                                                            | As at                     |                    |                    |                    |                    |                    |
|------------------------------------------------------------------------------------------------------------------------|---------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|                                                                                                                        | 30th<br>September<br>2017 | 31st March<br>2017 | 31st March<br>2016 | 31st March<br>2015 | 31st March<br>2014 | 31st March<br>2013 |
|                                                                                                                        |                           |                    |                    |                    |                    |                    |
| <u>Unsecured, Consider Good</u>                                                                                        |                           |                    |                    |                    |                    |                    |
| <u>From Directors / Promoters /<br/>Promoter Group / Associates /<br/>Relatives of Directors / Group<br/>Companies</u> |                           |                    |                    |                    |                    |                    |
| -Outstanding for more than 6<br>months from the date they are<br>due for payment                                       | 123.83                    | -                  | -                  | -                  |                    |                    |
| -Others                                                                                                                | 57.11                     | 209.82             | 279.61             | 78.11              |                    |                    |
| <u>From Others</u>                                                                                                     |                           |                    |                    |                    |                    |                    |
| -Outstanding for more than 6<br>months from the date they are<br>due for payment                                       | 480.22                    | 148.33             | 177.24             | 0.00               | 0.00               | 0.00               |
| -Others                                                                                                                | 885.37                    | 796.07             | 881.04             | 699.98             | 156.87             | 0.00               |
|                                                                                                                        |                           |                    |                    |                    |                    |                    |
| <b>Total</b>                                                                                                           | <b>1546.53</b>            | <b>1154.22</b>     | <b>1337.89</b>     | <b>778.09</b>      | <b>156.87</b>      | <b>0.00</b>        |

**GUJARAT HY - SPIN LIMITED****Annexure - XXI Statement of Cash and Bank Balances as restated****(Rs. in lacs)**

| <b>Particulars</b>  | <b>As at</b>                       |                            |                            |                            |                            |                            |
|---------------------|------------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
|                     | <b>30th<br/>September<br/>2017</b> | <b>31st March<br/>2017</b> | <b>31st March<br/>2016</b> | <b>31st March<br/>2015</b> | <b>31st March<br/>2014</b> | <b>31st March<br/>2013</b> |
|                     |                                    |                            |                            |                            |                            |                            |
| Cash on Hand        | 5.97                               | 9.97                       | 20.39                      | 6.15                       | 17.07                      | 9.82                       |
|                     |                                    |                            |                            |                            |                            |                            |
| Balances with banks |                                    |                            |                            |                            |                            |                            |
| In Current Accounts | 2.22                               | 0.61                       | 0.62                       | 0.19                       | 0.96                       | 6.43                       |
|                     |                                    |                            |                            |                            |                            |                            |
| <b>Total</b>        | <b>8.19</b>                        | <b>10.58</b>               | <b>21.02</b>               | <b>6.35</b>                | <b>18.03</b>               | <b>16.24</b>               |

**GUJARAT HY - SPIN LIMITED**

**Annexure - XXII Statement of Short Term Loans and Advances as Restated**

(Rs. in lacs)

| Particulars                                                                     | As at                     |                       |                       |                       |                       |                       |
|---------------------------------------------------------------------------------|---------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                                                                 | 30th<br>September<br>2017 | 31st<br>March<br>2017 | 31st<br>March<br>2016 | 31st<br>March<br>2015 | 31st<br>March<br>2014 | 31st<br>March<br>2013 |
|                                                                                 |                           |                       |                       |                       |                       |                       |
| <b><u>Unsecured. Considered Good</u></b>                                        |                           |                       |                       |                       |                       |                       |
| Loans and Advances to related parties                                           | 0                         | 0                     | 0.00                  | 0.00                  | 0.00                  | 0.00                  |
|                                                                                 |                           |                       |                       |                       |                       |                       |
| <b><u>Other Loans and Advances</u></b>                                          |                           |                       |                       |                       |                       |                       |
| Balance with Revenue Authorities                                                | 464.68                    | 370.22                | 295.06                | 161.38                | 299.04                | 2.12                  |
| Advances to Suppliers                                                           | 0.41                      | 0.43                  | 1.49                  | 9.87                  | 7.98                  | 13.30                 |
| Prepaid Insurance                                                               | 0.17                      | 0.45                  | 3.13                  | 3.69                  | 3.62                  | 0.10                  |
| Fire Claim Receivable                                                           | 0.00                      | 0.00                  | 0.00                  | 8.02                  | 0.00                  | 0.00                  |
| Advance for Offer for Sale                                                      | 8.28                      | 8.28                  | 0.00                  | 0.00                  | 0.00                  | 0.00                  |
| Tender Deposit                                                                  | 2.00                      |                       |                       |                       |                       |                       |
| Others                                                                          | 2.50                      |                       |                       |                       |                       |                       |
|                                                                                 |                           |                       |                       |                       |                       |                       |
| Due From Non- Executives Director                                               | 0.00                      | 0.00                  | 0.00                  | 0.00                  | 0.00                  | 0.00                  |
| Due From Officers                                                               | 0.00                      | 0.00                  | 0.00                  | 0.00                  | 0.00                  | 0.00                  |
| Due From Non- Executives Directors and Officers                                 | 0.00                      | 0.00                  | 0.00                  | 0.00                  | 0.00                  | 0.00                  |
| Dues From Company in which the company's director is director                   | 0.00                      | 0.00                  | 0.00                  | 0.00                  | 0.00                  | 0.00                  |
| Due from a company in which the company's non- executive director is a director | 0.00                      | 0.00                  | 0.00                  | 0.00                  | 0.00                  | 0.00                  |
| Loans and Advances to employee                                                  | 0.00                      | 0.00                  | 0.00                  | 0.00                  | 0.00                  | 0.00                  |
|                                                                                 |                           |                       |                       |                       |                       |                       |
| <b>Total</b>                                                                    | <b>478.04</b>             | <b>379.38</b>         | <b>299.67</b>         | <b>182.97</b>         | <b>310.64</b>         | <b>15.53</b>          |

**GUJARAT HY - SPIN LIMITED**

**Annexure XXIII - Statement of Revenue from Operations, as restated**

(Rs. in lacs)

| Particulars                                                                  | For the period/year ended on |                       |                       |                       |                       |                       |
|------------------------------------------------------------------------------|------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                                                              | 30th<br>September<br>2017    | 31st<br>March<br>2017 | 31st<br>March<br>2016 | 31st<br>March<br>2015 | 31st<br>March<br>2014 | 31st<br>March<br>2013 |
|                                                                              |                              |                       |                       |                       |                       |                       |
| <b><u>Revenue from operations</u></b>                                        |                              |                       |                       |                       |                       |                       |
| <u>Turnover of products manufactured</u>                                     |                              |                       |                       |                       |                       |                       |
| Cotton F P Bales                                                             | -                            | -                     | -                     | 189.72                | -                     |                       |
| Cotton Waste                                                                 | 51.24                        | 313.65                | 147.92                | 205.71                | 68.64                 | -                     |
| Cotton Yarn                                                                  | 2,581.01                     | 4,874.31              | 5,025.14              | 4,703.89              | 1,170.14              | -                     |
| Cotton Seeds                                                                 | -                            | -                     | -                     | 92.51                 | -                     |                       |
|                                                                              |                              |                       |                       |                       |                       |                       |
| <u>Turnover of products traded (including trading of products jobworked)</u> |                              |                       |                       |                       |                       |                       |
| Raw Cotton (Kapas)                                                           | -                            | -                     | -                     | -                     | -                     | 4.46                  |
| Wash Oil                                                                     | -                            | -                     | -                     | -                     | -                     | 6.82                  |
| Cotton Seeds                                                                 |                              |                       |                       |                       |                       | 44.58                 |
| Cotton F P Bales                                                             |                              |                       |                       |                       |                       | 129.20                |
|                                                                              |                              |                       |                       |                       |                       |                       |
|                                                                              |                              |                       |                       |                       |                       |                       |
| <b>Sub Total</b>                                                             | <b>2,632.24</b>              | <b>5,187.96</b>       | <b>5,173.06</b>       | <b>5,191.83</b>       | <b>1,238.78</b>       | <b>185.05</b>         |
|                                                                              |                              |                       |                       |                       |                       |                       |
| <b><u>Other operating revenue</u></b>                                        |                              |                       |                       |                       |                       |                       |
|                                                                              |                              |                       |                       |                       |                       |                       |
| Commission & Brokerage                                                       | -                            | -                     | -                     | -                     | -                     | 4.00                  |
| Fire Claim                                                                   | -                            | -                     | 0.37                  | 8.02                  | -                     | -                     |
| Insurance Income                                                             | 0.08                         | 0.72                  | 0.30                  | 2.90                  | -                     | -                     |
| Discount                                                                     | 0.01                         | 0.62                  | 0.73                  | 0.96                  | 0.11                  | -                     |
| Quality Allowance                                                            | -                            | -                     | -                     | 1.07                  | -                     | -                     |
| Sample Allowance                                                             | -                            | -                     | 0.07                  | 0.07                  | 0.06                  | -                     |
| Soda Settlement                                                              | -                            | -                     | 0.46                  | 0.38                  | 0.35                  | -                     |
|                                                                              |                              |                       |                       |                       |                       |                       |
| <b>Sub Total</b>                                                             | <b>0.09</b>                  | <b>1.34</b>           | <b>1.93</b>           | <b>13.40</b>          | <b>0.52</b>           | <b>4.00</b>           |
|                                                                              |                              |                       |                       |                       |                       |                       |
| <b>Total</b>                                                                 | <b>2,632.33</b>              | <b>5,189.30</b>       | <b>5,174.99</b>       | <b>5,205.23</b>       | <b>1,239.30</b>       | <b>189.05</b>         |

**GUJARAT HY - SPIN LIMITED**

**Annexure - XXIV Statement of Other Income, as restated**

**(Rs. in lacs)**

| Particulars                                  | For the period/year ended on |                    |                    |                    |                    |                    |
|----------------------------------------------|------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|                                              | 30th<br>September<br>2017    | 31st March<br>2017 | 31st March<br>2016 | 31st March<br>2015 | 31st March<br>2014 | 31st March<br>2013 |
| Other Income                                 | 7.00                         | 15.31              | 14.42              | 6.96               | 2.95               | 0.00               |
| Net Profit/ (Loss) before<br>tax as restated | 24.78                        | 21.68              | 5.24               | -49.48             | -20.97             | 7.40               |
| <b>Percentage</b>                            | <b>28.24%</b>                | <b>70.62%</b>      | <b>275.17%</b>     | <b>-14.06%</b>     | <b>-14.07%</b>     | <b>0.00%</b>       |
|                                              |                              |                    |                    |                    |                    |                    |
| <b>Source of Income</b>                      |                              |                    |                    |                    |                    |                    |
| F D Interest                                 | 7.00                         | 14.45              | 14.42              | 6.96               | 2.95               | 0.00               |
| Interest on IT Refund                        | 0.00                         | 0.86               | -                  | -                  | -                  | -                  |
|                                              |                              |                    |                    |                    |                    |                    |
| <b>Total Other Income</b>                    | <b>7.00</b>                  | <b>15.31</b>       | <b>14.42</b>       | <b>6.96</b>        | <b>2.95</b>        | <b>0.00</b>        |



**GUJARAT HY - SPIN LIMITED****Annexure XXV - Statement of Purchase of traded goods, as restated****(Rs. in lacs)**

| Particulars      | For the year ended on     |                    |                    |                    |                    |                    |
|------------------|---------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|                  | 30th<br>September<br>2017 | 31st March<br>2017 | 31st March<br>2016 | 31st March<br>2015 | 31st March<br>2014 | 31st March<br>2013 |
|                  |                           |                    |                    |                    |                    |                    |
| Cotton Seed      |                           |                    |                    |                    |                    |                    |
| Raw Cotton       |                           |                    |                    |                    |                    |                    |
| Cotton F P Bales |                           |                    |                    |                    |                    | 77.20              |
| Wash Oil         |                           |                    |                    |                    |                    | 6.77               |
|                  |                           |                    |                    |                    |                    |                    |
| <b>Total</b>     | -                         | -                  | -                  | -                  | -                  | <b>83.97</b>       |

## Annexure XXVI - Statement of Cost of Raw Material Consumed, as restated

(Rs. in lacs)

| Particulars                | For the period/year ended on |                       |                       |                       |                       |                       |
|----------------------------|------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                            | 30th<br>September<br>2017    | 31st<br>March<br>2017 | 31st<br>March<br>2016 | 31st<br>March<br>2015 | 31st<br>March<br>2014 | 31st<br>March<br>2013 |
|                            |                              |                       |                       |                       |                       |                       |
| <b>Opening Stock</b>       |                              |                       |                       |                       |                       |                       |
| Raw Cotton (Kapas)         | -                            | -                     | -                     | 128.57                | -                     | -                     |
| Cotton F P Bales           | 753.53                       | 307.92                | 212.41                | 387.46                | -                     | -                     |
|                            |                              |                       |                       |                       |                       |                       |
| <b>Total (A)</b>           | <b>753.53</b>                | <b>307.92</b>         | <b>212.41</b>         | <b>516.03</b>         | <b>-</b>              | <b>-</b>              |
|                            |                              |                       |                       |                       |                       |                       |
| <b>Purchases</b>           |                              |                       |                       |                       |                       |                       |
| Cotton F P Bales           | 2,062.64                     | 3,916.78              | 3,559.91              | 3,009.96              | 1,374.50              | -                     |
| Raw Cotton (Kapas)         | -                            | -                     | -                     | 102.05                | 303.20                | -                     |
|                            |                              |                       |                       |                       |                       |                       |
| <b>Total (B)</b>           | <b>2,062.64</b>              | <b>3,916.78</b>       | <b>3,559.91</b>       | <b>3,112.01</b>       | <b>1,677.69</b>       | <b>-</b>              |
|                            |                              |                       |                       |                       |                       |                       |
|                            |                              |                       |                       |                       |                       |                       |
| <b>Closing Inventories</b> |                              |                       |                       |                       |                       |                       |
| Raw Cotton (Kapas)         | -                            | -                     | -                     | -                     | 128.57                | -                     |
| Cotton F P Bales           | 729.10                       | 753.53                | 307.92                | 212.41                | 387.46                | -                     |
|                            |                              |                       |                       |                       |                       |                       |
| <b>Total (C)</b>           | <b>729.10</b>                | <b>753.53</b>         | <b>307.92</b>         | <b>212.41</b>         | <b>516.03</b>         | <b>-</b>              |
|                            |                              |                       |                       |                       |                       |                       |
| <b>Total (A+B-C)</b>       | <b>2,087.07</b>              | <b>3,471.16</b>       | <b>3,464.41</b>       | <b>3,415.62</b>       | <b>1,161.67</b>       | <b>-</b>              |

**GUJARAT HY - SPIN LIMITED**

**Annexure XXVII - Statement of (Increase)/Decrease in inventories of finished goods, work in progress and**

**(Rs. in lacs)**

| Particulars                   | For the period/year ended on |                    |                    |                    |                    |                    |
|-------------------------------|------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|                               | 30th<br>September<br>2017    | 31st<br>March 2017 | 31st<br>March 2016 | 31st<br>March 2015 | 31st<br>March 2014 | 31st March<br>2013 |
|                               |                              |                    |                    |                    |                    |                    |
| <b>Opening Stock</b>          |                              |                    |                    |                    |                    |                    |
| Work in Progress              | 442.81                       | 328.28             | 309.49             | 401.14             | -                  | -                  |
| Finished Goods / Traded Goods | 225.22                       | 354.03             | 202.58             | 155.69             | -                  | 85.28              |
| <b>Sub-Total</b>              | <b>668.03</b>                | <b>682.31</b>      | <b>512.07</b>      | <b>556.84</b>      | <b>-</b>           | <b>85.28</b>       |
|                               |                              |                    |                    |                    |                    |                    |
| <b>Closing Stock</b>          |                              |                    |                    |                    |                    |                    |
| Work in Progress              | 647.16                       | 442.81             | 328.28             | 309.49             | 401.14             | -                  |
| Finished Goods / Traded Goods | 260.82                       | 225.22             | 354.03             | 202.58             | 155.69             | -                  |
| <b>Sub-Total</b>              | <b>907.97</b>                | <b>668.03</b>      | <b>682.31</b>      | <b>512.07</b>      | <b>556.84</b>      | <b>-</b>           |
|                               |                              |                    |                    |                    |                    |                    |
| <b>Total</b>                  | <b>-239.94</b>               | <b>14.28</b>       | <b>-170.24</b>     | <b>44.76</b>       | <b>-556.84</b>     | <b>85.28</b>       |

**GUJARAT HY - SPIN LIMITED****Annexure - XXVIII Statement of Employee Benefit Expenses, as restated****(Rs. in lacs)**

| <b>Particulars</b>             | <b>For the period/year ended on</b> |                                |                                |                                |                                |                                |
|--------------------------------|-------------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
|                                | <b>30th<br/>September<br/>2017</b>  | <b>31st<br/>March<br/>2017</b> | <b>31st<br/>March<br/>2016</b> | <b>31st<br/>March<br/>2015</b> | <b>31st<br/>March<br/>2014</b> | <b>31st<br/>March<br/>2013</b> |
|                                |                                     |                                |                                |                                |                                |                                |
| Salaries, Wages and Bonus      | 40.87                               | 94.39                          | 87.13                          | 104.48                         | 25.27                          | 1.15                           |
| Contribution to Provident Fund | 2.03                                | 5.22                           | 6.32                           | -                              | -                              | 0.16                           |
| Gratuity                       | -0.52                               | 1.32                           | 1.65                           | 1.47                           | 0.72                           | -                              |
| Staff Welfare Expense          | -                                   | 0.01                           | 0.01                           | 4.41                           | 1.17                           | -                              |
|                                |                                     |                                |                                |                                |                                |                                |
|                                | <b>42.37</b>                        | <b>100.94</b>                  | <b>95.10</b>                   | <b>110.36</b>                  | <b>27.16</b>                   | <b>1.31</b>                    |

**GUJARAT HY - SPIN LIMITED****Annexure XXIX - Statement of Finance Cost, as restated****(Rs. in lacs)**

| <b>Particulars</b>               | <b>For the period/year ended on</b> |                                |                                |                                |                                |                                |
|----------------------------------|-------------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
|                                  | <b>30th<br/>September<br/>2017</b>  | <b>31st<br/>March<br/>2017</b> | <b>31st<br/>March<br/>2016</b> | <b>31st<br/>March<br/>2015</b> | <b>31st<br/>March<br/>2014</b> | <b>31st<br/>March<br/>2013</b> |
|                                  |                                     |                                |                                |                                |                                |                                |
| Interest on Working Capital Loan | 62.85                               | 134.60                         | 115.92                         | 90.78                          | 15.80                          | -                              |
| Interest on Term Loan            | 64.68                               | 155.28                         | 128.71                         | 132.84                         | 145.48                         | -                              |
| Other Interest                   | -                                   | -                              | -                              | -                              | 1.45                           | -                              |
| Interest on Income Tax/TDS       | 0.02                                | 0.00                           | -                              | 0.54                           | -                              | -                              |
| Other Charges                    | 0.04                                | 25.52                          | 16.25                          | 6.42                           | 5.77                           | -                              |
|                                  |                                     |                                |                                |                                |                                |                                |
| <b>Total</b>                     | <b>127.59</b>                       | <b>315.40</b>                  | <b>260.88</b>                  | <b>230.58</b>                  | <b>168.50</b>                  | <b>-</b>                       |

**GUJARAT HY - SPIN LIMITED****Annexure - XXX Statement of Other Expenses, as restated****(Rs. in lacs)**

| <b>Particulars</b>                    | <b>For the period/year ended on</b> |                                |                                |                                |                                |                                |
|---------------------------------------|-------------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
|                                       | <b>30th<br/>September<br/>2017</b>  | <b>31st<br/>March<br/>2017</b> | <b>31st<br/>March<br/>2016</b> | <b>31st<br/>March<br/>2015</b> | <b>31st<br/>March<br/>2014</b> | <b>31st<br/>March<br/>2013</b> |
| Consumption of Stores and Consumables | 45.61                               | 106.36                         | 131.55                         | 107.89                         | 35.21                          | 3.69                           |
| Advertising And Sales Promotion       | 1.51                                | 14.87                          | 39.33                          | 34.48                          | 11.93                          | -                              |
| Auditor's Remuneration                | 0.25                                | 0.35                           | 0.35                           | 0.35                           | 0.35                           | 0.05                           |
| Communication Cost                    | 0.14                                | 1.28                           | 1.82                           | 2.02                           | 0.61                           | -                              |
| Insurance                             | 1.93                                | 6.44                           | 5.11                           | 6.12                           | 1.60                           | -                              |
| Legal & Consultation Charges          | 2.76                                | 8.75                           | 12.62                          | 3.47                           | -                              | -                              |
| Office Admin Charges                  | 1.06                                | 1.71                           | 0.98                           | 2.59                           | 0.65                           | -                              |
| Other Expense                         | 3.34                                | 30.72                          | 44.71                          | 44.28                          | 21.04                          | 2.04                           |
| Power and Fuel                        | 317.17                              | 570.19                         | 644.22                         | 517.73                         | 159.18                         | 0.00                           |
| Rates And Taxes                       | 0.00                                | 0.00                           | 0.20                           | 0.42                           | 0.21                           | 0.00                           |
| Rent Expense                          | 0.15                                | 0.36                           | 0.24                           | 0.24                           | 0.08                           | 0.00                           |
| Repairs And Maintenance Others        | 0.96                                | 2.30                           | 3.87                           | 2.28                           | 0.05                           | 0.00                           |
| Preliminary Expenses                  | 0.00                                | 0.00                           | 0.00                           | 0.56                           | 7.99                           | 5.18                           |
| <b>Total</b>                          | <b>374.88</b>                       | <b>743.33</b>                  | <b>885.02</b>                  | <b>722.43</b>                  | <b>238.89</b>                  | <b>10.96</b>                   |

**GUJARAT HY - SPIN LIMITED**

**Annexure - XXXI Statement of Related Party Transactions as Restated**

(Rs. in lacs)

| Name of Party                                                                           | Nature of Transaction | 30th September 2017 | 31st March 2017 | 31st March 2016 | 31st March 2015 | 31st March 2014 | 31st March 2013 |
|-----------------------------------------------------------------------------------------|-----------------------|---------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|                                                                                         |                       |                     |                 |                 |                 |                 |                 |
|                                                                                         |                       |                     |                 |                 |                 |                 |                 |
| <b><u>Relatives of Key Managerial Personal</u></b>                                      |                       |                     |                 |                 |                 |                 |                 |
| Bindiyaben K Paravadiya                                                                 | Salary                |                     |                 |                 | 0.40            | 1.35            |                 |
| Devalben B Dave                                                                         | Salary                |                     |                 |                 | 0.32            | 1.32            |                 |
| Divyesh C Paravadiya                                                                    | Salary                |                     |                 |                 |                 | 0.67            |                 |
| Kaushik L Bokarvadiya                                                                   | Salary                |                     |                 |                 | 0.30            | 1.08            |                 |
| Ketan M Paravadiya                                                                      | Salary                |                     |                 |                 | 0.25            | 1.68            |                 |
| Nidhiben Parasbhai                                                                      | Salary                |                     |                 |                 | 0.40            | 1.45            |                 |
| Nitin K Matariya                                                                        | Salary                |                     |                 |                 | 0.36            | 1.17            |                 |
| Rinkalben L Paravadiya                                                                  | Salary                |                     |                 |                 | 0.30            | 1.25            |                 |
| Yogesh M Paravadiya                                                                     | Salary                |                     |                 |                 |                 | 0.67            |                 |
|                                                                                         |                       |                     |                 |                 |                 |                 |                 |
| <b><u>Enterprise significantly influenced by key managerial and their relatives</u></b> |                       |                     |                 |                 |                 |                 |                 |
| Paras Cotton                                                                            | Brokerage             | -                   | 0.98            | 16.98           | 4.94            | 121.82          |                 |
|                                                                                         | Sales                 | 266.93              | 1303.24         | 1,796.22        | 493.86          |                 |                 |
| Gujarat Ginning and Oil Industries                                                      | Sales                 | -                   |                 |                 |                 |                 | 100.58          |
|                                                                                         | Job Work              | -                   | 8.89            | 5.04            | 12.53           | 6.74            |                 |
|                                                                                         | Purchases             | 2017.28             | 3801.08         | 2,972.33        | 2,948.09        | 1,060.86        |                 |
|                                                                                         | Rent                  | 0.15                | 0.36            | 0.24            | 0.24            |                 |                 |

**Balance Outstanding as at End**

| Name of Party                               | 30th September 2017 | 31st March 2017 | 31st March 2016 | 31st March 2015 | 31st March 2014 | 31st March 2013 |
|---------------------------------------------|---------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| <u>Short Term Borrowings</u>                |                     |                 |                 |                 |                 |                 |
|                                             |                     |                 |                 |                 |                 |                 |
| <u>Key Managerial Personal</u>              |                     |                 |                 |                 |                 |                 |
| Chandubhai S Paravadiya                     | 0.75                | 0.75            | 0.75            | 0.75            | 10.75           | 17.50           |
| Maganbhai S Paravadiya                      | 66.00               | 66.00           | 66.00           | 66.00           | 13.00           | 7.45            |
|                                             | 66.75               | 66.75           | 66.75           | 66.75           | 23.75           | 24.95           |
|                                             |                     |                 |                 |                 |                 |                 |
| <u>Relatives of Key Managerial Personal</u> |                     |                 |                 |                 |                 |                 |
| Bindiyaben K Paravadiya                     | 9.70                | 9.70            | 9.70            | 9.70            | 0.00            | 4.00            |
| Chandubhai S Paravadiya (HUF)               | 40.00               | 40.00           | 40.00           | 40.00           | 40.00           | 0.00            |

|                                                                           |        |        |        |        |        |      |
|---------------------------------------------------------------------------|--------|--------|--------|--------|--------|------|
| Divyesh C Parvadiya                                                       | 0.70   | 0.70   | 0.70   | 0.70   | 10.70  | 0.00 |
| Hansaben C Paravadiya                                                     | 20.00  | 20.00  | 20.00  | 20.00  | 0.00   | 0.00 |
| Hemantbhai B Trambadiya                                                   | 0.00   | 0.00   | 0.00   | 0.00   | 30.00  | 0.00 |
| Ketanbhai M Paravadiya                                                    | 55.00  | 55.00  | 55.00  | 55.00  | 40.00  | 3.48 |
| Maganbhai S Paravadiya (HUF)                                              | 45.00  | 45.00  | 45.00  | 45.00  | 45.00  | 0.00 |
| Nidhiben P Paravadiya                                                     | 20.00  | 20.00  | 20.00  | 20.00  | 0.00   | 2.00 |
| Vajiben S Paravadiya                                                      | 29.50  | 29.50  | 29.50  | 29.50  | 35.00  | 0.00 |
| Yogesh M Paravadiya                                                       | 0.30   | 0.30   | 0.30   | 0.30   | 10.30  | 0.00 |
|                                                                           | 220.20 | 220.20 | 220.20 | 220.20 | 211.00 | 9.48 |
|                                                                           |        |        |        |        |        |      |
| Trade Receivable                                                          |        |        |        |        |        |      |
| Enterprise significantly influenced by key managerial and their relatives |        |        |        |        |        |      |
| Paras Cotton                                                              | 180.94 | 209.82 | 279.61 | 78.11  |        |      |
| Gujarat Ginning & Oil Industries                                          | 301.48 | -      | -      | -      |        |      |



**GUJARAT HY - SPIN LIMITED**

**Annexure XXXII -Capitalisation Statement**

(Rs. in lacs)

| Particular                                                | Pre Issue as on<br>30.09.2017 | Post Issue as on<br>30.09.2017/ As<br>Adjusted for Issue<br>Price |
|-----------------------------------------------------------|-------------------------------|-------------------------------------------------------------------|
| <b>Debt</b>                                               |                               |                                                                   |
| Long Term Debt (including current maturities)             | 2165.34                       | 2165.34                                                           |
| Short Term Debt                                           | 1300.90                       | 1300.90                                                           |
| <b>Total Debts (A)</b>                                    | <b>3466.24</b>                | <b>3466.24</b>                                                    |
| <b>Equity (shareholders' funds)</b>                       |                               |                                                                   |
| Equity share capital                                      | 1675.00                       | 1675.00                                                           |
| Reserves and surplus                                      | 187.54                        | 187.54                                                            |
| <b>Total Equity (B)</b>                                   | <b>1862.54</b>                | <b>1862.54</b>                                                    |
| <b><u>Long Term Debt / Equity Shareholders' funds</u></b> | <b>1.16</b>                   | <b>1.16</b>                                                       |
| <b><u>Total Debt / Equity Shareholders' funds</u></b>     | <b>1.86</b>                   | <b>1.86</b>                                                       |

**GUJARAT HY - SPIN LIMITED**

**Annexure XXXIII- Statement of Tax Shelters**

**(Rs. in lacs)**

|  | Particulars                                       | For the year ended on |               |                |                |                |              |
|--|---------------------------------------------------|-----------------------|---------------|----------------|----------------|----------------|--------------|
|  |                                                   | 30.09.2017            | 2017          | 2016           | 2015           | 2014           | 2013         |
|  | Normal Corporate Tax Rates                        | 30.90%                | 30.90%        | 30.90%         | 30.90%         | 30.90%         | 30.90%       |
|  | MAT Rates                                         | 19.06%                | 19.06%        | 19.06%         | 19.06%         | 19.06%         | 19.06%       |
|  | Profit before tax as per re-                      | 24.78                 | 21.68         | 5.24           | (49.48)        | (20.97)        | 7.40         |
|  | <b>Notional Tax as per tax rate on profit (A)</b> | <b>7.66</b>           | <b>6.70</b>   | <b>1.62</b>    | <b>-15.29</b>  | <b>-6.48</b>   | <b>2.29</b>  |
|  |                                                   |                       |               |                |                |                |              |
|  | <b>Permanent Differences</b>                      |                       |               |                |                |                |              |
|  | Disallowance u/s 36                               |                       |               |                | 0.05           |                |              |
|  | Interest on Income Tax                            |                       |               |                | -              |                |              |
|  | Disallowance u/s 40                               |                       | 0.36          |                |                |                |              |
|  | <b>Total Permanent Difference (B)</b>             | <b>-</b>              | <b>0.36</b>   | <b>-</b>       | <b>0.05</b>    | <b>-</b>       | <b>-</b>     |
|  |                                                   |                       |               |                |                |                |              |
|  | <b>Timing Differences</b>                         |                       |               |                |                |                |              |
|  | C/f Loss and Unabsorbed Depreciation              | -21.80                | -176.32       | -345.27        | -475.60        | -              | -            |
|  | Deduction of Preliminary Expenses u/s 35D         | -1.49                 | -2.98         | -2.98          | -2.98          | -2.9           | -0.23        |
|  | Change in Value of opening and closing inventory  |                       |               |                |                |                | -12.06       |
|  | Preliminary Expenses Written Off                  |                       |               | -              | 0.56           | 7.99           | 5.18         |
|  | Gratuity disallowable u/s 43B                     | -0.52                 | 1.32          | 1.65           | 1.47           | 0.72           | 0.00         |
|  | Other Disallowance U/s 43B                        | -                     | 0.78          |                |                | 0.18           |              |
|  | Depreciation                                      | 53.12                 | 133.36        | 165.03         | 180.70         | -460.65        | -0.07        |
|  | <b>Total Timing Difference (D)</b>                | <b>29.31</b>          | <b>-43.84</b> | <b>-181.56</b> | <b>-295.84</b> | <b>-454.63</b> | <b>-7.19</b> |
|  |                                                   |                       |               |                |                |                |              |
|  | <b>Total Adjustments (E) = (B+C+D)</b>            | <b>29.31</b>          | <b>-43.48</b> | <b>-181.56</b> | <b>-295.79</b> | <b>-454.63</b> | <b>-7.19</b> |

|  |                                                                                       |              |               |               |               |                |              |
|--|---------------------------------------------------------------------------------------|--------------|---------------|---------------|---------------|----------------|--------------|
|  |                                                                                       |              |               |               |               |                |              |
|  | <b>Tax Expenses / (savings)<br/>thereon (F)=(E)*Tax rate</b>                          | <b>9.06</b>  | <b>-13.44</b> | <b>-56.10</b> | <b>-91.40</b> | <b>-140.48</b> | <b>-2.22</b> |
|  |                                                                                       |              |               |               |               |                |              |
|  | <b>Tax payable as per normal<br/>provisions (other than<br/>115JB )of the Act (G)</b> | <b>16.71</b> | <b>-</b>      | <b>-</b>      | <b>-</b>      | <b>-</b>       | <b>0.07</b>  |
|  | <b>Tax under MAT (H)</b>                                                              | <b>4.72</b>  | <b>4.13</b>   | <b>1.00</b>   | <b>-</b>      | <b>-</b>       | <b>-</b>     |
|  | <b>Tax payable for the Year<br/>maximum of (G) or (H)</b>                             | <b>16.71</b> | <b>4.13</b>   | <b>1.00</b>   | <b>-</b>      | <b>-</b>       | <b>0.07</b>  |
|  |                                                                                       |              |               |               |               |                |              |

# GUJARAT HY - SPIN LIMITED

## Annexure XXXIV - Summary of Accounting Ratios

(Rs. in lacs)

| Accounting Ratio                                                             | As at               |                 |                 |                 |                 |                 |
|------------------------------------------------------------------------------|---------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|                                                                              | 30th September 2017 | 31st March 2017 | 31st March 2016 | 31st March 2015 | 31st March 2014 | 31st March 2013 |
| Net Worth (A)                                                                | 1,862.54            | 1,804.71        | 1,737.01        | 1,621.93        | 1,571.13        | 245.68          |
| Restated PAT as per statement of Profit and Loss (B)                         | 17.10               | 14.64           | 3.62            | (34.21)         | (14.54)         | 8.88            |
| Weighted average number of equity shares at the end of the year / period (C) | 167.50              | 167.50          | 167.50          | 160.02          | 127.04          | 9.78            |
| Share Capital as at the end of the year                                      | 1,675.00            | 1,675.00        | 1,675.00        | 1,675.00        | 1,590.00        | 250.00          |
| Net profit after tax (as restated) attributable to shareholders (Pre- Bonus) | 17.10               | 14.64           | 3.62            | (34.21)         | (14.54)         | 8.88            |
| <b>Earning Per Share</b>                                                     | <b>0.10</b>         | <b>0.09</b>     | <b>0.02</b>     | <b>(0.21)</b>   | <b>(0.11)</b>   | <b>0.91</b>     |
| Basic & Diluted (Rs)                                                         | 0.10                | 0.09            | 0.02            | (0.21)          | (0.11)          | 0.91            |
| <b>Return on Net Worth</b>                                                   | <b>1.84%</b>        | <b>0.81%</b>    | <b>0.21%</b>    | <b>-2.11%</b>   | <b>-0.93%</b>   | <b>3.61%</b>    |
| <b>Net Asset Value per share (Rs)</b>                                        | <b>11.12</b>        | <b>10.77</b>    | <b>10.37</b>    | <b>9.68</b>     | <b>9.88</b>     | <b>9.83</b>     |
|                                                                              |                     |                 |                 |                 |                 |                 |
|                                                                              |                     |                 |                 |                 |                 |                 |
| Nominal value per Equity Share (Rs)                                          | 10.00               | 10.00           | 10.00           | 10.00           | 10.00           | 10.00           |

### Notes :

#### 1 Basic earnings per share (Rs.)=

Net profit after tax (as restated) attributable to shareholders  
Weighted average number of equity shares outstanding during the year / period

(EPS Calculation has been done as per Accounting Standard-20, "Earnings Per Share" issued by The Institute of Chartered Accountants of India.)

#### 2 Return on Net Worth=

Net profit after tax (as restated) attributable to shareholders  
Shareholders' Equity

#### 3 Net Assets value per share=

Net worth at the end of the year / period  
Total No. of Equity Shares outstanding at the end of the year / period

4 Weighted average number of equity shares is the number of equity shares outstanding at the beginning of the year adjusted by the number of equity shares issued during the year multiplied by the time weighting factor.



## 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, 2017, 2016, 2015 and 2014 and for the period ended September 30, 2017 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 171 of this 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 18 and 17, of this Prospectus beginning respectively.

Our Company was incorporated on February 01, 2009 and has completed more than seven 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 period ended September 30, 2017 and for the financial years ended March 31, 2017, 2016 and 2015 respectively.

### OVERVIEW

Our Company was originally incorporated on February 01, 2011 as a private limited company under the name and style of "Gujarat Hy-Spin Private Limited" under the provisions of Companies Act 1956 with the Registrar of Companies, Gujarat, Dadra and Nagar Haveli. Subsequently, our Company was converted into public limited our company on August 5, 2016 and the name of Company was changed to "Gujarat Hy-Spin Limited".

Our Company is engaged in manufacturing of cotton yarns. Our Registered Office is situated at P.O. Box No. 22, Gundala Road, Gondal-360311, Rajkot, Gujarat and the manufacturing plant situated at Gundala, Gondal-360311, Rajkot.

Our Company started with trading(including trading of products jobworked)of Cotton Bales, Cotton Seeds and Wash Oil and has now graduated to in manufacturing of cotton yarns mainly in domestic market and third party exports to some extent.

Our Company is promoted by Maganlal Parvadiya and Chandulal Parvadia. They are in the field of cotton ginning and pressing since last two decades. Our Promoters were cotton farmers and started activity of cotton ginning, pressing and oil in a partnership firm. With their knowledge in varieties of cotton, our promoters and have helped our Company to achieve a turnover of over Rs. 50 Crores in a very short span since incorporation.



Our Company forayed into manufacturing of ring yarns in the year 2013. We sell cotton yarns to the traders who further sell it to other Industrial units for weaving and other purposes. We also sell directly to Industrial units for weaving purpose. Our manufacturing plant is spread 15381.28 square meters which is well equipped with plant and machinery such as Blow room, Humidification facility, Contamination sorter, Link Conner etc. Our Company also have test laboratory of Uster where the cotton yarns are tested.

### **SIGNIFICANT DEVELOPMENTS SUBSEQUENT TO THE LAST FINANCIAL YEAR**

1. Our Company appointed Kaushik Dave as Managing Director of our Company vide a resolution passed in Extraordinary General Meeting of members held on November 28, 2017.
2. Our Board of Directors have approved the Offer pursuant to the resolution passed at their meeting held on November 28, 2017.
3. Our Company appointed Mahendra Rajput as Company Secretary and Compliance officer on November 28, 2017.

### **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 18 of this Prospectus. Our results of operations and financial conditions are affected by numerous factors including the following:

- Credit Availability
- Fluctuation in price of Raw Materials
- Change in Government 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, 2017, 2016 and 2015, and review of operation for the period ended September 30, 2017.

### **OVERVIEW OF REVENUE & EXPENDITURE**

#### **Revenues**

#### ***Income from operations:***

Our principal component of income is from manufacturing of cotton yarns mainly in domestic market and third party export to some extent.

#### ***Other Income:***

Our other income consist mainly of Interest on Fixed Deposits.

*Amount (Rs. In Lakhs)*

| <b>Particulars</b>      | <b>As on March 31,</b> |             |             | <b>For the period ended September 30, 2017</b> |
|-------------------------|------------------------|-------------|-------------|------------------------------------------------|
|                         | <b>2015</b>            | <b>2016</b> | <b>2017</b> |                                                |
| <b>Income</b>           |                        |             |             |                                                |
| Revenue from Operations | 5,205.23               | 5,174.99    | 5,189.30    | 2,632.33                                       |
| Variance                | 320.01%                | 0.58%       | 0.28%       | -                                              |



|                         |                 |                 |          |         |
|-------------------------|-----------------|-----------------|----------|---------|
| As a % of Total Revenue | 99.87%          | 99.72%          | 99.71%   | 99.73%  |
| Other Income            | 6.96            | 14.42           | 15.31    | 7.00    |
| Variance                | 135.88%         | 107.26%         | 6.19%    | -       |
| As a % of Total Revenue | 0.13%           | 0.28%           | 0.29%    | 0.27%   |
| <b>Total Revenue</b>    | <b>5,212.19</b> | <b>5,189.41</b> | 5,204.61 | 2639.33 |
| <b>Variance</b>         | 319.58%         | 0.44%           | 0.29%    | -       |

## EXPENDITURE

Our total expenditure primarily consists of Cost of Material Consumed, Changes in inventories, Employee Benefit Expense, Finance Costs, Depreciation and Other Expenses.

### **Direct Expenditure**

Our direct expenditure includes cost of materials consumed, changes in inventories of finished goods, stock in trade and Work In Progress. The cost of materials comprise of costs of cotton Bales.

### **Employee Benefit Expense**

It includes salaries and wages, contributions to provident fund & other fund and staff welfare expense

### **Change in Inventories**

Change in inventories includes change in inventories of finished goods and work in progress.

### **Financial Cost**

Our financial cost includes interest expenses on working capital loan and term loan and other borrowing costs.

### **Depreciation**

Depreciation includes depreciation of tangible assets.

### **Other Expenses**

Other expenses includes Electric Power and Fuel Expense, advertising and sales promotion and consumption of stores and consumables, 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:

Amount (Rs. In Lakhs)

| Particulars             | Till March 31, |          |          | For the period ended September 30, 2017 |
|-------------------------|----------------|----------|----------|-----------------------------------------|
|                         | 2015           | 2016     | 2017     |                                         |
| <b>INCOME</b>           |                |          |          |                                         |
| Revenue from Operations | 5,205.23       | 5,174.99 | 5,189.30 | 2,632.33                                |
| As a % of Total Revenue | 99.87%         | 99.72%   | 99.71%   | 99.73%                                  |
| Other Income            | 6.96           | 14.42    | 15.31    | 7.00                                    |



| Particulars                                                                        | Till March 31,  |                 |              | For the period ended September 30, 2017 |
|------------------------------------------------------------------------------------|-----------------|-----------------|--------------|-----------------------------------------|
|                                                                                    | 2015            | 2016            | 2017         |                                         |
| As a % of Total Revenue                                                            | 0.13%           | 0.28%           | 0.29%        | 0.27%                                   |
| <b>Total Revenue (A)</b>                                                           | <b>5,212.19</b> | <b>5,189.41</b> | 5,204.61     | 2,639.33                                |
| <b>Growth %</b>                                                                    | 319.58%         | -0.44%          | 0.29%        | -                                       |
| <b>EXPENDITURE</b>                                                                 |                 |                 |              |                                         |
| <b>Cost of Material Consumed</b>                                                   | <b>3,415.62</b> | <b>3,464.41</b> | 3,471.16     | 2,087.07                                |
| % of Total Income                                                                  | 65.53%          | 66.76%          | 66.69%       | 79.08%                                  |
| Variance                                                                           | 194.03          | 1.43%           | 0.19%        | -                                       |
| <b>Changes in inventories of finished goods, traded goods and work-in-progress</b> | <b>44.76</b>    | <b>(170.24)</b> | 14.28        | (239.94)                                |
| % of Total Income                                                                  | 0.86%           | (3.28)%         | 0.27%        | (9.09%)                                 |
| Variance                                                                           | 108.04%         | 480.31%         | (108.39)%    | -                                       |
| <b>Employee benefit expenses</b>                                                   | <b>110.35</b>   | <b>95.10</b>    | 100.93       | 42.37                                   |
| % of Total Income                                                                  | 2.12%           | 1.83%           | 1.94%        | 1.61%                                   |
| Variance                                                                           | 306.32%         | -13.82%         | 6.14%        | -                                       |
| <b>Finance costs</b>                                                               | <b>230.58</b>   | <b>260.88</b>   | 315.40       | 127.59                                  |
| % of Total Income                                                                  | 4.42%           | 5.03%           | 6.06%        | 4.83%                                   |
| Variance                                                                           | 36.84%          | 13.14%          | 20.90%       | -                                       |
| <b>Depreciation and amortisation expense</b>                                       | <b>737.92</b>   | <b>649.01</b>   | 537.82       | 222.59                                  |
| % of Total Income                                                                  | 14.16%          | 12.51%          | 10.33%       | 8.43%                                   |
| Variance                                                                           | 229.66%         | 12.05%          | 17.13%       | -                                       |
| <b>Other Expenses</b>                                                              | <b>722.43</b>   | <b>885.02</b>   | 743.33       | 374.88                                  |
| % of Total Income                                                                  | 13.86%          | 17.05%          | 14.28%       | 14.20%                                  |
| Variance                                                                           | 202.41%         | 22.51%          | (16.01)%     | -                                       |
| <b>Total Expenses (B)</b>                                                          | <b>5,261.67</b> | <b>5,184.17</b> | 5,182.93     | 2,614.55                                |
| % of Total Income                                                                  | 100.95%         | 99.90%          | 99.58%       | 99.06%                                  |
| Variance                                                                           | 316.53%         | 1.47%           | (0.02)%      | -                                       |
| <b>Profit before exceptional</b>                                                   | <b>(49.48)</b>  | <b>5.24</b>     | 21.68        | 24.78                                   |
| <b>Less - Exceptional Items</b>                                                    | <b>0.00</b>     | <b>0.00</b>     | <b>0.00</b>  | <b>0.00</b>                             |
| % of Total Income                                                                  | -0.95%          | 0.10%           | 0.94%        | 0.42%                                   |
| Variance                                                                           | 135.96%         | -110.59%        | 313.78%      | -                                       |
| <b>Profit before extraordinary items and tax</b>                                   | <b>(49.48)</b>  | <b>5.24</b>     | <b>21.68</b> | <b>24.78</b>                            |
| <b>Less- Extraordinary Items</b>                                                   | <b>0.00</b>     | <b>0.00</b>     | <b>0.00</b>  | <b>0.00</b>                             |
| % of Total Income                                                                  | --              | --              | -            | -                                       |
| Variance                                                                           | --              | --              | -            | -                                       |
| <b>Profit Before Tax</b>                                                           | <b>(49.48)</b>  | <b>5.24</b>     | 21.68        | 24.78                                   |
| % of Total Income                                                                  | (0.95)%         | (1.69)%         | 0.94%        | 0.42%                                   |





| Particulars                                | Till March 31, |             |             | For the period ended September 30, 2017 |
|--------------------------------------------|----------------|-------------|-------------|-----------------------------------------|
|                                            | 2015           | 2016        | 2017        |                                         |
| Variance                                   | 135.96         | 383.40      | 313.78%     | -                                       |
| Tax expense :                              |                |             |             |                                         |
|                                            |                |             | -           | 16.71                                   |
| <b>(i) Current tax</b>                     | <b>0.00</b>    | --          |             |                                         |
| % of Total Income                          | 0.00%          | --          | -           | 0.32%                                   |
| Variance                                   | --             | --          | -           |                                         |
| <b>(ii) Deferred tax (Asset)/Liability</b> | <b>(15.27)</b> | <b>1.62</b> | <b>7.05</b> | <b>(9.03)</b>                           |
|                                            |                |             | 0.14%       | (0.17)%                                 |
| % of Total Income                          | (0.29%)        | 0.03%       |             |                                         |
| Variance                                   | 137.80%        | 110.59%     | 334.89%     | -                                       |
| <b>Total Tax Expense</b>                   | <b>(15.27)</b> | <b>1.62</b> | <b>7.05</b> | <b>7.68</b>                             |
| % of Total Income                          | (0.29%)        | 0.00        | 0.14%       | 0.29%                                   |
| Variance                                   | 137.64%        | 110.59%     | 334.89%     | -                                       |
| <b>Profit for the year</b>                 | <b>(34.21)</b> | <b>3.62</b> | 14.64       | 17.10                                   |
| % of Total Income                          | (0.66%)        | 0.00        | 0.28%       | 0.65%                                   |
| Variance                                   | 135.21%        | 110.59%     | 304.34%     | -                                       |

## Review of Operation for the period ended September 30, 2017

### Revenue from Operations

Our revenue of operation for the period ended September was Rs 2632.33 lakhs which was 99.73% of our total income. Our revenue from operation was primarily from the sale of our manufactured products

### Other Income

Other Income of the Company for the financial year 2014-15 was Rs.7.00 lakhs which was primarily consisted of interest income from fixed deposit.

### DIRECT EXPENDITURE

Our direct expenditure for the period ended September 30, 2017 comprised of cost of material consumed of Rs 2087.07 lakhs and change in inventory of finished goods and work in progress of Rs (239.94) lakhs. Our net direct expenditure for the period ended September 30, 2017 was Rs 1847.13 lakhs which is in line with our revenue from operation.

### ADMINISTRATIVE AND EMPLOYEE COSTS

Our employee benefit expenses for the period ended for the September 30, 2017 was Rs 42.37 lakhs Our employee benefit expenses was 1.61 % of our total income. Our other expenses for the period ended for the period ended September 30, 2017 was Rs 374.88 lakhs which was 14.20% of our total income.

### FINANCE COSTS



The finance costs for the period ended September 30, 2017 was Rs 127.59 lakhs. Our financial cost includes interest expenses on working capital loan and term loan and other borrowing costs.

## DEPRECIATION

Depreciation for the period ended September 30, 2017 was Rs 222.59 lakhs

## PROFIT BEFORE TAX

The Profit Before Tax for the period ended September 30, 2017 was Rs 24.78 lakhs

## PROVISION FOR TAX AND NET PROFIT

Our provision for tax and profit after tax for the period ended September 30, 2017 was Rs 7.68 lakhs and Rs. 17.10 lakhs respectively

## COMPARISON OF FINANCIAL YEAR ENDED MARCH 31, 2017 WITH FINANCIAL YEAR ENDED MARCH 31, 2016

### INCOME

#### Revenue from Operations

Amount (Rs. In Lakhs)

| Particulars      | 2015-16  | 2016-17  | Variance |
|------------------|----------|----------|----------|
| Operating Income | 5,174.99 | 5,189.30 | 0.29%    |

The operating income of the Company for the financial year 2015-2016 was Rs. 5174.99 Lakhs as compared to Rs. 5189.30 lakhs for the financial year 2016-2017; showing a slight increase of 0.28%. The increase primarily was due to increase in our income from cotton waste by Rs 165.73 lakhs in financial year 2016-17. However, this increase was offset by decrease in revenue from cotton yarn by Rs 150.83 in financial year 2016-17

#### Other Income

Other Income of the Company for the financial year 2015-16 was Rs. 14.42 lakhs which increased to Rs. 15.31 lakhs for the financial year 2016-17. The increase in the interest on Fixed deposit and interest on income tax income resulted in increase in other income

### DIRECT EXPENDITURE

Amount (Rs. In Lakhs)

| Particulars                                                                 | 2015-16  | 2016-17  | Variance  |
|-----------------------------------------------------------------------------|----------|----------|-----------|
| Cost of material consumed                                                   | 3,464.41 | 3,471.16 | 0.19%     |
| Changes in inventories of finished goods, traded goods and work in progress | (170.24) | 14.28    | (108.39)% |

The direct expenditure increased from Rs.3294.71 lakhs in financial year 2015-16 to Rs. 3485.44 lakhs in financial year 2016-17 showing an increase of 5.81% over the previous year. Our total material consumed was 67.17 % of our operating revenue.

### ADMINISTRATIVE AND EMPLOYEE COSTS

Amount (Rs. In Lakhs)



| Particulars               | 2015-16 | 2016-17 | Variance |
|---------------------------|---------|---------|----------|
| Other Expenses            | 885.02  | 743.33  | (16.01)% |
| Employee Benefit Expenses | 95.10   | 100.93  | 6.14%    |

Other Expenses for the financial year was Rs 743.33 lakhs for the financial year 2016-17 as compared to Rs 885.02 lakhs for the financial year 2015-16. The decrease was primarily due to decrease in advertising and sale promotion expenses by 24.45 lakhs, legal and consultancy charges by Rs 3.88 lakhs among other. However our this decrease was offset by increase in insurance expense by Rs 1.33 lakhs and office & admin expense by Rs. 0.72 lakhs among others.

Employee Benefit Expenses for the financial year 2016-17 have increased by 6.14% to Rs. 100.93 lakhs as against Rs. 95.10 lakhs in financial year 2015-2016 The increase in Employee benefit expense was primarily on account of increase in staff salary by Rs 3.14 lakhs , staff allowance by Rs 4.12 lakhs, in financial year 2016-17. However, this increase was offset by decrease in contribution to provident fund by Rs 1.09 lakhs and gratuity expense by 0.33 lakhs in financial year 2016-17.

### FINANCE COSTS

The finance costs for the Financial Year 2016-17 increased to Rs.315.40 lakhs from Rs. 260.88 lakhs for the financial year 2015-16 .The increase was primarily due to increase in interest expense on term loan, working capital loan and increase in bank charges.

### DEPRECIATION

Depreciation for the year financial year 2016-17 has decreased to Rs. 537.82 lakhs as compared to Rs. 649.01lakhs for the financial year 2015-16.

### PROFIT BEFORE TAX

*Amount (Rs. In Lakhs)*

| Particulars       | 2015-16 | 2016-17 | Variance |
|-------------------|---------|---------|----------|
| Profit Before Tax | 5.24    | 21.68   | 313.78   |

The Profit Before Tax has increased from Rs. 5.24 lakhs to Rs. 21.68 lakhs showing an increase of 313.78%.

### PROVISION FOR TAX AND NET PROFIT

*Amount (Rs. In Lakhs)*

| Particulars       | 2015-16 | 2016-17 | Variance |
|-------------------|---------|---------|----------|
| Taxation Expenses | 1.62    | 7.05    | 334.89%  |
| Profit after Tax  | 3.62    | 14.64   | 304.34   |

Profit after tax increased to Rs. 14.64 lakhs for the financial year 2016-17 as compared to Rs. 3.62 lakhs for the financial year 2015-16.Our Profit after tax was 0.28 % of our total revenue for the financial year 2016-17 as compared to 0.07% of our total revenue for the financial year 2015-16

### COMPARISON OF FINANCIAL YEAR ENDED MARCH 31, 2016 WITH FINANCIAL YEAR ENDED MARCH 31, 2015

### INCOME



## Revenue from Operations

Amount (Rs. In Lakhs)

| Particulars      | 2014-15  | 2015-16  | Variance |
|------------------|----------|----------|----------|
| Operating Income | 5,205.23 | 5,174.99 | 0.58%    |

The operating income of the Company for the financial year 2014-2015 was Rs. 5,205.23 Lakhs as compared to Rs. 5,174.99 lakhs for the financial year 2015-2016; showing an decreased of 0.58%. The decrease was due to the company has not done any trading activity. However the manufacturing operation has increased.

## Other Income

Other Income of the Company for the financial year 2014-15 was Rs. 6.96 lakhs which increased to Rs. 14.42 lakhs during the financial year 2015-16. The increase in the Fixed deposit interest resulted in increase in other income

## DIRECT EXPENDITURE

Amount (Rs. In Lakhs)

| Particulars                                                                 | 2014-15  | 2015-16  | Variance |
|-----------------------------------------------------------------------------|----------|----------|----------|
| Cost of material consumed                                                   | 3,415.62 | 3464.41  | 1.87%    |
| Changes in inventories of finished goods, traded goods and work in progress | 44.76    | (170.24) | 480.31%  |

The direct expenditure increased from Rs. 3415.62 lakhs in financial year 2014-15 to Rs. 3464.41 lakhs in financial year 2015-16 showing an increase of 1.87% over the previous year. The increase was due increase in sales of manufacturing operations.

## ADMINISTRATIVE AND EMPLOYEE COSTS

Amount (Rs. In Lakhs)

| Particulars               | 2014-15 | 2015-16 | Variance |
|---------------------------|---------|---------|----------|
| Employee Benefit Expenses | 110.35  | 95.10   | 13.82%   |

Employee Benefit Expenses in financial year 2015-16 have decreased by 13.82% to Rs. 95.10 lakhs as against Rs. 110.35 lakhs in financial year 2014-2015.

## FINANCE COSTS

The finance costs for the Financial Year 2015-16 increased from Rs. 230.58 lakhs in the financial year 2014-15 to Rs. 260.88.

## DEPRECIATION

Depreciation for the year financial year 2015-16 has decreased to Rs. 649.01 lakhs as compared to Rs. 737.92 lakhs for the financial year 2014-15.

## PROFIT BEFORE TAX

Amount (Rs. In Lakhs)

| Particulars       | 2014-15 | 2015-16 | Variance |
|-------------------|---------|---------|----------|
| Profit Before Tax | (49.48) | 5.24    | 110.59%  |



The Profit Before Tax has increased from Rs. (49.48) lakhs to Rs. 5.24 lakhs showing an increase of 110.59%.

#### PROVISION FOR TAX AND NET PROFIT

Amount (Rs. In Lakhs)

| Particulars       | 2014-15 | 2015-16 | Variance |
|-------------------|---------|---------|----------|
| Taxation Expenses | (15.27) | 1.62    | 110.59%  |
| Profit after Tax  | (34.20) | 3.62    | 110.59%  |

Profit after tax increased to Rs. 3.62 lakhs as compared to loss of Rs. (34.20) 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 | 1,239.30  | 5,205.23  | 320.01%  |

The operating income of the Company for financial year 2014-2015 is Rs. 5,205.23 lakhs as compared to Rs. 1,239.30 lakhs for the financial year 2013-2014 showing an increase of 320.01%. The increase in revenue was due to increase in sales.

##### Other Income

Our other income increased by 135.95% from Rs. 2.95 lakhs in Financial Year 2013-2014 to Rs. 6.96 lakhs in Financial Year 2014-2015. The main reason for increase in other income was increase in Fixed Deposit Interest income.

##### DIRECT EXPENDITURE

Amount (Rs. In Lakhs)

| Particulars                                                      | 2013-2014 | 2014-2015 | Variance |
|------------------------------------------------------------------|-----------|-----------|----------|
| Cost of materials consumed                                       | 1161.67   | 3415.62   | 194.03%  |
| Changes in Inventories of finished goods, WIP and stock in Trade | (556.84)  | 44.76     | 108.04%  |

The direct expenditure has increased from Rs. 1161.67 lakhs in Financial Year 2013-2014 to Rs. 3415.62 lakhs in Financial Year 2014-2015 showing an increase of 194.03% over the previous year. The increase is due to full fledged manufacturing of cotton yarn.

##### ADMINISTRATIVE AND EMPLOYEE COSTS

Amount (Rs. In Lakhs)

| Particulars               | 2013-2014 | 2014-2015 | Variance |
|---------------------------|-----------|-----------|----------|
| Employee Benefit Expenses | 27.16     | 110.35    | 306.32%  |

There is an increase in employee benefit expenses from Rs. 27.16 lakhs to Rs. 110.35 lakhs due to increase in employees and also rise in salaries and wages.



## FINANCE COSTS

The finance costs for the period Financial Year 2014-2015 have increased to Rs. 230.58 lakhs from Rs. 168.50 lakhs in Financial Year 2013-14 due to increase in other borrowing costs and finance cost

## DEPRECIATION

Depreciation expenses for the Financial Year 2014-2015 have increased to Rs. 737.92 lakhs as compared to Rs. 223.84 lakhs for the Financial Year 2013-2014.

## PROFIT BEFORE TAX

*Amount (Rs. In Lakhs)*

| Particulars       | 2013-2014 | 2014-2015 | Variance |
|-------------------|-----------|-----------|----------|
| Profit Before Tax | (20.97)   | (49.48)   | 135.96%  |

There was a increase in the loss of Rs.20.97 lakhs in the year 2013-2014 to Rs. 49.48 lakhs in the year 2014-2015 depreciation on fixed assets

## PROVISION FOR TAX AND NET PROFIT

*Amount (Rs. In Lakhs)*

| Particulars       | 2013-2014 | 2014-2015 | Variance |
|-------------------|-----------|-----------|----------|
| Taxation Expenses | (6.42)    | (15.28)   | 138.00%  |
| Profit after Tax  | (14.54)   | (34.21)   | 135.28%  |

## OTHER MATTERS

### 1. Unusual or infrequent events or transactions

Except as described in this 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 18 of this 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 18 of this 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 92 of this 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, 2017 is as follows:

For Financial year 2016-17

| Particulars | Customers | Suppliers |
|-------------|-----------|-----------|
| Top 5 (%)   | 86.56%    | 98.55%    |
| Top 10 (%)  | 93.79%    | 99.53%    |

**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 114 of this Prospectus.



## FINANCIAL INDEBTEDNESS

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

### 1. Loan from State Bank of India

| Rs. In Lakhs                                                        |                                                    |                                                                                             |                                                                                                                                                         |                                                |                |
|---------------------------------------------------------------------|----------------------------------------------------|---------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|----------------|
| Particulars                                                         | Fund Based                                         |                                                                                             |                                                                                                                                                         |                                                | Non Fund Based |
| Nature of Facility                                                  | Working Capital                                    | Term Loan –I                                                                                | Term Loan-II                                                                                                                                            | Term Loan-III                                  | Bank Guarantee |
| Amount (in Rs.) as per latest Sanction letter dated April 19, 2016  | 1000.00                                            | 2200.00                                                                                     | 484.00                                                                                                                                                  | 152.00                                         | 200.00         |
| Rate Of Interest as per latest Sanction letter dated April 19, 2016 | 4.60% above base rate with a minimum of 8.00 %p.a. | 4.60% above base rate with a minimum of 8.00 %                                              |                                                                                                                                                         | 4.60% above base rate with a minimum of 8.00 % | --             |
| Repayment                                                           | On Demand                                          | Repayable in 89 Installments of Rs.31.00 Lakhs each and last installment of Rs. 41.00 Lakhs | Repayable in first 33 Installments of Rs.6.00 Lakhs each next 35 Installment of Rs. 7.00 Lakhs and additional installment of Rs. 10.00 Lakhs at the end | Repayable in 66 Installments of Rs.2.50 Lakhs  | --             |
| Primary                                                             | Hypothecation                                      | • Lease Hold Factory Land & Building in the name of the unit                                |                                                                                                                                                         |                                                |                |





| Particulars                                 | Fund Based                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                           | Non Fund Based                                                                                           |
|---------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|
| <b>Security</b>                             | of all type of stock in trade, Receivables and all other current assets (existing & Future)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | located at : 461/P of Gondal & 80/P of Gundala, Taluka Gondal, Dist.Rajkot Land Area RS no 80/P :10890.00 Sq mtr & RS no 461/P : 4491.28 Sq,mtr Total of 15381.28 Sq. mtr | <ul style="list-style-type: none"> <li>Plant and Machinery and other fixed assets of the unit</li> </ul> |
| <b>Collateral Security</b>                  | <ul style="list-style-type: none"> <li>Residential Property situated at Revenue Survey 418/PA, Sub Plot no. 13-D, Krushna Nagar Street No. 1, Jetpur Road, Gondal, Rajkot Admeasuring 550.77 Sq.ft Built up area in the name of Maganbhai Parvadiya</li> <li>Open plot of land (Free Hold) situated at Revenue Survey 475/1, Plot no. 104, “Naundanvan”, Tal. Gondal, Rajkot Admeasuring 132.17 Sq.mtr in the name of Chandubhai Parvadia</li> <li>Extension of Charge on the property situated at 461/P of Gondal &amp; 80P of Gundala, Taluka Gondal, Dist Rajkot in the name of M/s Gujarat Ginning and Oil Industries Admeasuring total of 29336.17 Sq. mtr</li> <li>Extension of charge on the residential property at Revenue Survey 418/PA sub plot no 13-B, “Krushna Kunj” , Krushna Nagar Street No. 1, Jetpur Road, Gondal, Rajkot. Admeasuring 1491.31 Sq ft in the name of Chandubhai Parvadia</li> </ul> |                                                                                                                                                                           |                                                                                                          |
| <b>Guarantee</b>                            | <ul style="list-style-type: none"> <li>Maganbhai Parvadiya</li> <li>Chandubhai Parvadia</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                           |                                                                                                          |
| <b>Corporate Guarantee</b>                  | <ul style="list-style-type: none"> <li>M/s Gujarat Ginning and Oil Industries</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                           |                                                                                                          |
| <b>Outstanding as on september 30, 2017</b> | Working Capital—Rs. 1009.93<br>Term Loan-1- Rs. 1670.44<br>Term Loan -2- Rs.384.39<br>Term Loan -3- Rs.110.51                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                           |                                                                                                          |

#### **Key Restrictive Covenants:**

During the currency of the Bank’s credit facilities, the unit/ guarantors will not, without the Bank’s prior permission in writing

1. Effect any change in the Unit’s capital structure
2. Implement any scheme of expansion/ modernisation / diversification / renovation or acquire any fixed assets during any accounting year, except such schemes which have already been approved by the Bank.



3. Formulate any scheme of amalgamation or reconstruction
4. Invest by way of share capital or lend or advance funds to or place deposits with any other concern, including sister/ associate/ family/ subsidiary/ group concerns. However, normal trade credit or security deposits in the normal course of business or advances to employees can be excluded.
5. Enter into borrowing arrangements either secured or unsecured with any other bank, financial institution, company or person
6. Undertake Guarantee obligations on behalf of any other company, firm or person
7. Declare dividends for any year except out of profits related to that year after making all due and necessary provisions and provided further that no default had occurred in any repayment obligations
8. Effect any drastic change in their management setup
9. Effect any change in the remuneration payable to the directors/ partners, etc. either in the form of sitting fees or otherwise.
10. Pay guarantee commission to the guarantors whose guarantees have been stipulated/ furnished for the credit limits sanctioned by the bank.
11. Create any further charge, lien or encumbrance over the assets and properties of the unit/ guarantors to be charged/ charged to the bank in favour of any other bank, financial institution, firm or person
12. Sell. Assign, mortgage or otherwise dispose off any of the fixed assets charged to the bank.
13. Undertake any trading activities other than the sale of produce arising out of its own manufacturing/ trading operations.

*Note: Our Company has made delayed payment of following amounts:*

1. *Term Loan A- Installments of Rs. 11.50 lakhs in Financial Year 2016-17 and Rs. 79.44 lakhs during period ended September 30, 2017.*
2. *Term Loan B- Installments of Rs. 2.21 lakhs in Financial Year 2016-17 and Rs. 24.39 lakhs during period ended September 30, 2017.*
3. *Term Loan C- Installments of Rs. 14.23 lakhs in Financial Year 2016-17 and Rs. 20.51 lakhs during period ended September 30, 2017.*



## UNSECURED LOANS

| Name of the Person             | Amount (Rs. In Lakhs) |
|--------------------------------|-----------------------|
| Babubhai Gordhanbhai Mankdiya  | 4.01                  |
| Bindiabhen Ketanbhai Parvadiya | 9.70                  |
| Chandubhai S Parvadia (HUF)    | 40.00                 |
| Chandubhai S Parvadia          | 0.75                  |
| Divyeshbhai C Parvadiya        | 0.70                  |
| Hanshaben C Parvadiya          | 20.00                 |
| Ketanbhai M Parvadiya          | 55.00                 |
| Maganbhai S Parvadiya          | 66.00                 |
| Maganbhai S Parvadiya (HUF)    | 45.00                 |
| Niddhiben P Parvadiya          | 20.00                 |
| Vajiben S Parvadiya            | 29.50                 |
| Yogesh Maganbhai Paravadiya    | 0.30                  |
| <b>Total</b>                   | <b>290.96</b>         |



## **SECTION VI – LEGAL AND OTHER INFORMATION**

### **OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS**

Except, as stated below and mentioned elsewhere in this 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, Subsidiaries and Group Companies 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 no disciplinary action has been taken by SEBI or any stock exchange against the Company, Directors, Promoters or Group Companies.

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) direction issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action; (iii) pending proceedings initiated against our Company for economic offences; (iv) default and non-payment of statutory dues by our Company; (v) 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 including fines imposed or compounding of offences done in those five years; or (vi) 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 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**

#### **PROCEEDING FOR AY 2013-14**

The Income Tax Officer, Ward – 1 (2) (1), Rajkot has issued a notice dated January 28, 2015 to Gujarat Hy-Spin Private Limited. The Notice is issued for non-filing of return of income for AY 2013-14 and had asked the Assessee Company to file the return of income within 15 days from the notice dated January 28, 2015. The Assessee Company has filed return of income and Income Tax Return acknowledgment number 780880331200913 dated September 20, 2013 was generated for the Company. The matter is pending at notice stage.

### **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**

### **INCOME TAX PROCEEDINGS – KAUSHIK LABHSHANKAR DAVE**

#### **1. FOR AY 2004-05**

Income Tax Department's website under the head 'Response to Outstanding Tax Demand' for Kaushik Labhshankar Dave (hereinafter referred to as "**Assessee**" for this paragraph) displays outstanding demand dated March 13, 2005 under Section 143 (1) of the Income Tax Act, 1961



(hereinafter referred to as the “**IT Act**”) and dated October 20, 2017 under Section 220 (2) of the IT Act amounting to **Rs. 618/-**. The amount is currently outstanding.

## **2. FOR AY 2010-11**

Income Tax Department’s website under the head ‘Response to Outstanding Tax Demand’ for Kaushik Labhshankar Dave (hereinafter referred to as “**Assessee**” for this paragraph) displays outstanding demand dated December 06, 2011 under Section 143 (1)(a) of the Income Tax Act, 1961 (hereinafter referred to as the “**IT Act**”) amounting to **Rs. 19,740/-**. The amount is currently outstanding.

## **INCOME TAX PROCEEDINGS – KAMLESHBHAI BACHUBHAI BOKARVADIYA**

### **3. FOR AY 2016-17**

Income Tax Department’s website under the head ‘Response to Outstanding Tax Demand’ for Kamleshbhai Bachubhai Bokarvadiya (hereinafter referred to as “**Assessee**” for this paragraph) displays outstanding demand dated November 15, 2016 under Section 143 (1)(a) of the Income Tax Act, 1961 (hereinafter referred to as the “**IT Act**”) amounting to **Rs. 2,990/-**. The Assessee paid tax dated September 29, 2016 vide challan number 30633. The Assessee has disagreed with demand and submitted a response dated January 02, 2017. The amount is currently outstanding.

### **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 willful 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**

## **INCOME TAX PROCEEDINGS – CHANDULAL SHAMBHUBHAI PARVADIA**



## **1. FOR AY 2013-14**

Income Tax Department's website under the head 'Response to Outstanding Tax Demand' for Chandulal Shambhubhai Parvadia (hereinafter referred to as "**Assessee**" for this paragraph) displays outstanding demand dated March 16, 2014 under Section 143 (1)(a) of the Income Tax Act, 1961 (hereinafter referred to as the "**IT Act**") amounting to **Rs. 1,850/-** The amount 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**

Nil

### **Criminal Litigation**

Nil

### **Civil Proceedings**

Nil

### **Taxation Matters**

Nil

**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 any subsidiary as on date of this 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 or 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 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 September 30, 2017, our Company had 10 creditors, to whom a total amount of Rs. 558.17 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:

| Creditors                        | Amount (Rs. in lakhs) |
|----------------------------------|-----------------------|
| Gujarat Ginning & Oil Industries | 301.48                |





| <b>Creditors</b>                 | <b>Amount (Rs. in lakhs)</b> |
|----------------------------------|------------------------------|
| Shyam Polyspin Pvt. Ltd.         | 148.49                       |
| Vinayak Cotex                    | 39.78                        |
| Perfect Paper Cones              | 16.49                        |
| Shreeji Packaging                | 10.90                        |
| Bhavesh Texcone Industries       | 10.32                        |
| Gujarat Packaging Industries     | 9.67                         |
| Nagar Engineering                | 9.50                         |
| Nobel Paper Product              | 6.12                         |
| Sahjanand Paper Cone & packaging | 5.43                         |
| <b>Total</b>                     | <b>558.17</b>                |

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.gujarathyspin.com](http://www.gujarathyspin.com).

Information provided on the website of our Company is not a part of this Prospectus and should not be deemed to be incorporated by reference. Anyone placing reliance on any other source of information, including our Company's website, [www.gujarathyspin.com](http://www.gujarathyspin.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 out our present business activities and except as mentioned under this heading, no further material approvals are required for carrying on our present business activities. Our Company undertakes to obtain all material approvals and licenses and permissions required to operate our present business activities. Unless otherwise stated, these approvals or licenses are valid as of the date of this Prospectus and in case of licenses and approvals which have expired; we have either made an application for renewal or are in the process of making an application for renewal. In order to operate our business of manufacturing of Cotton Yarn, we require various approvals and/ or licenses under various laws, rules and regulations as applied by each state. For further details in connection with the applicable regulatory and legal framework, see chapter titled “*Key Industry Regulations and Policies*” on page 124 of this Prospectus.

The Company has its business located at:

**Registered Office:** P.O. Box No. 22, Gundala Road, Gondal, Rajkot 360311, Gujarat, India

**Manufacturing Unit:** Survey No. 80/P & 461/p, Gundala Road, At: Gondal, Taluka: Gondal, District: Rajkot, Gujarat, India

The object 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 OFFER

#### **Corporate Approvals:**

1. Our Board has pursuant to its resolution passed at its meeting held on November 28, 2017 authorized the Offer and resolution of members dated December 4, 2017 to list the equity shares on the stock exchange
1. Maganlal Parvadiya has consented to participate in the Offer for Sale by offering 22,25,000 Equity Shares by his letter dated November 15, 2017
2. Chandulal Parvadia has consented to participate in the Offer for Sale by offering 22,25,000 Equity Shares by his letter dated November 15, 2017

#### **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 January 2, 2018 bearing reference no. DSC\SME-IPO\RB\IP\929\2017-18.

#### **Agreements with NSDL and CDSL**

1. The Company has entered into an agreement dated August 26, 2016 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 August 30, 2016 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 INE578V01013.



## INCORPORATION AND OTHER DETAILS

1. The Certificate of Incorporation dated February 01, 2011 issued by the Registrar of Companies, Gujarat, Dadra and Nagar Haveli, in the name of “GUJARAT HY - SPIN PRIVATE LIMITED”.
2. Fresh Certificate of Incorporation consequent upon Conversion from Private Company to Public Company issued on August 5, 2016 by the Registrar of Companies, Ahmedabad in the name of “Gujarat Hy-Spin Limited”.
3. The Corporate Identification Number (CIN) of the Company is U17110GJ2011PLC063898.

## APPROVALS/LICENSES RELATED TO OUR BUSINESS ACTIVITIES

| Sr. No. | Details of Registration/ Certificate                                        | Issuing 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 Joint Director General of Foreign Trade, Rajkot Ministry of Commerce & Industry, Government of India | 2411002149                                                                                                                                     | May 20, 2011           | N.A.                                                                         |
| 2.      | Certificate of Entitlements                                                 | Deputy Commissioner of Commercial Tax Office, Rajkot, Gujarat                                                                                     | Eligibility Certificate Number - IC/Salt-Tax/155115/147/1046170<br>Entitlement Certificate Number - Dep.Com./23/Raj/ADM/O.Pro/2015-16/O-242/46 | April 15, 2015         | On expiry of monetary limit of the unit or time limit, whichever is earlier. |
| 3.      | Import Export License (under the Foreign Trade (Development and Regulation) | Foreign Trade Development Officer, Directorate General of Foreign Trade, Government of India                                                      | 0330035879/3/12/00                                                                                                                             | May 21, 2013           | Export Obligation period is 6 years.                                         |



|    |                                                                                                                                                                                                                                   |                                                                                                          |                        |                 |                                               |
|----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|------------------------|-----------------|-----------------------------------------------|
|    | Act, 1992 )<br>To avail<br>benefit under<br>Export<br>Promotion<br>Capital Goods<br>(EPCG) Zero<br>Duty Scheme                                                                                                                    |                                                                                                          |                        |                 |                                               |
| 4. | Import Export<br>Licence<br><br>(under the<br>Foreign Trade<br>(Development<br>and<br>Regulation)<br>Act, 1992 )<br><br>To avail<br>benefit under<br>Export<br>Promotion<br>Capital Goods<br>Scheme<br>(EPCG) Zero<br>Duty Scheme | Foreign Trade<br>Development Officer,<br>Directorate General of<br>Foreign Trade,<br>Government of India | 0330035897/3/12<br>/00 | May 22,<br>2013 | Export<br>Obligation<br>period is 6<br>years. |

#### TAX RELATED APPROVALS/LICENSES/REGISTRATIONS

| Sr.<br>No<br>. | Authorisation<br>granted                                                                                                                                         | Issuing Authority                                                                                                                 | Registration<br>No./Reference<br>No./License No. | Date of Issue                                                                              | Validity                    |
|----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------|--------------------------------------------------------------------------------------------|-----------------------------|
| 1              | Certificate of<br>Registration<br><br>(under Gujarat<br>Value Added<br>Tax Act, 2003<br>read with Rule<br>6 of the Gujarat<br>Value Added<br>Tax Rules,<br>2006) | Assistant<br>Commissioner of<br>Commercial Tax<br>(Unit-95), Gondal,<br>Commercial Tax<br>Department,<br>Government of<br>Gujarat | 24092703460                                      | March 18,<br>2011<br><br>(The<br>certificate is<br>effective from<br>February 17,<br>2011) | Until<br>Cancelled<br><br>. |



| Sr. No . | Authorisation granted                                                                                                                                                                          | Issuing Authority                                                                                                                   | Registration No./Reference No./License No. | Date of Issue                                                               | Validity         |
|----------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|-----------------------------------------------------------------------------|------------------|
| 2        | Certificate of Registration (under Rule 5 (1) of Central Sales Tax (Registration and Turnover) Rules, 1957)<br><br>(Registered as a dealer u/s 7 (1) & (2) of the Central Sales Tax Act, 1956) | Assistant Commissioner of Commercial Tax, Unit – 95, Gondal., Commercial Tax Department, Government of Gujarat                      | 24592703460                                | March 18, 2011<br><br>(The certificate is effective from February 17, 2011) | Until Cancelled. |
| 3        | Professional Tax Registration Certificate (PTRC)<br><br>(under section 5 (2) of Gujarat Profession, Business, Trade and employment Tax Act, 1976)                                              | Professional Tax Officer, Gondal Municipal Corporation                                                                              | PEN147005778                               | August 14, 2012                                                             | N.A.             |
| 3        | Registration of Service Tax<br><br>(under Chapter V of the Finance Act, 1994 read with the Service Tax Rules, 1994)                                                                            | Superintendent, Service Tax Division, Rajkot<br><br>Central Board of Excise and Customs, Ministry of Finance, Department of Revenue | AAECG1087CSD 001                           | October 08 , 2013                                                           | Until Cancelled  |
| 4        | Certificate of Registration                                                                                                                                                                    | Government of Gujarat and                                                                                                           | 24AAECG1087C                               | September 19,                                                               | NA               |



| Sr. No. | Authorisation granted              | Issuing Authority                           | Registration No./Reference No./License No. | Date of Issue    | Validity  |
|---------|------------------------------------|---------------------------------------------|--------------------------------------------|------------------|-----------|
|         | and GSTIN                          | Government of India                         | 1Z1                                        | 2017             |           |
| 5       | Permanent Account Number (PAN)     | Income Tax Department, Government of India. | AAECG1087C                                 | February 1, 2011 | Perpetual |
| 6       | Tax Deduction Account Number (TAN) | Income Tax Department, Government of India. | RKTG02246G                                 | March 30, 2011   | Perpetual |

#### LABOUR RELATED APPROVALS/REGISTRATIONS

The Company has obtained the following approvals related to Labour/employment related registrations:

| Sr. No. | Details of Registration/ Certificate                                                                            | Issuing Authority                                                                        | Registration No./Reference No./License No./ | Date of Issue    |
|---------|-----------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|---------------------------------------------|------------------|
| 1.      | Employees Provident Fund Registration (under Employees' Provident Funds and Miscellaneous Provisions Act, 1952) | Assistant P.F. Commissioner (Compliance), Employees Provident Fund Organisation, Rajkot. | GJRAJ/0078547/000                           | December 9, 2013 |

#### OTHER BUSINESS RELATED APPROVALS

| Sr No. | Details of Registration/ Certificate    | Issuing Authority                               | Registration Number                        | Date of Certificate | Date of Expiry |
|--------|-----------------------------------------|-------------------------------------------------|--------------------------------------------|---------------------|----------------|
| 1      | Registration-Cum-Membership Certificate | Deputy Director, Texprocil, The Cotton Textiles | MXV/31273(2013)-G<br>Texprocil Code: 64186 | April 03, 2013      | March 31, 2018 |



|  |  |                                |  |  |  |
|--|--|--------------------------------|--|--|--|
|  |  | Export<br>Promotion<br>Council |  |  |  |
|--|--|--------------------------------|--|--|--|

## OTHERS

| S<br>No | Description                                                                                                                                                                                                                                                                                                                   | Authority                                                 | Registration/<br>Certification<br>Number                                           | Date of Issue<br>Certificate | Date<br>Expiry of |
|---------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------|------------------------------------------------------------------------------------|------------------------------|-------------------|
| 1       | Consent to Establish for manufacture of Cotton Yarn of 400 MT/month (under Section 25 of Water Act, 1974 and Section 21 of Air Act, 1981)                                                                                                                                                                                     | Regional Officer, Gujarat Pollution Control Board, Rajkot | Reference No. GPCB/CE/RJT-5436/ID-39674/2634<br>Consent to Establish (CTE) – 13865 | May 23, 2013                 | March 1, 2018     |
| 2       | Consent to Operate for manufacture of Cotton Yarn of 400 MT/month (under Section 25 of the Water (Prevention and Control of Pollution) Act 1974, Section 21 of the Air (Prevention and Control of Pollution) Act 1981 and Authorisation under Rule 3(c) and Rule 5(5) of the Hazardous Waste (Management and Handling) Rules, | Regional Officer, Gujarat Pollution Control Board, Rajkot | Reference No. GPCB/ROR/ID-39674/RJT-5436/964<br>W-16003                            | September 03, 2014           | August 10, 2019   |



|  |      |  |  |  |  |
|--|------|--|--|--|--|
|  | 1989 |  |  |  |  |
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#### INTELLECTUAL PROPERTY RELATED APPROVALS/REGISTRATIONS

| Sr. No. | Trademark                                                                         | Trademark Type | Classes | Applicant                                 | Application No. | Date of Application | Registration status |
|---------|-----------------------------------------------------------------------------------|----------------|---------|-------------------------------------------|-----------------|---------------------|---------------------|
| 1.      |  | Colour (Logo)  | 23      | Kaushik Dave<br>(Gujarat Hy-Spin Limited) | 3308300         | July 13, 2016       | Pending             |
|         | Gondal Global to                                                                  | Trademark Text |         |                                           |                 |                     |                     |

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. and particularly the Company has not applied for Trademark Registration of its Company Logo.

#### PENDING APPROVALS

The Company has confirmed that there are no other applications pending with the authorities except the following:

1. Application for Renewal of License to work factory under The Factories Act, 1948 made on October 30, 2017 renewal for the period 2018 to 2019.

#### MATERIAL LICENSES / APPROVALS FOR WHICH THE COMPANY IS YET TO APPLY

All the above approvals are in the name of 'Gujarat Hy-Spin Private Limited'. The Company has not applied for transfer of same to the name of 'Gujarat Hy-Spin Limited.'





## OTHER REGULATORY AND STATUTORY DISCLOSURES

### AUTHORITY FOR THE OFFER

1. Our Board of Directors have approved the Offer pursuant to the resolution passed at their meeting held on November 28, 2017 and resolution of members dated December 4, 2017 to list the equity shares on the stock exchange
2. Maganlal Parvadiya specifically confirms that he has consented to participate in the Offer for Sale by offering 22,25,000 Equity Shares by his letter dated November 15, 2017
3. Chandulal Parvadia specifically confirms that he has consented to participate in the Offer for Sale by offering 22,25,000 Equity Shares by his letter dated November 15, 2017.
4. Our Company has obtained in-principle listing approval from SME Platform of BSE for using its name in Prospectus pursuant to letter dated January 2, 2018.

### PROHIBITION BY SEBI OR OTHER GOVERNMENTAL AUTHORITIES

None of our Company, our Directors, our Promoters, relatives of Promoters, our Promoter Group, our Group Entities and Selling Shareholders has been declared as wilful defaulter(s) by the RBI or any other governmental authority. Further, there has been no violation of any securities law committed by any of them in the past and no such proceedings are currently pending against any of them.

We confirm that our Company, Promoters, Promoter Group, Directors, Group Companies or Selling Shareholders have not been prohibited from accessing or operating in the capital markets under any order or direction passed by SEBI or any other government authority. Neither our Promoters, nor any of our Directors or persons in control of our Company were or are 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 or any other governmental authorities.

None of our Directors is associated with the securities market in any manner, including securities market related business.

### PROHIBITION BY RBI

Neither our Company, our Promoters, the relatives of our Promoters (as defined under the Companies Act) nor our Group Companies / entities, our Directors, Directors of our Group Companies and companies with which our Directors are associated as Directors or Promoter, the Selling Shareholders have been declared as a wilful defaulter by the RBI or any other government authority and there are no violations of securities laws committed by them in the past and no proceedings for violation of securities laws are pending against them.

### ELIGIBILITY FOR THIS OFFER

Our Company is eligible for the Offer in accordance with regulation 106M(2) and other provisions of chapter XB of the SEBI (ICDR) Regulations as the post offer face value capital exceed Rs. 1,000 lakhs. Our Company also complies with the eligibility conditions laid by the SME Platform of BSE for listing of our Equity Shares.

#### **We confirm that:**

1. In accordance with regulation 106(P) of the SEBI (ICDR) Regulations, this Offer will be hundred percent underwritten and that the LM will underwrite at least 15% of the total offer size. For further details pertaining to underwriting please refer to chapter titled “General Information” beginning on page 59 of this Prospectus.



2. In accordance with Regulation 106(R) of the SEBI (ICDR) Regulations, we shall ensure that the total number of proposed allottees in the Offer is greater than or equal to fifty, otherwise, the entire application money will be refunded forthwith. If such money is not repaid within eight days from the date our company and Selling Shareholder becomes liable to repay it, then our company, Selling Shareholder and every officer in default shall, on and from expiry of eight days, be liable to repay such application money, with interest as prescribed under section 40 of the Companies Act, 2013
3. In accordance with Regulation 106(O) the SEBI (ICDR) Regulations, we have not filed any Offer Document with SEBI nor has SEBI issued any observations on our Offer Document. Also, we shall ensure that our LM submits the copy of Prospectus along with a Due Diligence Certificate including additional confirmations as required to SEBI at the time of filing the Prospectus with Stock Exchange and the Registrar of Companies.
4. In accordance with Regulation 106(V) of the SEBI ICDR Regulations, the LM will ensure compulsory market making for a minimum period of three years from the date of listing of Equity Shares offered in the Offer. For further details of the market making arrangement see chapter titled “General Information” beginning on page 59 of this Prospectus.
5. The Company has Net Tangible assets of at least Rs. 3 crore as per the latest audited financial results
6. The Net worth (excluding revaluation reserves) of the Company is at least Rs. 3 crore as per the latest audited financial results (as restated).
7. The Company has track record of distributable profits in terms of section 123 of Companies Act for at least two years out of immediately preceding three financial years and each financial year has a period of at least 12 months or has networth of Rs. 5 crore.
8. The distributable Profit, Net tangible Assets and Net worth of the Company as per the restated financial statements for the period ended September 30, 2017 and for the Financial years ended March 31, 2017, 2016, 2015, 2014 and 2013 is as set forth below:-

(Rs. In lakhs)

| Particulars            | September 30, 2017 | March 31, 2017 | March 31, 2016 | March 31, 2015 | March 31, 2014 | March 31, 2013 |
|------------------------|--------------------|----------------|----------------|----------------|----------------|----------------|
| Distributable Profits* | 17.10              | 14.64          | 3.62           | (34.21)        | (14.54)        | 8.88           |
| Net Tangible Assets**  | 3489.67            | 3666.17        | 4,069.90       | 4,223.24       | 4,630.27       | 393.53         |
| Net Worth***           | 1,862.54           | 1,804.71       | 1,737.02       | 1,621.93       | 1,571.13       | 245.68         |

\* “Distributable profits” have been computed in terms section 123 of the Companies Act, 2013.

\*\* ‘Net tangible assets’ are defined as the sum of all net assets (i.e. non current assets, current assets less current liabilities) of our Company, excluding intangible assets as defined in Accounting Standard 26 (AS 26) issued by the Institute of Chartered Accountants of India

\*\*\* “Net Worth” has been defined as the aggregate of the paid up share capital, share application money (excluding the portion included in other current liabilities) and reserves and surplus excluding miscellaneous expenditure and deferred Tax assets, if any



9. The Post-Offer paid up capital of the Company shall be at least Rs. 3 Crore. The post-Offer paid up capital of the Company will be Rs. 1675.00 lakhs.
10. The Company shall mandatorily facilitate trading in demat securities and has entered into tripartite agreement with the Depositories for the same.
11. The Company has not been referred to Board for Industrial and Financial Reconstruction.
12. No petition for winding up is admitted by a court or a liquidator has not been appointed of competent jurisdiction against the Company.
13. No material regulatory or disciplinary action has been taken by any stock exchange or regulatory authority in the past three years against the Company.
14. There has been no change in the promoter(s) of the Company in the one year preceding the date of filing application to BSE for listing on SME segment.
15. The Company has a website [www.gujarathyspin.com](http://www.gujarathyspin.com)

We further confirm that we shall be complying with all the other requirements as laid down for such an Offer 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 us in this Offer.

#### **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 SHAREHOLDERS ARE PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE 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 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 PROSPECTUS WITH ROC AND BEFORE OPENING OF THE**



**OFFER IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992.**

**“WE, THE UNDER NOTED LEAD MANAGER TO THE ABOVE MENTIONED FORTHCOMING OFFER STATE AS FOLLOWS:**

- 1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE PROSPECTUS PERTAINING TO THE SAID OFFER;**
- 2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, 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 COMPANY, WE CONFIRM THAT:**
  - A. THE DRAFT PROSPECTUS FILED WITH THE EXCHANGE 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 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 OF THE 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 PROSPECTUS ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID.**
- 4. WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFILL THEIR UNDERWRITING COMMITMENTS-NOTED FOR COMPLIANCE**
- 5. WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTERS’ CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTERS’ CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTER DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT PROSPECTUS WITH THE EXCHANGE TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE PROSPECTUS.**
- 6. WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE**



FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE PROSPECTUS.

7. WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE OFFER. 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 COMPANY 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 OFFER FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE COMPANY AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION. – NOTED FOR COMPLIANCE TO THE EXTENT APPLICABLE.
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 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 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 OFFERED 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 PROSPECTUS:
  - A. AN UNDERTAKING FROM THE COMPANY THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY AND



**B. AN UNDERTAKING FROM THE COMPANY 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 OFFER. – 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 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 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 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 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-OFFER ADVERTISEMENT AND ADVERTISEMENT FOR OPENING OR CLOSURE OF THE OFFER HAVE BEEN GIVEN.**

**(3) WE CONFIRM THAT THE ABRIDGED PROSPECTUS CONTAINS ALL THE DISCLOSURES AS SPECIFIED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009. – NOTED FOR COMPLIANCE**





- (4) WE CONFIRM THAT AGREEMENTS HAVE BEEN ENTERED INTO WITH THE DEPOSITORIES FOR DEMATERIALISATION OF THE SPECIFIED SECURITIES OF THE COMPANY.
- (5) WE CERTIFY THAT AS PER THE REQUIREMENTS OF FIRST PROVISIO TO SUB-REGULATION 4 OF REGULATION 32 OF SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CASH FLOW STATEMENT HAS BEEN PREPARED AND DISCLOSED IN THE PROSPECTUS.
- (6) WE CONFIRM THAT UNDERWRITING AND MARKET MAKING ARRANGEMENTS AS PER REQUIREMENTS OF REGULATION 106P AND 106V OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE. - COMPLIED

**Note:**

The filing of this Prospectus does not, however, absolve our Company and the Selling Shareholder 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 Lead manager any irregularities or lapses in the Prospectus.

All legal requirements pertaining to the Offer will be complied with at the time of registration of the Prospectus with the Registrar of Companies, Gujarat, Ahmedabad in terms of Section 26, 28 and 30 of the Companies Act, 2013.

**DISCLAIMER STATEMENT FROM OUR COMPANY, THE SELLING SHAREHOLDER AND THE LEAD MANAGER**

Our Company, our Directors, the Selling Shareholder and the Lead Manager accept no responsibility for statements made otherwise than in this Prospectus or in the advertisements or any other material issued by or at instance of our Company and anyone placing reliance on any other source of information, including our website [www.gujarathyspin.com](http://www.gujarathyspin.com) would be doing so at his or her own risk.

**Caution**

The Lead Manager accepts no responsibility, save to the limited extent as provided in the Agreement for Offer Management entered into among the Lead Manager, our Company and the Selling Shareholder dated December 7, 2017, the Underwriting Agreement dated December 7, 2017 entered into among the Underwriter, our Company and the Selling Shareholder and the Market Making Agreement dated December 7, 2017 entered into among the Market Maker, Selling Shareholder, Lead Manager and our Company.

Our Company, the Selling Shareholders and the Lead Manager shall make all information available to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports or at collection centres, etc.

The Lead Manager and its associates and affiliates may engage in transactions with and perform services for, our Company and the 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 Lead Manage this Offer, 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 Lead Manager and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares.**

#### **PRICE INFORMATION AND THE TRACK RECORD OF THE PAST ISSUES HANDLED BY THE LEAD MANAGER**

For details regarding the price information and track record of the past issue handled by 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 Prospectus and the website of the Lead Manager at [www.pantomathgroup.com](http://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 Prospectus does not, however, constitute an invitation to purchase shares offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Offer will be subject to the jurisdiction of appropriate court(s) in Mumbai only.

No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Prospectus has been filed with BSE for its observations and BSE shall give its observations in due course. Accordingly, the Equity Shares represented hereby may not be offered or sold, directly or indirectly, and this Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

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





Further, each applicant where required agrees that such applicant will not sell or transfer any Equity Shares or create any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with applicable laws, legislations and Prospectus in each jurisdiction, including India.

#### **DISCLAIMER CLAUSE OF THE SME PLATFORM OF BSE**

BSE Limited (“BSE”) has given vide its letter dated January 2, 2018 permission to this Company to use its name in this offer document as one of the stock exchanges on which this company’s securities are proposed to be listed on the SME Platform. BSE has scrutinized this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. BSE does not in any manner:-

- warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or
- warrant that this Company’s securities will be listed or will continue to be listed on BSE; or
- take any responsibility for the financial or other soundness of this Company, its promoter, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that this offer document has been cleared or approved by BSE. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever

#### **FILING**

This Prospectus has not been filed with SEBI, nor will SEBI issue any observation on the Offer Document in terms of Regulation 106(M)(3) of SEBI (ICDR) Regulations. However, a copy of the Prospectus shall be filed with SEBI at the SEBI regional office, Western Regional Office, Unit No: 002, Ground Floor SAKAR I, Near Gandhigram Railway Station Opp. Nehru Bridge Ashram Road, Ahmedabad - 380 009. A copy of the Prospectus, along with the documents required to be filed under Section 26 of the Companies Act, 2013 has been delivered to the RoC situated at ROC Bhavan, Opp Rupal Park Society, Behind Ankur Bus Stop, Naranpura, Ahmedabad-380013.

#### **LISTING**

In terms of Chapter XB of the SEBI (ICDR) Regulations, there is no requirement of obtaining in-principle approval from SME Platform of BSE. However application will be made to the SME Platform of BSE for obtaining permission to deal in and for an official quotation of our Equity Shares. BSE will be the Designated Stock Exchange, with which the Basis of Allotment will be finalized.

The SME Platform of BSE has given its In-principle approval for using its name in our Offer Document vide its letter dated January 2, 2018.

If the permissions to deal in and for an official quotation of our Equity Shares are not granted by the SME Platform of BSE, our Company and the Selling Shareholder will forthwith repay, without interest, all moneys received from the applicants in pursuance of the Prospectus. If such money is not repaid within 8 days after our Company and the Selling Shareholders become liable to repay it



(i.e. from the date of refusal or within 15 working days from the Offer Closing Date), then our Company, Selling Shareholder and every Director of our Company who is an officer in default shall, on and from such expiry of 8 days, be liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under section 40 of the Companies Act, 2013

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the SME Platform of the BSE mentioned above are taken within six Working Days from the Offer Closing Date. Further, the Company and Selling Shareholders confirm 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 BSE 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 26 of the Companies Act, 2013 and such consents shall not be withdrawn up to the time of delivery of the Prospectus for registration with the RoC. Our 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 Prospectus/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 of the Peer Reviewed Auditor on Restated Financials Statements for the period ended September 30, 2017 and financial years ended March 31, 2017, 2016, 2015, 2014 and 2013.

## **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 85 of this Prospectus.

## **DETAILS OF FEES PAYABLE**

### **Fees Payable to the Lead Manager**

The total fees payable to the Lead Manager will be as per the Mandate Letter issued by our Company to the Lead Manager, 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 December 7, 2017, 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 unblocking or allotment advice by registered post/ speed post/ under certificate of posting.



## **Fees Payable to Others**

The total fees payable to the Legal Advisor, Auditor and Advertiser, etc. will be as per the terms of their respective engagement letters 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 entered into between our Company and the Lead Manager. Payment of underwriting commission, brokerage and selling commission would be in accordance with Section 40 of Companies Act, 2013 and the Companies (Prospectus and Allotment of Securities) Rule, 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 Offer 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 68 of this Prospectus, our Company has not issued any Equity Shares for consideration otherwise than for cash.

## **COMMISSION OR 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 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 applicant, number of Equity Shares applied for, amount paid on application and the bank branch or collection centre where the application was submitted.

All grievances relating to the ASBA process may be addressed to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the Designated Branch or the collection centre of the SCSB where the Application Form was submitted by the ASBA applicants.

#### **DISPOSAL OF INVESTOR GRIEVANCES BY OUR COMPANY**

Our Company or the Registrar to the Offer or the SCSB in case of ASBA Applicant shall redress routine investor grievances within 15 working days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

We have constituted the Stakeholders Relationship Committee of the Board *vide* resolution passed at the Board Meeting held on November 28, 2017. For further details, please refer to the chapter titled “Our Management” beginning on page 148 of this Prospectus.

Our Company has appointed Mahendra Rajput as Compliance Officer and she may be contacted at the following address:

Mahendra Rajput

**Gujarat Hy-Spin Limited**

P. O. Box No. 22,

Gundala Road,

Gondal, Rajkot-360311, Gujarat

**Tel No.:** 02825-297170

**Fax No.:** Not Available

**Email No.:** [cs@gujarathyspin.com](mailto:cs@gujarathyspin.com)

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

**CIN:** U17110GJ2011PLC063898

Investors 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 allocation, credit of allotted Equity Shares in the respective beneficiary account or refund orders, *etc.*

#### **CHANGES IN AUDITORS DURING THE LAST THREE FINANCIAL YEARS**

There has been no change in auditors of the Company during the last 3 financial years.

#### **CAPITALISATION OF RESERVES OR PROFITS**

Save and except as stated in the chapter titled “Capital Structure” beginning on page 68 of this Prospectus, our Company has not capitalized its reserves or profits during the last five years.



## **REVALUATION OF ASSETS**

Our Company has not revalued its assets since incorporation.

## **PURCHASE OF PROPERTY**

Other than as disclosed in this 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 Prospectus. Except as stated elsewhere in this Prospectus, our Company has not purchased any property in which the Promoters and/or Directors have any direct or indirect interest in any payment made there under.

## **SERVICING BEHAVIOR**

There has been no default in payment of statutory dues or of interest or principal in respect of our borrowings or deposits. However, our Company has made delayed payment of installments of Term Loans that were repayable during the Financial year 2016-17 and during the period ended September 30, 2017. For further details, please refer to chapter titled “Financial Indebtness” and “Risk Factors” beginning on pages 183 and 18 of thisProspectus.



## SECTION VII – OFFER INFORMATION

### TERMS OF THE OFFER

*The Equity Shares being offered and transferred are subject to the provisions of the Companies Act, 2013, SEBI ICDR Regulations, our Memorandum and Articles of Association, the SEBI Listing Regulations, the terms of the Draft Prospectus, the Prospectus, Application Form, the Revision Form, the Confirmation of Allocation Note and other terms and conditions as may be incorporated in the allotment advices and other documents/certificates that may be executed in respect of the Offer. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchange, the RBI, RoC and/or other authorities, as in force on the date of the Offer and to the extent applicable.*

*Please note that, in terms of SEBI Circular No. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 All the investors applying in a public 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 authorized to collect the Application forms. Investors may visit the official websites of the concerned stock exchanges for any information on operationalization of this facility of form collection by Registrar to the Offer and DPs as and when the same is made available.*

### OFFER FOR SALE

The Offer comprises an Offer for Sale by the Selling Shareholders. All expenses in relation to the Offer other than listing fees (which shall be borne by our Company) shall be paid by and shared between our Company and the Selling Shareholders in proportion to the Equity Shares contributed to the Offer 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 and transferred pursuant to 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 269 of this 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, SEBI Listing Regulations and our Articles of Association. For further details, please refer to the chapter titled “*Dividend Policy*” on page 170 of this Prospectus.

### FACE VALUE AND OFFER PRICE PER SHARE

The face value and the Offer Price of the Equity Shares is Rs. 10 each. The Offer Price is determined



by Selling Shareholder in consultation with the Lead Manager and is justified under the section titled “Basis for Offer Price” beginning on page 87 of this Prospectus. At any given point of time there shall be only one denomination for the 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 269 of this Prospectus.

#### **MINIMUM APPLICATION VALUE, MARKET LOT AND TRADING LOT**

In terms of Section 29 of the Companies Act, 2013, the Equity Shares shall be allotted only in dematerialized form. As per the existing SEBI ICDR Regulations, the trading of the Equity Shares shall only be in dematerialized form for all investors.

The trading of the Equity Shares will happen in the minimum contract size of 10,000 Equity Shares and the same may be modified by BSE from time to time by giving prior notice to investors at large. Allocation and allotment of Equity Shares through this Offer will be done in multiples of 10,000 Equity Shares subject to a minimum allotment of 10,000 Equity Shares to the successful applicants in terms of the SEBI circular No. CIR/MRD/DSA/06/2012 dated February 21, 2012.

#### **MINIMUM NUMBER OF ALLOTTEES**

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 the SCSBs shall be unblocked within 6 working 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.

#### **WITHDRAWAL OF THE OFFER**

Our Company in consultation with the Selling Shareholder and the LM, reserve the right to not to proceed with the Offer after the Offer Opening Date but before the Allotment. In such an event, our Company would issue a public notice in the newspapers in which the pre-Offer advertisements were published, within two days of the Offer Closing Date or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Offer. The Lead Manager through, the Registrar to the Offer, 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. Our Company shall also inform the same to the Stock Exchanges on which Equity Shares are proposed to be listed.

Notwithstanding the foregoing, this Offer is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment, and (ii) the final RoC approval of the Prospectus after it is filed with the RoC. If our Company and the Selling Shareholders withdraw the Offer after the Offer Closing Date and thereafter determines that it will proceed with an issue/offer for sale of the Equity Shares, our Company shall file a fresh Draft Prospectus with Stock Exchange.

#### **OFFER OPENING DATE**

|                                                                       |                                   |
|-----------------------------------------------------------------------|-----------------------------------|
| Offer Opening Date                                                    | January 25, 2018                  |
| Offer Closing Date                                                    | January 31, 2018                  |
| Finalisation of Basis of Allotment with the Designated Stock Exchange | On or before<br>February 05, 2018 |
| Initiation of Refunds                                                 | On or before<br>February 06, 2018 |
| Credit of Equity Shares to demat accounts of Allottees                | On or before<br>February 07, 2018 |
| Commencement of trading of the Equity Shares on the Stock Exchange    | On or before<br>February 08, 2018 |

#### **MINIMUM SUBSCRIPTION**

This Offer is not restricted to any minimum subscription level and is 100% underwritten.

As per Section 39 of the Companies Act, 2013, if the “stated minimum amount” has not 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 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.

In accordance with Regulation 106P (1) of the SEBI (ICDR) Regulations, our offer shall be hundred percent underwritten. Thus, the underwriting obligations shall be for the entire hundred percent of the offer through the Prospectus and shall not be restricted to the minimum subscription level.

Further, in accordance with Regulation 106( R) of the SEBI (ICDR) Regulations, our Company shall ensure that the number of prospective allottees to whom the Equity Shares will allotted will not be less than 50 (Fifty)

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 BSE from the SME Stock Exchange 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 further issue of capital by way of rights issue, preferential issue, bonus issue etc. (which has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the Promoter in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal and for which the company has obtained in-principal approval from the Main Board), our Company shall apply to BSE for listing of its shares on its Main Board subject to the fulfilment of the eligibility criteria for listing of specified securities laid down by the Main Board.

OR

- 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 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 SME Platform of BSE (SME Exchange) with compulsory market making through the registered Market Maker of the SME Exchange for a minimum period of three years or such other time as may be prescribed by the Stock Exchange, from the date of listing of shares offered through the Prospectus. For further details of the market making arrangement please refer to chapter titled “General Information” beginning on page 59 of this Prospectus.

#### **ARRANGEMENT FOR DISPOSAL OF ODD LOT**

The trading of the equity shares will happen in the minimum contract size of 10,000 shares in terms of the SEBI circular no. CIR/MRD/DSA/06/2012 dated February 21, 2012. However, the market maker shall buy the entire shareholding of a shareholder in one lot, where value of such shareholding is less than the minimum contract size allowed for trading on the SME Platform of BSE.

#### **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 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 68 of this Prospectus and except as provided in the Articles of Association, there are no restrictions on transfers of Equity Shares. There are no restrictions on transmission of 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 269 of this Prospectus.

*The above information is given for the benefit of the Applicants. The Applicants are advised to make their own enquiries about the limits applicable to them. Our Company and the Lead Manager do not accept any responsibility for the completeness and accuracy of the information stated hereinabove. Our Company and the Lead Manager are not liable to inform the investors of any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of the Draft Prospectus/ 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)(2) of Chapter XB of SEBI (ICDR) Regulations, 2009, as amended from time to time, where our post offer face value capital exceeds ten crore rupees but does not exceed twenty five crore rupees. The Company shall offer specified securities to the public and proposes to list the same on the Small and Medium Enterprise Exchange ("SME Exchange", in this case being the SME Platform of BSE). For further details regarding the salient features and terms of such an offer please refer chapter titled "*Terms of the Offer*" and "*Offer Procedure*" on page 213 and 221 of this Prospectus.

### Following is the Offer Structure:

Public offer of 44,50,000 Equity Shares of face value of Rs. 10/- each fully paid (the 'Equity Shares') for cash at a price of Rs. 10/- per Equity Share aggregating Rs. 445.00 Lacs ('the Offer') through an offer for sale by the selling shareholders.

The offer comprises a Net offer to Public of 42,20,000 Equity Shares ('the Net offer'), a reservation of 2,30,000 Equity Shares for subscription by the designated Market Maker ('the Market Maker Reservation Portion')

| Particulars                                                                   | Net offer to Public*                                                                                                                                                                                                                                                      | Market Maker Reservation Portion                   |
|-------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------|
| <b>Number of Equity Shares</b>                                                | 42,20,000 Equity Shares                                                                                                                                                                                                                                                   | 2,30,000 Equity Shares                             |
| <b>Percentage of offer Size available for allocation</b>                      | 94.83% of offer Size                                                                                                                                                                                                                                                      | 5.17% of offer Size                                |
| <b>Basis of Allotment/Allocation of respective category if oversubscribed</b> | Proportionate subject to minimum allotment of 10,000 equity shares and further allotment in multiples of 10,000 equity shares each.<br>For further details please refer to the section titled " <i>Offer Procedure-Basis of Allotment</i> " on page 221 of the Prospectus | Firm allotment                                     |
| <b>Mode of Application</b>                                                    | All the applicants shall make the application (Online or Physical) through the ASBA Process Only                                                                                                                                                                          | Through ASBA Process Only                          |
| <b>Minimum Application</b>                                                    | <b><i>For QIB and NII</i></b><br>Such number of Equity Shares in multiples of 10,000 Equity Shares such that the Application size exceeds Rs 2,00,000<br><br><b><i>For Retail Individual</i></b><br>10,000 Equity shares                                                  | 2,30,000 Equity Shares                             |
| <b>Maximum Application Size</b>                                               | <b><i>For Other than Retail Individual Investors:</i></b><br>For all other investors the maximum application size is the Net Offer to public subject to limits the investor has to adhere under the relevant laws and regulations as applicable.                          | 2,30,000 Equity Shares of Face Value of Rs 10 each |



| Particulars              | Net offer to Public*                                                                                                                                                                     | Market Maker Reservation Portion                                                                                                    |
|--------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------|
|                          | <b>For Retail Individuals:</b><br>20,000 Equity Shares                                                                                                                                   |                                                                                                                                     |
| <b>Mode of Allotment</b> | Compulsorily in Dematerialized mode                                                                                                                                                      | Compulsorily in Dematerialized mode                                                                                                 |
| <b>Trading Lot</b>       | 10,000 Equity Shares                                                                                                                                                                     | 10,000 Equity Shares, however the Market Maker may accept odd lots if any in the market as required under the SEBI ICDR Regulations |
| <b>Terms of payment</b>  | The Applicant shall have sufficient balance In the ASBA account at the time of submitting application and the amount will be blocked anytime within two day of the closure of the Offer. |                                                                                                                                     |

*\*50 % of the shares offered in the Net Offer to Public portion are reserved for applications whose value is upto Rs. 2,00,000 and the balance 50 % of the shares are reserved for applications whose value is above Rs. 2,00,000.*

- (1) In case of joint Bids, the Application Form should contain only the name of the first applicant whose name should also appear as the first holder of the beneficiary account held in joint names. The signature of only such first applicant would be required in the Application Form and such first applicant would be deemed to have signed on behalf of the joint holders.

#### **WITHDRAWAL OF THE OFFER**

In accordance with the SEBI ICDR Regulations, our Company and Selling Shareholders, in consultation with Lead Manager, reserves the right not to proceed with this Offer at any time after the Offer Opening Date, but before our Board meeting for Allotment, without assigning reasons thereof. However, if our Company/Selling Shareholders withdraws the Offer after the Offer 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-Offer advertisements were published.

Further, the Stock Exchange shall be informed promptly in this regard and the Lead Manager, through the Registrar to the Offer, shall notify the SCSBs to unblock the Bank Accounts of the Applicants within one Working Day from the date of receipt of such notification. In case our Company withdraws the Offer after the Offer 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 Offer 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 Offer Closing Date.

#### **OFFER PROGRAMME**

|                        |                             |
|------------------------|-----------------------------|
| <b>OFFER OPENS ON</b>  | Thursday, January 25, 2018  |
| <b>OFFER CLOSES ON</b> | Wednesday, January 31, 2018 |

Applications and any revision to the same (except that on the Offer Closing Date) will be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time) during the Offer Period at the Application Centres mentioned in the Application Form. On the Offer Closing date application and revision to the same will be accepted between 10.00 a.m and 3.00 p.m. Applications will be accepted during Offer period on Working Days.



## OFFER PROCEDURE

All Applicants should review the General Information Document for Investing in public issues prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013 notified by SEBI (“General Information Document”), 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 issue/offers 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 offer. The General Information Document is also available on the websites of the Stock Exchanges and the LM. Please refer to the relevant provisions of the General Information Document which are applicable to the Offer.

Our Company, the Selling Shareholder and the LM 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 Prospectus. Applicants are advised to make their independent investigations and ensure that their Applications are submitted in accordance with applicable laws and do not exceed the investment limits or maximum number of the Equity Shares that can be held by them under applicable law or as specified in this Prospectus.

Please note that all the Applicants can participate in the Offer only through the ASBA process. All Applicants shall ensure that the ASBA Account has sufficient credit balance such that the full Application Amount can be blocked by the SCSB at the time of submitting the Application. Please note that all Applicants are required to make payment of the full Application Amount along with the Application Form.

Applicants are required to submit Applications to the Selected Branches / Offices of the RTAs, DPs, Designated Bank Branches of SCSBs or to the Syndicate Members. The lists of banks that have been notified by SEBI to act as SCSB (Self Certified Syndicate Banks) for the ASBA Process are provided on <http://www.sebi.gov.in>. For details on designated branches of SCSB collecting the Application Form, please refer the above mentioned SEBI link. The list of Stock Brokers, Depository Participants (“DP”), Registrar to an Offer and Share Transfer Agent (“RTA”) that have been notified by BSE Limited to act as intermediaries for submitting Application Forms are provided on <http://www.bseindia.com> For details on their designated branches for submitting Application Forms, please see the above mentioned BSE 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 Application forms.

## **FIXED PRICE PROCEDURE**

The Offer is being made under Regulation 106(M)(2) of Chapter XB of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 via Fixed Price Process.





Applicants are required to submit their Applications to the Application Collecting Intermediaries. In case of QIB Applicants, the Company and Selling Shareholder in consultation with the Lead Manager may reject Applications at the time of acceptance of Application Form provided that the reasons for such rejection shall be provided to such Applicant in writing.

In case of Non Institutional Applicants and Retail Individual Applicants, our Company and would have a right to reject the Applications only on technical grounds.

Investors should note that the Equity Shares will be allotted to all successful Applicants only in dematerialized form. Applicants will not have the option of being Allotted Equity Shares in physical form.

Further the Equity shares on allotment shall be traded only in the dematerialized segment of the Stock Exchange, as mandated by SEBI.

### **APPLICATION FORM**

Copies of the Application Form and the abridged prospectus will be available at the offices of the Lead Manager, the Designated Intermediaries at Applying Centres, and Registered Office of our Company. An electronic copy of the Application Form will also be available for download on the websites of the BSE ([www.bseindia.com](http://www.bseindia.com)), the SCSBs, the Registered Brokers, the RTAs and the CDPs at least one day prior to the Application/Offer Opening Date. All Applicants shall mandatorily participate in the Offer only through the ASBA process. ASBA Applicants must provide bank account details and authorisation to block funds in the relevant space provided in the Application Form and the Application Forms that do not contain such details are liable to be rejected. ASBA Applicants shall ensure that the Applications are made on Application Forms bearing the stamp of the Designated Intermediary, submitted at the Collection Centres only (except in case of electronic Application Forms) and the Application Forms not bearing such specified stamp are liable to be rejected.

| <b>Category</b>                                                                                                                                                                                     | <b>Colour of Application Form</b> |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|
| 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                              |

Applicants shall only use the specified Application Form for the purpose of making an application in terms of the Prospectus. The Application Form shall contain information about the Applicant and the price and the number of Equity Shares that the Applicants wish to apply for. Application Forms downloaded and printed from the websites of the Stock Exchange shall bear a system generated unique application number.

Applicants are required to submit their applications only through any of the following Application Collecting Intermediaries

- an SCSB, with whom the bank account to be blocked, is maintained
- a syndicate member (or sub-syndicate member)
- 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')
- a depository participant ('DP') (whose name is mentioned on the website of the stock exchange as eligible for this activity)



- a registrar to an /offer and share transfer agent ('RTA') (whose name is mentioned on the website of the stock exchange as eligible for this activity)

The aforesaid intermediaries shall, at the time of receipt of application, give an acknowledgement to investor, by giving the counter foil or specifying the application number to the investor, as a proof of having accepted the application form, in physical or electronic mode, respectively.

The upload of the details in the electronic bidding system of stock exchange will be done by:

|                                                                             |                                                                                                                                                                                                                                                                                                                                                                                      |
|-----------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| For applications submitted by investors to SCSB:                            | After accepting the form, SCSB shall capture and upload the relevant details in the electronic bidding system as specified by the stock exchange(s) and may begin blocking funds available in the bank account specified in the form, to the extent of the application money specified.                                                                                              |
| For applications submitted by investors to intermediaries other than SCSBs: | After accepting the application form, respective intermediary shall capture and upload the relevant details in the electronic bidding system of stock exchange(s). Post uploading, they shall forward a schedule as per prescribed format along with the application forms to designated branches of the respective SCSBs for blocking of funds within one day of closure of /Offer. |

Upon completion and submission of the Application Form to Application Collecting intermediaries, the Applicants are deemed to have authorised our Company to make the necessary changes in the Prospectus, without prior or subsequent notice of such changes to the Applicants.

### **Availability of Prospectus and Application Forms**

The Application Forms and copies of the Prospectus may be obtained from the Registered Office of our Company, Lead Manager to the Offer, Registrar to the Offers mentioned in the Application Form. The application forms may also be downloaded from the website of BSE Limited i.e. [www.bseindia.com](http://www.bseindia.com).

### **WHO CAN APPLY?**

In addition to the category of Applicants set forth under “– General Information Document for Investing in Public Issues/Offer – Category of Investors Eligible to participate in an Issue/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.

### **OPTION TO SUBSCRIBE IN THE OFFER**

- As per Section 29(1) of the Companies Act, 2013 allotment of Equity Shares shall be in dematerialised form only.
- The Equity Shares, on allotment, shall be traded on the Stock Exchange in demat segment only.
- A single application from any investor shall not exceed the investment limit/minimum number of specified securities that can be held by him/her/it under the relevant regulations/statutory guidelines and applicable law.





## **AVAILABILITY OF PROSPECTUS AND APPLICATION FORM**

Copies of the Application Form and the abridged prospectus will be available at the offices of the LM, the Designated Intermediaries at Application Centres, and Registered Office of our Company. An electronic copy of the Application Form will also be available for download on the websites of SCSBs (via Internet Banking) and BSE ([www.bseindia.com](http://www.bseindia.com)) at least one day prior to the Offer Opening Date.

## **PARTICIPATION BY ASSOCIATED/ AFFILIATES OF LEAD MANAGER AND SYNDICATE MEMBERS**

The Lead Manager 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 Lead Manager and the Syndicate Members, if any, may purchase the Equity Shares in the Offer, either in the QIB Category or in the Non-Institutional Category as may be applicable to such Applicants, where the allocation is on a proportionate basis and such subscription may be on their own account or on behalf of their clients.

## **APPLICATION BY INDIAN PUBLIC INCLUDING ELIGIBLE NRI'S APPLYING ON NON REPATRIATION**

Application must be made only in the names of individuals, limited companies or statutory corporations/institutions and not in the names of minors, foreign nationals, non residents (except for those applying on non repatriation), trusts, (unless the trust is registered under the Societies Registration Act, 1860 or any other applicable trust laws and is authorized under its constitution to hold shares and debentures in a company), Hindu undivided families, partnership firms or their nominees. In case of HUFs, application shall be made by the Karta of the HUF. An applicant in the Net Public Category cannot make an application for that number of Equity Shares exceeding the number of Equity Shares offered to the public. Eligible NRIs applying on a non-repatriation basis may make payments by inward remittance in foreign exchange through normal banking channels or by debits to NRE/FCNR accounts as well as NRO accounts.

## **APPLICATIONS BY ELIGIBLE NRI'S/RFPI's ON REPATRIATION BASIS**

Application Forms have been made available for eligible NRIs at our Registered Office and at the Corporate Office of the Lead manager. Eligible NRI Applicants may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for Allotment under the reserved category. The eligible NRIs who intend to make payment through Non Resident Ordinary (NRO) accounts shall use the Forms meant for Resident Indians and should not use the forms meant for the reserved category. Under FEMA, general permission is granted to companies vide notification no. FEMA/20/2000 RB dated 03/05/2000 to issue/offer securities to NRIs subject to the terms and conditions stipulated therein. Companies are required to file the declaration in the prescribed form to the concerned Regional Office of RBI within 30 days from the date of issue/offer of shares for allotment to NRIs on repatriation basis. Allotment of equity shares to Non Resident Indians shall be subject to the prevailing Reserve Bank of India Guidelines. Sale proceeds of such investments in equity shares will be allowed to be repatriated along with the income thereon subject to permission of the RBI and subject to the Indian tax laws and regulations and any other applicable laws.

## **APPLICATIONS BY ELIGIBLE NRI'S**

NRIs may obtain copies of Application Form from the offices of the LMs and the Designated Intermediaries. Eligible NRI Applicants applying on a repatriation basis by using the Non-Resident Forms should authorize their SCSB to block their Non-Resident External ("NRE") accounts, or Foreign Currency Non-Resident ("FCNR") ASBA Accounts, and eligible NRI Applicants applying



on a non-repatriation basis by using Resident Forms should authorize their SCSB to block their Non-Resident Ordinary (“NRO”) accounts for the full Application Amount, at the time of the submission of the Application Form.

Eligible NRIs applying on non-repatriation basis are advised to use the Application Form for residents (white in colour).

Eligible NRIs applying on a repatriation basis are advised to use the Application Form meant for Non-Residents (blue in colour)

#### **APPLICATIONS BY 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 Applications made by FPIs, a certified copy of the certificate of registration issued by the designated depository participant under the FPI Regulations is required to be attached to the Application Form, failing which our Company reserves the right to reject any Application without assigning any reason. An FII or subaccount may, subject to payment of conversion fees under the SEBI FPI Regulations, participate in the Offer, until the expiry of its registration as a FII or sub-account, or until it obtains a certificate of registration as FPI, whichever is earlier. Further, in case of Applications made by SEBI-registered FIIs or sub-accounts, which are not registered as FPIs, a certified copy of the certificate of registration as an FII issued by SEBI is required to be attached to the Application Form, failing which our Company reserves the right to reject any Application without assigning any reason.

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 application which may be specified by the Government from time to time.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 22 of the SEBI FPI Regulations, an FPI, other than Category III foreign portfolio and unregulated broad based funds, which are classified as Category II foreign portfolio



investor by virtue of their investment manager being appropriately regulated, may issue or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by an FPI against securities held by it that are listed or proposed to be listed on any recognized stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with know your client norms. An FPI is also required to ensure that no further issue or transfer of any offshore derivative instrument is made by or on behalf of it to any persons that are not regulated by an appropriate foreign regulatory authority.

FPIs who wish to participate in the Offer are advised to use the Application Form for Non-Residents (blue in colour).

#### **APPLICATIONS BY SEBI REGISTERED VCFs, AIFs and FVCIs**

The SEBI FVCI Regulations and the SEBI AIF Regulations inter-alia prescribe the investment restrictions on the VCFs, FVCIs and AIFs registered with SEBI. Further, the SEBI AIF Regulations prescribe, among others, the investment restrictions on AIFs.

The holding by any individual VCF registered with SEBI in one venture capital undertaking should not exceed 25% of the corpus of the VCF. Further, VCFs and FVCIs can invest only up to 33.33% of the investible funds by way of subscription to an initial public offering.

The category I and II AIFs cannot invest more than 25% of the corpus in one Investee Company. A category III AIF cannot invest more than 10% of the corpus in one Investee Company. A venture capital fund registered as a category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than 1/3rd of its corpus by way of subscription to an initial public offering of a venture capital undertaking. Additionally, the VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the VCF Regulation until the existing fund or scheme managed by the fund is wound up and such funds shall not launch any new scheme after the notification of the SEBI AIF Regulations.

All FIIs and FVCIs should note that refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of Bank charges and commission.

Our Company or the Selling Shareholders or the Lead Manager will not be responsible for loss, if any, incurred by the Applicant on account of conversion of foreign currency.

There is no reservation for Eligible NRIs, FPIs and FVCIs and all Applicants will be treated on the same basis with other categories for the purpose of allocation.

#### **APPLICATIONS BY MUTUAL FUNDS**

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

With respect to Applications by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged with the Application Form. Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.



In case of a mutual fund, a separate Application can be made in respect of each scheme of the mutual fund registered with SEBI and such Applications in respect of more than one scheme of the mutual fund will not be treated as multiple applications provided that the Applications clearly indicate the scheme concerned for which the Application has been made.

The Applications made by the asset management companies or custodians of Mutual Funds shall specifically state the names of the concerned schemes for which the Applications are made.

#### **APPLICATIONS BY LIMITED LIABILITY PARTNERSHIPS**

In case of Applications made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Application Form. Failing this, our Company reserves the right to reject any Application without assigning any reason thereof. Limited liability partnerships can participate in the Offer only through the ASBA process.

#### **APPLICATIONS BY INSURANCE COMPANIES**

In case of Applications made by insurance companies registered with the IRDA, a certified copy of certificate of registration issued by IRDA must be attached to the Application Form. Failing this, our Company reserves the right to reject any Application without assigning any reasons thereof.

The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2000 (the 'IRDA Investment Regulations'), are broadly set forth below:

1. Equity shares of a company: The least of 10% of the investee company's subscribed capital (face value) or 10% of the respective fund in case of life insurer or 10% of investment assets in case of general insurer or reinsurer;
2. The entire group of the investee company: the least of 10% of the respective fund in case of a life insurer or 10% of investment assets in case of a general insurer or reinsurer (25% in case of Unit Linked Insurance Plans); and
3. The industry sector in which the investee company operates: 10% of the insurer's total investment exposure to the industry sector (25% in case of Unit Linked Insurance Plans).

#### **APPLICATIONS UNDER POWER OF ATTORNEY**

In case of Applications made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, 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 Application Form. Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reasons thereof. In addition to the above, certain additional documents are required to be submitted by the following entities:

- a) With respect to Applications by FIIs and Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Application Form.
- b) With respect to Applications by insurance companies registered with the Insurance Regulatory and Development Authority, in addition to the above, a certified copy of the certificate of registration issued by the Insurance Regulatory and Development Authority must be lodged along with the Application Form.



- c) With respect to Applications 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 Application Form.
- d) With respect to Applications made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the 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 Application form, subject to such terms and conditions that our Company and the Lead Manager may deem fit.

#### **APPLICATIONS BY PROVIDENT FUNDS/PENSION FUNDS**

In case of Applications made by provident funds with minimum corpus of Rs. 25 Crore (subject to applicable law) and pension funds with minimum corpus of Rs. 25 Crore, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged along with the Application Form. Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

**The above information is given for the benefit of the Applicants. Our Company and Lead Manager are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Prospectus. Applicants are advised to make their independent investigations and ensure that any single application from them does not exceed the applicable investment limits or maximum number of the Equity Shares that can be held by them under applicable law or regulation or as specified in this Prospectus/ Prospectus.**

#### **APPLICATIONS BY BANKING COMPANY**

In case of Applications made by banking companies registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, and (ii) the approval of such banking company's investment committee are required to be attached to the Application Form, failing which our Company and the Selling Shareholder reserve the right to reject any Application by a banking company without assigning any reason.

The investment limit for banking companies in non-financial services companies as per the Banking Regulation Act, 1949, as amended (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.

#### **APPLICATIONS BY SCSBs**

SCSBs participating in the Offer are required to comply with the terms of the SEBI circulars dated September 13, 2012 and January 2, 2013. Such SCSBs are required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own



name with any other SEBI registered SCSBs. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for such 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 Lead Manager or Registrar to the Offer shall send to the SCSBs a list of their Applicants who have been allocated Equity Shares in the Offer.
2. The Registrar will then dispatch a CAN to their Applicants 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 Applicant.

#### **INFORMATION FOR THE APPLICANTS**

1. Our Company and the Lead Managers shall declare the Offer Opening Date and Offer Closing Date in the Prospectus to be registered with the RoC and also publish the same in two national newspapers (one each in English and Hindi) and in one regional newspaper with wide circulation. This advertisement shall be in the prescribed format.
2. Our Company will file the Prospectus with the RoC at least three days before the Offer Opening Date.
3. Any Applicant who would like to obtain the Prospectus and/or the Application Form can obtain the same from our Registered Office.
4. Applicants who are interested in subscribing to the Equity Shares should approach any of the Application Collecting Intermediaries or their authorised agent(s).
5. Applications should be submitted in the prescribed Application Form only. Application Forms submitted to the SCSBs should bear the stamp of the respective intermediary to whom the application form is submitted.. Application Forms submitted directly to the SCSBs should bear the stamp of the SCSBs and/or the Designated Branch. Application Forms submitted by Applicants whose beneficiary account is inactive shall be rejected.
6. The Application Form can be submitted either in physical or electronic mode, to the Application Collecting Intermediaries. Further Application Collecting Intermediary may provide the electronic mode of collecting either through an internet enabled collecting and banking facility or such other secured, electronically enabled mechanism for applying and blocking funds in the ASBA Account.
7. Except for applications by or on behalf of the Central or State Government and the officials appointed by the courts and by investors residing in the State of Sikkim, the Applicants, or in the case of application in joint names, the first Applicant (the first name under which the beneficiary account is held), should mention his/her PAN allotted under the Income Tax Act. In accordance with the SEBI Regulations, the PAN would be the sole identification number for participants transacting in the securities market, irrespective of the amount of transaction. Any Application Form without PAN is liable to be rejected. The demat accounts of Applicants for whom PAN details have not been verified, excluding persons resident in the State of Sikkim or persons who may be exempted from specifying their PAN for transacting in the securities market, shall be “suspended for credit” and no credit of Equity Shares pursuant to the Offer will be made into the accounts of such Applicants.
8. The Applicants may note that in case the PAN, the DP ID and Client ID mentioned in the Application Form and entered into the electronic collecting system of the Stock Exchange by the Bankers to the Offer or the SCSBs do not match with PAN, the DP ID and Client ID available in the Depository database, the Application Form is liable to be rejected.





## **TERMS OF PAYMENT**

The entire Offer price of Rs 10/- per share is payable on 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 Applicants should note that the arrangement with Bankers to the Offer or the Registrar is not prescribed by SEBI and has been established as an arrangement between our Company, the Bankers to the Offer and the Registrar to the Offer to facilitate collections from the Applicants.

### **Payment mechanism for Applicants**

The Applicants shall specify the bank account number in the Application Form and the SCSBs shall block an amount equivalent to the Application Amount in the bank account specified in the Application Form. The SCSB shall keep the Application Amount in the relevant bank account blocked until withdrawal/ rejection of the application or receipt of instructions from the Registrar to unblock the Application Amount. However, Non Retail Applicants shall neither withdraw nor lower the size of their applications at any stage. In the event of withdrawal or rejection of the Application Form or for unsuccessful Application Forms, the Registrar to the 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 application by the ASBA Applicant, as the case may be.

Please note that pursuant to the applicability of the directions issued by SEBI vide its circular bearing number CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015, all Investors are applying in this Offer shall mandatorily make use of ASBA facility.

## **ELECTRONIC REGISTRATION OF APPLICATIONS**

1. The Application Collecting Intermediary will register the applications using the on-line facilities of the Stock Exchange.
2. The Application Collecting Intermediary will undertake modification of selected fields in the application details already uploaded before 1.00 p.m of the next Working day from the Offer Closing Date.
3. The Application collecting Intermediary shall be responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the applications accepted by them, (ii) the applications uploaded by them, (iii) the applications accepted but not uploaded by them or (iv) In case the applications accepted and uploaded by any Application Collecting Intermediary other than SCSBs, the Application form along with relevant schedules shall be sent to the SCSBs or the Designated Branch of the relevant SCSBs for blocking of funds and they will be responsible for blocking the necessary amounts in the ASBA Accounts. In case of Application accepted and Uploaded by SCSBs, the SCSBs or the Designated Branch of the relevant SCSBs will be re will be responsible for blocking the necessary amounts in the ASBA Accounts (v) Application accepted and uploaded but not sent to SCSBs for blocking of funds.



4. Neither the Lead Managers nor our Company, shall be responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the applications accepted by any Application Collecting Intermediaries, (ii) the applications uploaded by any Application Collecting Intermediaries or (iii) the applications accepted but not uploaded by the Application Collecting Intermediaries.
5. The Stock Exchange will offer an electronic facility for registering applications for the Offer. This facility will be available at the terminals of the Application Collecting Intermediaries and their authorized agents during the Offer Period. The Designated Branches or the Agents of the Application Collecting Intermediaries can also set up facilities for off-line electronic registration of applications subject to the condition that they will subsequently upload the off-line data file into the online facilities on a regular basis. On the Offer Closing Date, the Application Collecting Intermediaries shall upload the applications till such time as may be permitted by the Stock Exchange. This information will be available with the Lead Manager on a regular basis.
6. With respect to applications by Applicants, at the time of registering such applications, the Application Collecting Intermediaries shall enter the following information pertaining to the Applicants into in the on-line system:
  - Name of the Applicant;
  - IPO Name;
  - Application Form number;
  - Investor Category;
  - PAN (of First Applicant, if more than one Applicant);
  - DP ID of the demat account of the Applicant;
  - Client Identification Number of the demat account of the Applicant;
  - Numbers of Equity Shares Applied for;
  - Bank account number.
7. In case of submission of the Application by an Applicant through the Electronic Mode, the Applicant shall complete the above-mentioned details and mention the bank account number, except the Electronic Application Form number which shall be system generated.
8. The aforesaid intermediaries shall, at the time of receipt of application, give an acknowledgement to investor, by giving the counter foil or specifying the application number to the investor, as a proof of having accepted the application form, in physical or electronic mode, respectively. The registration of the Application by the Application Collecting Intermediaries does not guarantee that the Equity Shares shall be allocated / allotted either by our Company.
9. Such acknowledgment will be non-negotiable and by itself will not create any obligation of any kind.
10. In case of Non Retail Applicants and Retail Individual Applicants, applications would not be rejected except on the technical grounds as mentioned in the Prospectus. The Application Collecting Intermediaries shall have no right to reject applications, except on technical grounds.
11. The permission given by the Stock Exchanges to use their network and software of the Online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company and/or the Lead Manager are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements





nor does it take any responsibility for the financial or other soundness of our Company, our Promoter, our management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.

12. The Application Collecting Intermediaries will be given time till 1.00 P.M on the next working day after the Offer Closing Date to verify the PAN No, DP ID and Client ID uploaded in the online IPO system during the Offer Period, after which the Registrar to the Offer will receive this data from the Stock Exchange and will validate the electronic application details with Depository's records. In case no corresponding record is available with Depositories, which matches the three parameters, namely DP ID, Client ID and PAN, then such applications are liable to be rejected.
13. The details uploaded in the online IPO system shall be considered as final and Allotment will be based on such details for ASBA applications.

#### **ALLOCATION OF EQUITY SHARES**

- (a) The Offer is being made through the Fixed Price Process wherein 50,000 Equity Shares shall be reserved for Market Maker. 3,80,000 Equity Shares will be allocated on a proportionate basis to Retail Individual Applicants, subject to valid applications being received from Retail Individual Applicants at the Offer Price. The balance of the Net Offer will be available for allocation on a proportionate basis to Non Retail Applicants.
- (b) Under-subscription, if any, in any category, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company in consultation with the Lead Managers and the Stock Exchange.
- (c) Allocation to Non-Residents, including Eligible NRIs, FIIs and FVCIs registered with SEBI, applying on repatriation basis will be subject to applicable law, rules, regulations, guidelines and approvals.
- (d) In terms of the SEBI Regulations, Non Retail Applicants shall not be allowed to either withdraw or lower the size of their applications at any stage.
- (e) Allotment status details shall be available on the website of the Registrar to the Offer.

#### **SIGNING OF UNDERWRITING AGREEMENT AND FILING OF PROSPECTUS WITH ROC**

- a) Our Company has entered into an Underwriting agreement dated December 7, 2017.
- b) A copy of the Prospectus has been 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 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. Application 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.



## ISSUANCE OF ALLOTMENT ADVICE

- i) Upon approval of the Basis of Allotment by the Designated Stock Exchange.
- ii) The Lead Managers or the Registrar to the Offer will dispatch an Allotment Advice to their Applicants who have been allocated Equity Shares in the Offer.

The dispatch of Allotment Advice shall be deemed a valid, binding and irrevocable contract for the Allotment to such Applicant.

## METHOD AND PROCESS OF APPLICATIONS

1. Applicants are required to submit their applications during the Offer Period only through the following Application Collecting intermediary
  - a) an SCSB, with whom the bank account to be blocked, is maintained
  - b) a syndicate member (or sub-syndicate member)
  - c) a stock broker registered with a recognised stock exchange (and whose name is mentioned on the website of the stock exchange as eligible for this activity) ('broker')
  - d) a depository participant ('DP') (whose name is mentioned on the website of the stock exchange as eligible for this activity)
  - e) a registrar to an offer and share transfer agent ('RTA') (whose name is mentioned on the website of the stock exchange as eligible for this activity)
2. The Offer Period shall be for a minimum of three Working Days and shall not exceed 10 Working Days. The Offer Period may be extended, if required, by an additional three Working Days, subject to the total Offer Period not exceeding 10 Working Days.
3. The Intermediaries shall accept applications from all Applicants and they shall have the right to vet the applications during the Offer Period in accordance with the terms of the Prospectus.
4. The Applicant cannot apply on another Application Form on one Application Form has been submitted to Application Collecting intermediaries Submission of a second Application Form to either the same or to another Application Collecting Intermediary will be treated as multiple applications and is liable to be rejected either before entering the application into the electronic collecting system, or at any point of time prior to the allocation or Allotment of Equity Shares in this Offer.
5. The intermediaries shall, at the time of receipt of application, give an acknowledgement to investor, by giving the counter foil or specifying the application number to the investor, as a proof of having accepted the application form, in physical or electronic mode, respectively.

The upload of the details in the electronic bidding system of stock exchange and post that blocking of funds will be done by as given below

|                                                                             |                                                                                                                                                                                                                                                                                         |
|-----------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| For applications submitted by investors to SCSB:                            | After accepting the form, SCSB shall capture and upload the relevant details in the electronic bidding system as specified by the stock exchange(s) and may begin blocking funds available in the bank account specified in the form, to the extent of the application money specified. |
| For applications submitted by investors to intermediaries other than SCSBs: | After accepting the application form, respective intermediary shall capture and upload the relevant details in the electronic bidding system                                                                                                                                            |



|  |                                                                                                                                                                                                                                        |
|--|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  | of stock exchange(s). Post uploading, they shall forward a schedule as per prescribed format along with the application forms to designated branches of the respective SCSBs for blocking of funds within one day of closure of Offer. |
|--|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

6. Upon receipt of the Application Form directly or through other intermediary, submitted whether in physical or electronic mode, the Designated Branch of the SCSB shall verify if sufficient funds equal to the Application Amount are available in the ASBA Account, as mentioned in the Application Form, and If sufficient funds are not available in the ASBA Account the application will be rejected.
7. If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Application Amount mentioned in the Application Form and will enter each application option into the electronic collecting system as a separate application and generate a TRS for each price and demand option. The TRS shall be furnished to the ASBA Applicant on request.
8. The Application Amount shall remain blocked in the aforesaid ASBA Account until finalization of the Basis of Allotment and consequent transfer of the Application Amount against the Allotted Equity Shares to the Public Offer Account, or until withdrawal/failure of the Offer or until withdrawal/rejection of the Application Form, as the case may be. Once the Basis of Allotment is finalized, the Registrar to the Offershall send an appropriate request to the Controlling Branch of the SCSB for unblocking the relevant ASBA Accounts and for transferring the amount allocable to the successful Applicants to the Public Offer Account. In case of withdrawal / failure of the Offer, the blocked amount shall be unblocked on receipt of such information from the Registrar to the Offer.

#### **TERMS OF PAYMENT**

The entire Offer price of Rs. 10/- per share is payable on 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. The balance amount after transfer to the Public Offer Account shall be unblocked by the SCSBs.

The Applicants should note that the arrangement with Bankers to the Offer or the Registrar is not prescribed by SEBI and has been established as an arrangement between our Company, the Selling Shareholder, the Bankers to the Offer and the Registrar to the Offer to facilitate collections from the Applicants.

#### **Payment mechanism for Applicants**

The Applicants shall specify the bank account number in the Application Form and the SCSBs shall block an amount equivalent to the Application Amount in the bank account specified in the Application Form. The SCSB shall keep the Application Amount in the relevant bank account blocked until withdrawal/ rejection of the application or receipt of instructions from the Registrar to unblock the Application Amount. However, Non Retail Applicants shall neither withdraw nor lower the size of their applications at any stage. In the event of withdrawal or rejection of the Application Form or for unsuccessful Application Forms, the Registrar to the Offershall 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 application by the ASBA Applicant, as the case may be.

Please note that pursuant to the applicability of the directions issued by SEBI vide its circular bearing number CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015, all Investors are applying in this Offer shall mandatorily make use of ASBA facility.

#### **ELECTRONIC REGISTRATION OF APPLICATIONS**

1. The Application Collecting Intermediary will register the applications using the on-line facilities of the Stock Exchange.
2. The Application Collecting Intermediary will undertake modification of selected fields in the application details already uploaded before 1.00 p.m of the next Working day from the Offer Closing Date.
3. The Application collecting Intermediary shall be responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the applications accepted by them, (ii) the applications uploaded by them, (iii) the applications accepted but not uploaded by them or (iv) In case the applications accepted and uploaded by any Application Collecting Intermediary other than SCSBs, the Application form along with relevant schedules shall be sent to the SCSBs or the Designated Branch of the relevant SCSBs for blocking of funds and they will be responsible for blocking the necessary amounts in the ASBA Accounts. In case of Application accepted and Uploaded by SCSBs, the SCSBs or the Designated Branch of the relevant SCSBs will be re will be responsible for blocking the necessary amounts in the ASBA Accounts. (v) Application accepted and uploaded but not sent to SCSBs for blocking of funds.
4. Neither the Lead Managers nor our Company, shall be responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the applications accepted by any Application Collecting Intermediaries, (ii) the applications uploaded by any Application Collecting Intermediaries or (iii) the applications accepted but not uploaded by the Application Collecting Intermediaries.
5. The Stock Exchange will offer an electronic facility for registering applications for the Offer. This facility will be available at the terminals of the Application Collecting Intermediaries and their authorized agents during the Offer Period. The Designated Branches or the Agents of the Application Collecting Intermediaries can also set up facilities for off-line electronic registration of applications subject to the condition that they will subsequently upload the off-line data file into the online facilities on a regular basis. On the Offer Closing Date, the Application Collecting Intermediaries shall upload the applications till such time as may be permitted by the Stock Exchange. This information will be available with the Lead Manager on a regular basis.
6. With respect to applications by Applicants, at the time of registering such applications, the Application Collecting Intermediaries shall enter the following information pertaining to the Applicants into in the on-line system:
  - Name of the Applicant;
  - IPO Name;
  - Application Form number;
  - Investor Category;
  - PAN (of First Applicant, if more than one Applicant);
  - DP ID of the demat account of the Applicant;



- Client Identification Number of the demat account of the Applicant;
  - Numbers of Equity Shares Applied for;
  - Bank account number.
7. In case of submission of the Application by an Applicant through the Electronic Mode, the Applicant shall complete the above-mentioned details and mention the bank account number, except the Electronic Application Form number which shall be system generated.
  8. The aforesaid intermediaries shall, at the time of receipt of application, give an acknowledgement to investor, by giving the counter foil or specifying the application number to the investor, as a proof of having accepted the application form, in physical or electronic mode, respectively. The registration of the Application by the Application Collecting Intermediaries does not guarantee that the Equity Shares shall be allocated / allotted either by our Company.
  9. Such acknowledgment will be non-negotiable and by itself will not create any obligation of any kind.
  10. In case of Non Retail Applicants and Retail Individual Applicants, applications would not be rejected except on the technical grounds as mentioned in the Prospectus. The Application Collecting Intermediaries shall have no right to reject applications, except on technical grounds.
  11. The permission given by the Stock Exchanges to use their network and software of the Online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company and/or the Lead Manager are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, our Promoter, our management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.
  12. The Application Collecting Intermediaries will be given time till 1.00 P.M on the next working day after the Offer Closing Date to verify the PAN No, DP ID and Client ID uploaded in the online IPO system during the Offer Period, after which the Registrar to the Offer will receive this data from the Stock Exchange and will validate the electronic application details with Depository's records. In case no corresponding record is available with Depositories, which matches the three parameters, namely DP ID, Client ID and PAN, then such applications are liable to be rejected.
  13. The details uploaded in the online IPO system shall be considered as final and Allotment will be based on such details for ASBA applications.

#### **ALLOCATION OF EQUITY SHARES**

1. The Offer is being made through the Fixed Price Process wherein 2,30,000 Equity Shares shall be reserved for Market Maker. 21,10,000 Equity Shares will be allocated on a proportionate basis to Retail Individual Applicants, subject to valid applications being received from Retail Individual Applicants at the Offer Price. The balance of the Net Offer will be available for allocation on a proportionate basis to Non Retail Applicants.
2. Under-subscription, if any, in any category, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company in consultation with the Lead Managers and the Stock Exchange.



3. Allocation to Non-Residents, including Eligible NRIs, FIIs and FVCIs registered with SEBI, applying on repatriation basis will be subject to applicable law, rules, regulations, guidelines and approvals.
4. In terms of the SEBI Regulations, Non Retail Applicants shall not be allowed to either withdraw or lower the size of their applications at any stage.
5. Allotment status details shall be available on the website of the Registrar to the Offer.

#### **SIGNING OF UNDERWRITING AGREEMENT AND FILING OF PROSPECTUS WITH ROC**

- a) Our Company has entered into an Underwriting agreement dated December 7, 2017.
- b) A copy of the Prospectus has been 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 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.

#### **ISSUANCE OF ALLOTMENT ADVICE**

1. Upon approval of the Basis of Allotment by the Designated Stock Exchange.
2. The Lead Managers or the Registrar to the Offer will dispatch an Allotment Advice to their Applicants who have been allocated Equity Shares in the Offer.

The dispatch of Allotment Advice shall be deemed a valid, binding and irrevocable contract for the Allotment to such Applicant.

#### **GENERAL INSTRUCTIONS**

##### ***Do's:***

- Check if you are eligible to apply;
- Read all the instructions carefully and complete the applicable Application Form;
- Ensure that the details about Depository Participant and Beneficiary Account are correct as
- Allotment of Equity Shares will be in the dematerialized form only;
- Each of the Applicants should mention their Permanent Account Number (PAN) allotted under the Income Tax Act, 1961;
- Ensure that the demographic details are updated, true and correct in all respects;
- Ensure that the name(s) given in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant.
- Ensure that you have funds equal to the Application Amount in your bank account maintained with the SCSB before submitting the Application Form to the respective Designated Branch of the SCSB;
- Ensure that the Application Form is signed by the account holder in case the applicant is not the account holder. Ensure that you have mentioned the correct bank account number in the Application Form;
- Ensure that you have requested for and receive a acknowledgement;
- All applicants should submit their applications through the ASBA process only.

##### ***Dont's:***

- Do not apply for lower than the minimum Application size;





- Do not apply at a Price Different from the Price mentioned herein or in the Application Form
- Do not apply on another Application Form after you have submitted an Application to the Banker to of the Offer.
- Do not pay the Application Price in cash, by money order or by postal order or by stock invest;
- Do not send Application Forms by post; instead submit the same to the Application Collecting Intermediaries.
- Do not fill in the Application Form such that the Equity Shares applied for exceeds the Offer Size and/ or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;
- Do not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground.
- Do not submit incorrect details of the DP ID, beneficiary account number and PAN or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Offer
- Do not submit Applications on plain paper or incomplete or illegible Application Forms in a colour prescribed for another category of Applicant
- Do not make Applications if you are not competent to contract under the Indian Contract Act, 1872, as amended.

#### **INSTRUCTIONS FOR COMPLETING THE APPLICATION FORM**

The Applications should be submitted on the prescribed Application Form and in BLOCK LETTERS in ENGLISH only in accordance with the instructions contained herein and in the Application Form. Applications not so made are liable to be rejected. Application Forms should bear the stamp of the Application Collecting Intermediaries. Application Forms, which do not bear the stamp of the Application Collecting Intermediaries, will be rejected.

SEBI, vide Circular No.CIR/CFD/14/2012 dated October 04, 2012 has introduced an additional mechanism for investors to submit Application forms in public offer using the stock broker ('broker') network of Stock Exchanges, who may not be syndicate members in an offer with effect from January 01, 2013. The list of Broker Centre is available on the websites of BSE i.e. [www.bseindia.com](http://www.bseindia.com) With a view to broadbase the reach of Investors by substantially enhancing the points for submission of applications, SEBI vide Circular No.CIR/CFD/POLICY CELL/11/2015 dated November 10, 2015 has permitted Registrar to the Offer and Share Transfer Agent and Depository Participants registered with SEBI to accept the Application forms in Public offer with effect from January 01, 2016. The List of RTA and DPs centres for collecting the application shall be disclosed is available on the websites of BSE i.e. [www.bseindia.com](http://www.bseindia.com)

#### **APPLICANT'S DEPOSITORY ACCOUNT AND BANK DETAILS**

Please note that, providing bank account details, PAN Nos, Client ID and DP ID in the space provided in the application form is mandatory and applications that do not contain such details are liable to be rejected.

Applicants should note that on the basis of name of the Applicants, Depository Participant's name, Depository Participant Identification number and Beneficiary Account Number provided by them in the Application Form as entered into the Stock Exchange online system, the Registrar to the Offer will obtain from the Depository the demographic details including address, Applicants bank account details, MICR code and occupation (hereinafter referred to as 'Demographic Details'). These Demographic Details would be used for all correspondence with the Applicants including mailing of



the Allotment Advice. The Demographic Details given by Applicants in the Application Form would not be used for any other purpose by the Registrar to the Offer.

By signing the Application Form, the Applicant would be deemed to have authorized the depositories to provide, upon request, to the Registrar to the Offer, the required Demographic Details as available on its records.

#### **SUBMISSION OF APPLICATION FORM**

All Application Forms duly completed shall be submitted to the Application Collecting Intermediaries

The aforesaid intermediaries shall, at the time of receipt of application, give an acknowledgement to investor, by giving the counter foil or specifying the application number to the investor, as a proof of having accepted the application form, in physical or electronic mode, respectively.

#### **COMMUNICATIONS**

All future communications in connection with Applications made in this offer should be addressed to the Registrar to the Offer quoting the full name of the sole or First Applicant, Application Form number, Applicants Depository Account Details, number of Equity Shares applied for, date of Application form, name and address of the Application Collecting Intermediary where the Application was submitted thereof and a copy of the acknowledgement slip.

Investors can contact the Compliance Officer 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, credit of allotted shares in the respective beneficiary accounts, etc.

#### **DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS AND INTEREST IN CASE OF DELAY**

The Company shall ensure the dispatch of Allotment advice, and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchange within two working days of date of Allotment of Equity Shares.

The Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at SME Platform of BSE where the Equity Shares are proposed to be listed are taken within 6 working days from Offer Closing Date.

In accordance with the Companies Act, the requirements of the Stock Exchange and the SEBI Regulations, the Company further undertakes that:

1. Allotment and Listing of Equity Shares shall be made within 6 (Six) days of the Offer Closing Date;
2. The Company will provide adequate funds required for dispatch of Allotment Advice to the Registrar to the Offer.

#### **IMPERSONATION**

*Attention of the Applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:*

*“Any person who—*

- a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or





- b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or
- c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,

*shall be liable for action under Section 447.”*

#### **UNDERTAKINGS BY THE COMPANY**

We undertake as follows:

1. If our Company or the Selling Shareholders do not proceed with the Offer after the Bid/ Offer Closing Date 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;
2. That the complaints received in respect of the Offer shall be attended expeditiously and satisfactorily;
3. That all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the stock exchanges where the Equity Shares are proposed to be listed on sixth day from offer closure date.
4. That our Promoter's contribution in full has already been brought in;
5. That no further issue/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 the certificates of the securities to the non-resident Indians shall be dispatched within specified time;
7. That, adequate arrangements shall be made to collect all Applications Supported by Blocked Amount

#### **UNDERTAKINGS BY THE SELLING SHAREHOLDER**

The Selling Shareholder undertakes that:

1. the Equity Shares being sold by it pursuant to the Offer, are eligible to be offered for Sale and are fully paid-up & are in the process of being dematerialized and the same shall be done before listing of Equity Shares on the Stock Exchange;
2. it is the legal and beneficial owner of, and have full title to, the Equity Shares being sold in the Offer;
3. the Equity Shares being sold by it pursuant to the Offer are free and clear of any liens or encumbrances and shall be transferred to the eligible investors within the time specified under applicable law;
4. it shall provide all reasonable co-operation as requested by our Company in relation to the completion of allotment and dispatch of the allotment advice and CAN, if required, and unblock amount or order to the extent of the Equity Shares offered by it pursuant to the Offer;
5. it shall provide such reasonable support and extend such reasonable cooperation as may be required by our Company and the LMs in redressal of such investor grievances that pertain to the Equity Shares held by it and being offered pursuant to the Offer;



6. it shall provide such reasonable support and extend such reasonable co-operation as may be required by the Company in sending a suitable communication where funds are unblocked to the applicant within 4 days from the Offer Closing Date;
7. it shall not have recourse to the proceeds of the Offer until final approval for trading of the Equity Shares from the Stock Exchange where listing is sought has been received;
8. if the Selling Shareholder does not proceed with the Offer after the Offer Closing Date, the reason thereof shall be given by our Company as a public notice within two days of the Offer Closing Date. The public notice shall be issued in the same newspapers where the pre- Offer advertisements were published. The stock exchange on which the Equity Shares are proposed to be listed shall also be informed promptly. It shall extend all reasonable cooperation requested by our Company and the LM in this regard;
9. it shall not further transfer the Equity Shares except in the Offer during the period commencing from submission of the Prospectus with SEBI until the final trading approvals from the Stock Exchange has been obtained for the Equity Shares Allotted/ to be Allotted pursuant to the Offer and shall not sell, dispose of in any manner or create any lien, charge or encumbrance on the Equity Shares offered by it in the Offer;
10. it shall take all such steps as may be required to ensure that the Equity Shares being sold by it pursuant to the Offer are available for transfer in the Offer within the time specified under applicable law; and
11. it shall comply with all applicable laws, in India, including the Companies Act, the SEBI Regulations, the FEMA and the applicable circulars, guidelines and regulations issued by SEBI and RBI, each in relation to the Equity Shares offered by it in the Offer.

#### **UTILIZATION OF THE OFFER PROCEEDS**

The Board of Directors of our Company along with the Selling Shareholder certifies that:

1. all monies received out of the Offer 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;
2. The Selling Shareholder shall not have recourse to the Offer Proceeds until the approval for listing and trading of the Equity Shares from the Stock Exchange where listing is sought has been received.
3. The Lead manager undertakes that the complaints or comments received in respect of the Offer shall be attended by our Company expeditiously and satisfactory.

#### **EQUITY SHARES IN DEMATERIALISED FORM WITH NSDL OR CDSL**

To enable all shareholders of the Company to have their shareholding in electronic form, the Company is in the process of signing the following tripartite agreements with the Depositories and the Registrar and Share Transfer Agent:

- a) Agreement dated August 30, 2016 among NSDL, the Company and the Registrar to Offer;
- b) Agreement dated August 26, 2016 among CDSL, the Company and the Registrar to the Offer;

The Company's shares bear ISIN no INE578V01013.



## PART B

### GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC ISSUES

*This General Information Document highlights the key rules, processes and procedures applicable to public issues/ 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/Applicants should not construe the contents of this General Information Document as legal advice and should consult their own legal counsel and other advisors in relation to the legal matters concerning the offer. For taking an investment decision, the Bidders/Applicants should rely on their own examination of the Issuer and the offer, and should carefully read the Draft Prospectus/Prospectus before investing in the offer.*

#### SECTION 1: PURPOSE OF THE GENERAL INFORMATION DOCUMENT (GID)

This document is applicable to the public offers undertaken *inter-alia* through Fixed Price offers. The purpose of the “General Information Document for Investing in Public offers” is to provide general guidance to potential Applicants in IPOs, on the processes and procedures governing IPOs, undertaken in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (“SEBI ICDR Regulations, 2009”).

Applicants should note that investment in equity and equity related securities involves risk and Applicant should not invest any funds in the 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 Prospectus filed by the Issuer with the Registrar of Companies (“RoC”). Applicants should carefully read the entire Prospectus and the Application Form and the Abridged Prospectus of the Issuer in which they are proposing to invest through the offer. In case of any difference in interpretation or conflict and/or overlap between the disclosure included in this document and the Prospectus, the disclosures in the Prospectus shall prevail. The Prospectus of the Issuer is available on the websites of stock exchange, on the website(s) of the LM(s) to the offer and on the website of Securities and Exchange Board of India (“SEBI”) at [www.sebi.gov.in](http://www.sebi.gov.in).

For the definitions of capitalized terms and abbreviations used herein Applicants may refer to the section “Glossary and Abbreviations”.

#### SECTION 2: BRIEF INTRODUCTION TO IPOs ON SME EXCHANGE

##### 2.1 INITIAL PUBLIC OFFER (IPO)

An IPO means an offer of specified securities by an unlisted Issuer to the public for subscription and may include an Offer for Sale of specified securities to the public by any existing holder of such securities in an unlisted Issuer.

For undertaking an IPO, an Issuer is *inter-alia* required to comply with the eligibility requirements of in terms of either Regulation 26(1) or Regulation 26(2) of the SEBI ICDR Regulations, 2009, if applicable. For details of compliance with the eligibility requirements by the Issuer, Applicants may refer to the Prospectus.

The Issuer may also undertake IPO under chapter XB of the SEBI (ICDR) Regulations, wherein as per,

- Regulation 106M (1): An issuer whose post-offer face value capital does not exceed ten crore rupees shall offer its specified securities in accordance with provisions of this Chapter.



- Regulation 106M (2): An issuer, whose post offer face value capital, is more than ten crore rupees and upto twenty five crore rupees, may also issue/ offer specified securities in accordance with provisions of this Chapter.

The present Offer being made under Regulation 106M (2) of Chapter XB of SEBI (ICDR) Regulation.

## **2.2 OTHER ELIGIBILITY REQUIREMENTS**

In addition to the eligibility requirements specified in paragraphs 2.1, an Issuer proposing to undertake an IPO is required to comply with various other requirements as specified in the SEBI ICDR Regulations, 2009, the Companies Act, 1956 (the “Companies Act”), The Securities Contracts (Regulation) Rules, 1957 (the “SCRR”), industry-specific regulations, if any, and other applicable laws for the time being in force. Following are the eligibility requirements for making an SME IPO under Regulation 106M (2) of Chapter XB of SEBI (ICDR) Regulation:

- (a) In accordance with regulation 106(P) of the SEBI (ICDR) Regulations, offer has to be 100% underwritten and the LM has to underwrite at least 15% of the total offer size.
- (b) In accordance with Regulation 106(R) of the SEBI (ICDR) Regulations, total number of proposed allottees in the offer shall be greater than or equal to fifty, otherwise, the entire application money will be refunded forthwith. If such money is not repaid within eight days from the date the company becomes liable to repay it, than the Company and every officer in default shall, on and from expiry of eight days, be liable to repay such application money, with interest as prescribed under section 73 of the Companies Act, 1956
- (c) In accordance with Regulation 106(O) the SEBI (ICDR) Regulations, Company is not required to file any Offer Document with SEBI nor has SEBI issued any observations on the Offer Document. The Lead Manager shall submit the copy of Prospectus along with a Due Diligence Certificate including additional confirmations as required to SEBI at the time of filing the Prospectus with Stock Exchange and the Registrar of Companies.
- (d) In accordance with Regulation 106(V) of the SEBI ICDR Regulations, the LM has to ensure compulsory market making for a minimum period of three years from the date of listing of Equity Shares offered in the offer.
- (e) The Issuer shall have Net Tangible assets of at least Rs. 3 crore as per the latest audited financial results.
- (f) The Net worth (excluding revaluation reserves) of the Issuer shall be at least Rs. 3 crore as per the latest audited financial results.
- (g) The Issuer should have a track record of distributable profits in terms of section 123 of Companies Act, 2013 for two out of immediately preceding three financial years or it should have net worth of at least Rs. 5 Crores.
- (h) The Post-offer paid up capital of the Issuer shall be at least Rs. 3 Crore.
- (i) The Issuer shall mandatorily facilitate trading in demat securities.
- (j) The Issuer should not been referred to Board for Industrial and Financial Reconstruction.
- (k) No petition for winding up is admitted by a court or a liquidator has not been appointed of competent jurisdiction against the Company.
- (l) No material regulatory or disciplinary action should have been taken by any stock exchange or regulatory authority in the past three years against the Issuer.



- (m) The Company should have a website.
- (n) There has been no change in the promoter of the Company in the one year preceding the date of filing application to BSE for listing on SME segment. Issuer shall also comply with all the other requirements as laid down for such an offer under Chapter X-B of SEBI (ICDR) Regulations and subsequent circulars and guidelines issued by SEBI and the Stock Exchange.

As per Regulation 106(M)(3) of SEBI (ICDR) Regulations, 2009, the provisions of Regulations 6(1), 6(2), 6(3), Regulation 7, Regulation 8, Regulation 9, Regulation 10, Regulation 25, Regulation 26, Regulation 27 and Sub regulation (1) of Regulation 49 of SEBI (ICDR) Regulations, 2009 shall not apply to this offer.

Thus Company is eligible for the offer in accordance with regulation 106M (2) and other provisions of chapter XB of the SEBI (ICDR) Regulations as the post offer face value capital exceeds Rs. 1,000 lakhs but does not exceed Rs 2,500 lakhs. Company also complies with the eligibility conditions laid by the SME Platform of BSE for listing of our Equity Shares.

## **2.3 TYPES OF PUBLIC ISSUES – FIXED PRICE ISSUES AND BOOK BUILT ISSUES**

In accordance with the provisions of the SEBI ICDR Regulations, 2009, an Issuer can either determine the Issue Price through the Book Building Process (**“Book Built Issue”**) or undertake a Fixed Price Issue (**“Fixed Price Issue”**). An Issuer may mention Floor Price or Price Band in the RHP (in case of a Book Built Issue) and a Price or Price Band in the Draft Prospectus/ Prospectus (in case of a fixed price Issue) and determine the price at a later date before registering the Prospectus with the Registrar of Companies.

The cap on the Price Band should be less than or equal to 120% of the Floor Price. The Issuer shall announce the Price or the Floor Price or the Price Band through advertisement in all newspapers in which the pre-issue advertisement was given at least five Working Days before the Issue Opening Date, in case of an IPO and at least one Working Day before the Issue Opening Date, in case of an FPO.

The Floor Price or the Issue price cannot be lesser than the face value of the securities. Applicants should refer to the Prospectus or Issue advertisements to check whether the Issue is a Book Built Issue or a Fixed Price Issue.

## **2.4 OFFER PERIOD**

The Offer shall be kept open for a minimum of three Working Days (for all category of Applicants) and not more than ten Working Days. Applicants are advised to refer to the Application Form and Abridged Prospectus or Prospectus for details of the offer Period. Details of offer Period are also available on the website of Stock Exchange(s).

## **2.5 MIGRATION TO MAIN BOARD**

SME Issuer may migrate to the Main Board of SE from the SME Exchange at a later date subject to the following:

- (a) If the Paid up Capital of the Company is likely to increase above Rs. 25 crores by virtue of any further issue of capital by way of rights, preferential issue, bonus issue etc. (which has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the Promoter in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal and for which the company has obtained in-principal approval from the main board), the Company shall apply to SE for listing of its shares on its Main Board subject to



the fulfillment of the eligibility criteria for listing of specified securities laid down by the Main Board.

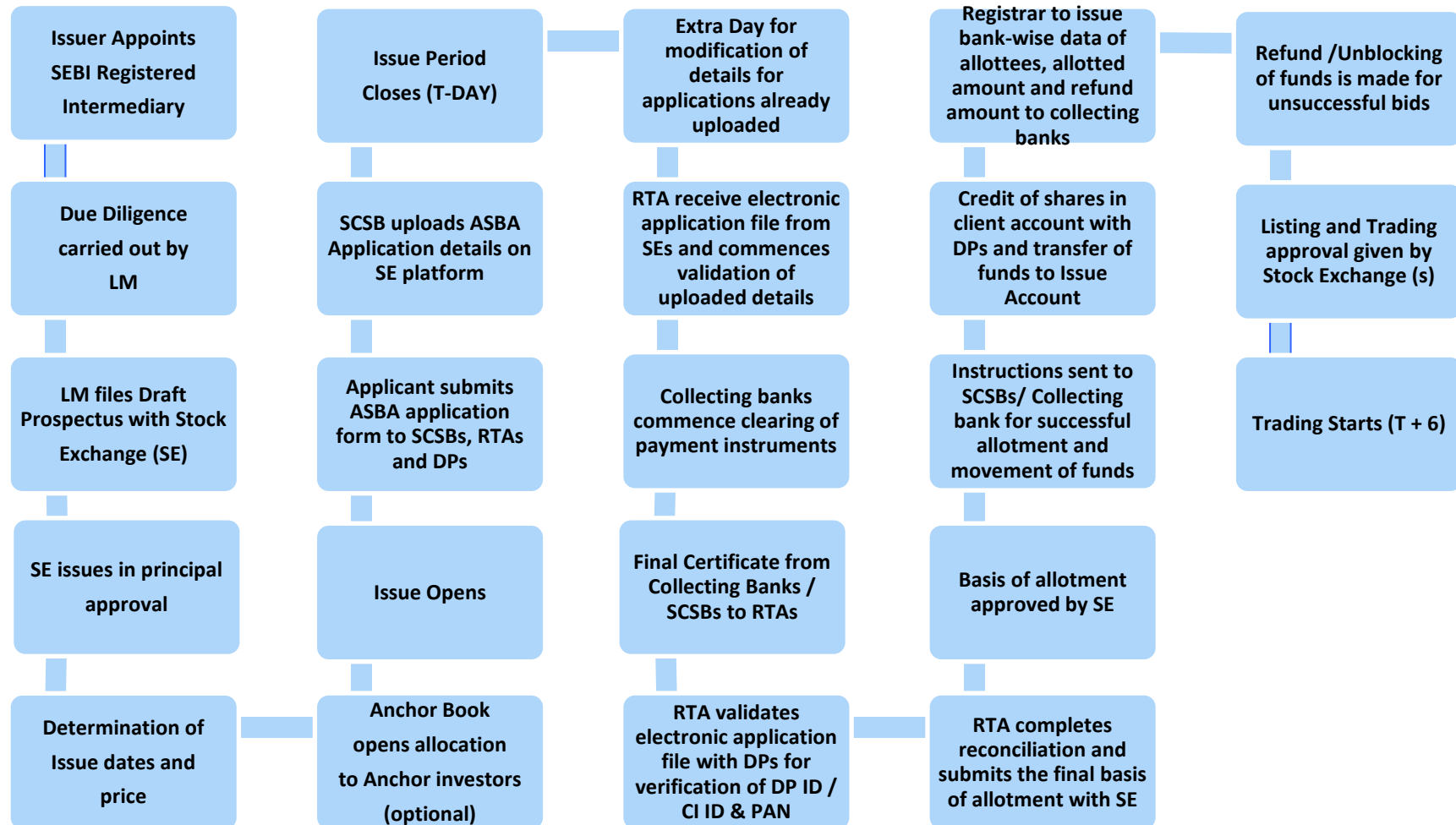
OR

- (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.



## 2.6 FLOWCHART OF TIMELINES

A flow chart of process flow in Fixed Price Issues is as follows







### SECTION 3: CATEGORY OF INVESTORS ELIGIBLE TO PARTICIPATE IN AN OFFER

***Each Applicant should check whether it is eligible to apply under applicable law.*** Furthermore, certain categories of Applicants, such as NRIs, FPIs and FVCIs may not be allowed to apply in the Offer or to hold Equity Shares, in excess of certain limits specified under applicable law. Applicants are requested to refer to the Prospectus for more details.

Subject to the above, an illustrative list of Applicants is as follows:

- Indian nationals resident in India who are not incompetent to contract in single or joint names (not more than three) or in the names of minors as natural/legal guardian;
- Hindu Undivided Families or HUFs, in the individual name of the Karta. The Applicant should specify that the application is being made in the name of the HUF in the Application Form as follows: Name of Sole or First applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta. Applications by HUFs would be considered at par with those from individuals;
- Companies, Corporate Bodies and Societies registered under the applicable laws in India and authorized to invest in the Equity Shares under their respective constitutional and charter documents;
- Mutual Funds registered with SEBI;
- Eligible NRIs on a repatriation basis or on a non-repatriation basis, subject to applicable laws. NRIs other than Eligible NRIs are not eligible to participate in this offer;
- Indian Financial Institutions, scheduled commercial banks, regional rural banks, co-operative banks (subject to RBI permission, and the SEBI Regulations and other laws, as applicable);
- FPIs other than Category III FPI; VCFs and FVCIs registered with SEBI
- Limited Liability Partnerships (LLPs) registered in India and authorized to invest in equity shares;
- State Industrial Development Corporations;
- Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts and who are authorized under their constitution to hold and invest in equity shares;
- Scientific and/or Industrial Research Organizations authorized to invest in equity shares;
- Insurance Companies registered with IRDA;
- Provident Funds and Pension Funds with minimum corpus of Rs. 2,500 Lakhs and who are authorized under their constitution to hold and invest in equity shares;
- Multilateral and Bilateral Development Financial Institutions;
- National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of Government of India published in the Gazette of India;
- Insurance funds set up and managed by army, navy or air force of the Union of India or by Department of Posts, India;
- 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 OFFER

**Fixed Price Offer:** Applicants should only use the specified Application Form either bearing the stamp of Application Collecting Intermediaries as available or downloaded from the websites of the Stock Exchanges. Application Forms are available at Designated Branches of the SCSBs, at the registered office of the Issuer and at the corporate office of LM. For further details regarding availability of Application Forms, Applicants may refer to the Prospectus.

Applicants should ensure that they apply in the appropriate category. The prescribed colour of the Application Form for various categories of Applicants is as follows:

| Category                                                                                                                                                              | Colour of the Application |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|
| Resident Indian, Eligible NRIs applying on a non repatriation basis                                                                                                   | White                     |
| NRIs, FVCIs, FPIs, their Sub-Accounts (other than Sub-Accounts which are foreign corporate(s) or foreign individuals applying under the QIB), on a repatriation basis | Blue                      |
| Anchor Investors (where applicable) & Applicants applying in the reserved category                                                                                    | Not Applicable            |

Securities Issued in an IPO can only be in dematerialized form in compliance with Section 29 of the Companies Act, 2013. Applicants will not have the option of getting the allotment of specified securities in physical form. However, they may get the specified securities rematerialized subsequent to allotment.

### 4.1 INSTRUCTIONS FOR FILING THE APPLICATION FORM (FIXED PRICE OFFER)

Applicants may note that forms not filled completely or correctly as per instructions provided in this GID, the Prospectus and the Application Form are liable to be rejected.

Instructions to fill each field of the Application Form can be found on the reverse side of the Application Form. Specific instructions for filling various fields of the Resident Application Form and Non-Resident Application Form and samples are provided below.

The samples of the Application Form for resident Applicants and the Application Form for non-resident Applicants are reproduced below:



## R Application Form

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                   |                                                                                                        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| <b>COMMON APPLICATION FORM</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | <b>GUJARAT HY-SPIN LIMITED - PUBLIC ISSUE - R</b><br>Regd. Off:- P. O. Box No. 22, Gundala Road, Gondal, Rajkot-360311, Gujarat.<br>Tel. No.: 02825 - 297170, Fax No.: Not available. CIN : U17110GJ2011PLC063898 | <b>FOR RESIDENT INDIANS, INCLUDING RESIDENT QIBs AND ELIGIBLE NRIs APPLYING ON A NON-REPATRIATION BASIS</b>              |  |  |                                 |                               |  |  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   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|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | <b>To,</b><br><b>The Board of Directors</b><br><b>GUJARATHY-SPIN LIMITED</b>                                                                                                                                      | <b>FIXED PRICE SME ISSUE</b><br><b>ISIN - INE578V01013</b>                                                               |  |  |                                 |                               |  |  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        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| <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; text-align: center;">BROKER'S / SCBS / DP / RTA STAMP &amp; CODE</td> <td style="width: 50%; text-align: center;">SUB-BROKER'S / SUB-AGENT'S STAMP &amp; CODE</td> </tr> <tr> <td style="height: 40px;"></td> <td style="height: 40px;"></td> </tr> <tr> <td style="text-align: center;">SCSB / BANK BRANCH STAMP &amp; CODE</td> <td style="text-align: center;">SCSB / BANK BRANCH SERIAL NO.</td> </tr> <tr> <td style="height: 40px;"></td> <td style="height: 40px;"></td> </tr> </table>                                                                                                             | BROKER'S / SCBS / DP / RTA STAMP & CODE                                                                                                                                                                           | SUB-BROKER'S / SUB-AGENT'S STAMP & CODE                                                                                  |  |  | SCSB / BANK BRANCH STAMP & CODE | SCSB / BANK BRANCH SERIAL NO. |  |  | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="3" style="text-align: center;"><b>1. NAME &amp; CONTACT DETAILS OF SOLE/FIRST APPLICANT</b></td> </tr> <tr> <td style="width: 30%;">Mr. / Ms.</td> <td style="width: 40%;"></td> <td style="width: 30%; text-align: right;">Age</td> </tr> <tr> <td colspan="3">Address _____</td> </tr> <tr> <td colspan="3">Email _____</td> </tr> <tr> <td colspan="3">Tel. No (with STD code) / Mobile _____</td> </tr> <tr> <td colspan="3" style="text-align: center;"><b>2. PAN OF SOLE/FIRST APPLICANT</b></td> </tr> <tr> <td colspan="3"></td> </tr> <tr> <td colspan="3" style="text-align: center;"><b>3. INVESTOR'S DEPOSITORY ACCOUNT DETAILS</b></td> </tr> <tr> <td colspan="3"> <input type="checkbox"/> NSDL <input type="checkbox"/> CDSL         </td> </tr> <tr> <td colspan="3">         For NSDL enter 8 Digit DP ID followed by 8 Digit Client ID / For CDSL enter 16 Digit Client ID.       </td> </tr> <tr> <td colspan="2" style="text-align: center;"><b>4. APPLICATION DETAILS</b></td> <td style="text-align: center;"><b>5. CATEGORY</b></td> </tr> <tr> <td colspan="2">         No. of Equity Shares of ₹ 10/- each applied at the Issue Price i.e. at ₹ 10/- per share <sup>1 &amp; 2</sup> </td> <td rowspan="2"> <input type="checkbox"/> Retail Individual<br/> <input type="checkbox"/> Non-Institutional<br/> <input type="checkbox"/> QIB       </td> </tr> <tr> <td style="width: 30%;">(In Figures)</td> <td style="width: 70%;">(In Words)</td> </tr> <tr> <td colspan="3"> <sup>1</sup> Please note that applications must be made in minimum of 10,000 shares and further multiples of 10,000 shares accordingly.<br/> <sup>2</sup> Please note that the trading of equity shares will be only in dematerialised mode on the NSE Emerge Platform.       </td> </tr> <tr> <td colspan="3" style="text-align: center;"><b>6. INVESTOR STATUS</b></td> </tr> <tr> <td colspan="3"> <input type="checkbox"/> Individual(s) - IND<br/> <input type="checkbox"/> Non-Resident Indians (Non-Repatriation Basis) - NRI<br/> <input type="checkbox"/> Hindu Undivided Family* - HUF<br/> <input type="checkbox"/> Bodies Corporate - CO<br/> <input type="checkbox"/> Banks &amp; Financial Institutions - FI<br/> <input type="checkbox"/> Mutual Funds - MF<br/> <input type="checkbox"/> National Investment Funds - NIF<br/> <input type="checkbox"/> Insurance Funds - IF<br/> <input type="checkbox"/> Insurance Companies - IC<br/> <input type="checkbox"/> Venture Capital Funds - VCF<br/> <input type="checkbox"/> Alternative Investment Funds - AIF<br/> <input type="checkbox"/> Others (Please Specify) - OTH       </td> </tr> <tr> <td colspan="3"> <small>*HUF Should apply only through Karta (Application by HUF would be treated on per with individual)</small> </td> </tr> <tr> <td colspan="3" style="text-align: center;"><b>7. PAYMENT DETAILS</b></td> </tr> <tr> <td colspan="3" style="text-align: right;">PAYMENT OPTION : Full Payment</td> </tr> <tr> <td colspan="3">         Amount Blocked (₹ in Figures) _____ (₹ in words) _____       </td> </tr> <tr> <td colspan="3">         ASBA Bank A/c No. _____       </td> </tr> <tr> <td colspan="3">         Bank Name &amp; Branch _____       </td> </tr> <tr> <td colspan="3">         I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY), HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS APPLICATION FORM AND THE ATTACHED ABBRIDGED PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN THE PUBLIC ISSUE ("GID") AND HEREBY AGREE AND CONFIRM THE "INVESTOR UNDERTAKING" AS GIVEN OVERLEAF. I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE APPLICATION FORM GIVEN OVERLEAF.       </td> </tr> <tr> <td style="width: 30%; vertical-align: top;"> <b>8 A. SIGNATURE OF SOLE / FIRST APPLICANT</b><br/><br/>         Date: _____, 2017       </td> <td style="width: 40%; vertical-align: top;"> <b>8 B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(s) (AS PER BANK RECORDS)</b><br/>         I/We authorize the SCBS to do all acts as are necessary to make the Application in the issue<br/>         1) _____<br/>         2) _____<br/>         3) _____       </td> <td style="width: 30%; vertical-align: top;"> <b>BROKER / SCBS / DP / RTA STAMP</b><br/>         (Acknowledging upload of Application in Stock Exchange System)       </td> </tr> </table> |  | <b>1. NAME &amp; CONTACT DETAILS OF SOLE/FIRST APPLICANT</b> |  |  | Mr. / Ms. |  | Age | Address _____ |  |  | Email _____ |  |  | Tel. No (with STD code) / Mobile _____ |  |  | <b>2. PAN OF SOLE/FIRST APPLICANT</b> |  |  |  |  |  | <b>3. INVESTOR'S DEPOSITORY ACCOUNT DETAILS</b> |  |  | <input type="checkbox"/> NSDL <input type="checkbox"/> CDSL |  |  | For NSDL enter 8 Digit DP ID followed by 8 Digit Client ID / For CDSL enter 16 Digit Client ID. |  |  | <b>4. APPLICATION DETAILS</b> |  | <b>5. CATEGORY</b> | No. of Equity Shares of ₹ 10/- each applied at the Issue Price i.e. at ₹ 10/- per share <sup>1 &amp; 2</sup> |  | <input type="checkbox"/> Retail Individual<br><input type="checkbox"/> Non-Institutional<br><input type="checkbox"/> QIB | (In Figures) | (In Words) | <sup>1</sup> Please note that applications must be made in minimum of 10,000 shares and further multiples of 10,000 shares accordingly.<br><sup>2</sup> Please note that the trading of equity shares will be only in dematerialised mode on the NSE Emerge Platform. |  |  | <b>6. INVESTOR STATUS</b> |  |  | <input type="checkbox"/> Individual(s) - IND<br><input type="checkbox"/> Non-Resident Indians (Non-Repatriation Basis) - NRI<br><input type="checkbox"/> Hindu Undivided Family* - HUF<br><input type="checkbox"/> Bodies Corporate - CO<br><input type="checkbox"/> Banks & Financial Institutions - FI<br><input type="checkbox"/> Mutual Funds - MF<br><input type="checkbox"/> National Investment Funds - NIF<br><input type="checkbox"/> Insurance Funds - IF<br><input type="checkbox"/> Insurance Companies - IC<br><input type="checkbox"/> Venture Capital Funds - VCF<br><input type="checkbox"/> Alternative Investment Funds - AIF<br><input type="checkbox"/> Others (Please Specify) - OTH |  |  | <small>*HUF Should apply only through Karta (Application by HUF would be treated on per with individual)</small> |  |  | <b>7. PAYMENT DETAILS</b> |  |  | PAYMENT OPTION : Full Payment |  |  | Amount Blocked (₹ 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 APPLICATION FORM AND THE ATTACHED ABBRIDGED PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN THE PUBLIC ISSUE ("GID") AND HEREBY AGREE AND CONFIRM THE "INVESTOR UNDERTAKING" AS GIVEN OVERLEAF. I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE APPLICATION FORM GIVEN OVERLEAF. |  |  | <b>8 A. SIGNATURE OF SOLE / FIRST APPLICANT</b><br><br>Date: _____, 2017 | <b>8 B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(s) (AS PER BANK RECORDS)</b><br>I/We authorize the SCBS to do all acts as are necessary to make the Application in the issue<br>1) _____<br>2) _____<br>3) _____ | <b>BROKER / SCBS / DP / RTA STAMP</b><br>(Acknowledging upload of Application in Stock Exchange System) |
| BROKER'S / SCBS / DP / RTA STAMP & CODE                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | SUB-BROKER'S / SUB-AGENT'S STAMP & CODE                                                                                                                                                                           |                                                                                                        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| <b>3. 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| For NSDL enter 8 Digit DP ID followed by 8 Digit Client ID / For CDSL enter 16 Digit Client ID.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                   |                                                                                                        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| <b>4. APPLICATION DETAILS</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                   | <b>5. CATEGORY</b>                                                                                                       |  |  |                                 |                               |  |  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       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| No. of Equity Shares of ₹ 10/- each applied at the Issue Price i.e. at ₹ 10/- per share <sup>1 &amp; 2</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                   | <input type="checkbox"/> Retail Individual<br><input type="checkbox"/> Non-Institutional<br><input type="checkbox"/> QIB |  |  |                                 |                               |  |  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    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| (In Figures)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | (In Words)                                                                                                                                                                                                        |                                                                                                        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| <sup>1</sup> Please note that applications must be made in minimum of 10,000 shares and further multiples of 10,000 shares accordingly.<br><sup>2</sup> Please note that the trading of equity shares will be only in dematerialised mode on the NSE Emerge Platform.                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                   |                                                                                                        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| <b>6. INVESTOR STATUS</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                   |                                                                                                                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| <input type="checkbox"/> Individual(s) - IND<br><input type="checkbox"/> Non-Resident Indians (Non-Repatriation Basis) - NRI<br><input type="checkbox"/> Hindu Undivided Family* - HUF<br><input type="checkbox"/> Bodies Corporate - CO<br><input type="checkbox"/> Banks & Financial Institutions - FI<br><input type="checkbox"/> Mutual Funds - MF<br><input type="checkbox"/> National Investment Funds - NIF<br><input type="checkbox"/> Insurance Funds - IF<br><input type="checkbox"/> Insurance Companies - IC<br><input type="checkbox"/> Venture Capital Funds - VCF<br><input type="checkbox"/> Alternative Investment Funds - AIF<br><input type="checkbox"/> Others (Please Specify) - OTH |                                                                                                                                                                                                                   |                                                                                                        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| <small>*HUF Should apply only through Karta (Application by HUF would be treated on per with individual)</small>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                   |                                                                                                        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| <b>7. PAYMENT DETAILS</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                   |                                                                                                                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| PAYMENT OPTION : Full Payment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                   |                                                                                                        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| Amount Blocked (₹ in Figures) _____ (₹ in words) _____                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                   |                                                                                                        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| I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY), HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS APPLICATION FORM AND THE ATTACHED ABBRIDGED PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN THE PUBLIC ISSUE ("GID") AND HEREBY AGREE AND CONFIRM THE "INVESTOR UNDERTAKING" AS GIVEN OVERLEAF. I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE APPLICATION FORM GIVEN OVERLEAF.                                                                                                                                                                                                    |                                                                                                                                                                                                                   |                                                                                                                          |  |  |                                 |                               |  |  |                                                                                                                                                                                                                                                   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| <b>8 A. SIGNATURE OF SOLE / FIRST APPLICANT</b><br><br>Date: _____, 2017                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <b>8 B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(s) (AS PER BANK RECORDS)</b><br>I/We authorize the SCBS to do all acts as are necessary to make the Application in the issue<br>1) _____<br>2) _____<br>3) _____    | <b>BROKER / SCBS / DP / RTA STAMP</b><br>(Acknowledging upload of Application in Stock Exchange System)                  |  |  |                                 |                               |  |  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     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|                                                                                                             |                                                          |                                                                              |
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|                                                                                                             | <b>GUJARAT HY-SPIN LIMITED - PUBLIC ISSUE - R</b>        | <b>Acknowledgement Slip for Broker/SCSB/DP/RTA</b>                           |
|                                                                                                             |                                                          | <b>Application Form No.</b>                                                  |
| TEAR HERE                                                                                                   |                                                          |                                                                              |
| DPID / CLID _____ PAN of Sole/First Bidder _____                                                            |                                                          |                                                                              |
| Amount Blocked (₹ in figures) _____ Bank & Branch _____                                                     |                                                          | Stamp & Signature of SCSB Branch                                             |
| ASBA Bank A/c No. _____                                                                                     |                                                          |                                                                              |
| Received from Mr./Ms. _____                                                                                 |                                                          |                                                                              |
| Telephone / Mobile _____ Email _____                                                                        |                                                          |                                                                              |
| TEAR HERE                                                                                                   |                                                          |                                                                              |
| <b>GUJARAT HY-SPIN LIMITED - PUBLIC ISSUE - R</b>                                                           | <b>Stamp &amp; Signature of Broker / SCSB / DP / RTA</b> | <b>Name of Sole / First Applicant</b>                                        |
| No. of Equity Shares _____<br>Amount Blocked (₹) _____<br>ASBA Bank A/c No. : _____<br>Bank & Branch: _____ |                                                          | <b>Acknowledgement Slip for Applicant</b><br><br><b>Application Form No.</b> |



# NR Application Form

|                                |                                                                                                                                                                                                                  |                                                                                                      |
|--------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|
| <b>COMMON APPLICATION FORM</b> | <b>GUJARAT HY-SPIN LIMITED - PUBLIC ISSUE - NR</b><br>Regd. Off.: P. O. Box No. 22, Gundala Road, Gondal, Rajkot-360311, Gujarat.<br>Tel. No.: 02825-297170, Fax No.: Not available. CIN : U17110GJ2011PLC063898 | <b>FOR NON-RESIDENT INCLUDING ELIGIBLE NRIs, FPIs or FVCIs ETC. APPLYING ON A REPATRIATION BASIS</b> |
|--------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|

**To,**  
The Board of Directors  
GUJARAT HY-SPIN LIMITED

**FIXED PRICE SME ISSUE**  
**ISIN - INE578V01013**

Date : \_\_\_\_\_

Application Form No. \_\_\_\_\_

| <b>BROKER'S / SCBS / DP / RTA STAMP &amp; CODE</b><br><br><b>SCSB / BANK BRANCH STAMP &amp; CODE</b> | <b>SUB-BROKER'S / SUB-AGENT'S STAMP &amp; CODE</b><br><br><b>SCSB / BANK BRANCH SERIAL NO.</b> | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th colspan="10">1. NAME &amp; CONTACT DETAILS OF SOLE/FIRST APPLICANT</th> </tr> <tr> <td colspan="5">Mr. / Ms.</td> <td colspan="5">Age</td> </tr> <tr> <td colspan="10">Address</td> </tr> <tr> <td colspan="10">Email</td> </tr> <tr> <td colspan="10">Tel. No (with STD code) / Mobile</td> </tr> <tr> <th colspan="10">2. PAN OF SOLE/FIRST APPLICANT</th> </tr> <tr> <td colspan="10"></td> </tr> </table> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th colspan="10">3. INVESTOR'S DEPOSITORY ACCOUNT DETAILS</th> <th colspan="2">4. INVESTOR STATUS</th> </tr> <tr> <td colspan="10"> <input type="checkbox"/> NSDL <input type="checkbox"/> CDSL         </td> <td colspan="2"> <input type="checkbox"/> Non-Resident Indians (Repatriation basis) NRI<br/> <input type="checkbox"/> FII or Sub Account not a Corporate / Foreign Individual FII<br/> <input type="checkbox"/> FII Sub Account Corporate/ Individual FII SA<br/> <input type="checkbox"/> Foreign Venture Capital Investor FVCI<br/> <input type="checkbox"/> Foreign Portfolio Investors FPI<br/> <input type="checkbox"/> Others (Please Specify) OTH         </td> </tr> </table> <p><b>4. APPLICATION DETAILS</b></p> <p>No. of Equity Shares of ₹ 10/- each applied at the Issue Price i.e. at ₹ 10/- per share <sup>1 &amp; 2</sup></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">(In Figures)</td> <td style="width: 40%;"></td> <td style="width: 30%;">(In Words)</td> </tr> </table> <p><sup>1</sup> Please note that applications must be made in minimum of 10,000 shares and further multiples of 10,000 shares accordingly.<br/> <sup>2</sup> Please note that the trading of equity shares will be only in dematerialised mode on the NSE Emerge Platform.</p> <p><b>5. CATEGORY</b></p> <p> <input type="checkbox"/> Retail Individual<br/> <input type="checkbox"/> Non-Institutional<br/> <input type="checkbox"/> QIB       </p> | 1. NAME & CONTACT DETAILS OF SOLE/FIRST APPLICANT |  |     |  |  |  |  |                                                                                                                                                                                                                                                                                                                                                                                                                               |  |  | Mr. / Ms. |  |  |  |  | Age |  |  |  |  | Address |  |  |  |  |  |  |  |  |  | Email |  |  |  |  |  |  |  |  |  | Tel. No (with STD code) / Mobile |  |  |  |  |  |  |  |  |  | 2. PAN OF SOLE/FIRST APPLICANT |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | 3. INVESTOR'S DEPOSITORY ACCOUNT DETAILS |  |  |  |  |  |  |  |  |  | 4. INVESTOR STATUS |  | <input type="checkbox"/> NSDL <input type="checkbox"/> CDSL |  |  |  |  |  |  |  |  |  | <input type="checkbox"/> Non-Resident Indians (Repatriation basis) NRI<br><input type="checkbox"/> FII or Sub Account not a Corporate / Foreign Individual FII<br><input type="checkbox"/> FII Sub Account Corporate/ Individual FII SA<br><input type="checkbox"/> Foreign Venture Capital Investor FVCI<br><input type="checkbox"/> Foreign Portfolio Investors FPI<br><input type="checkbox"/> Others (Please Specify) OTH |  | (In Figures) |  | (In Words) |
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| 1. NAME & CONTACT DETAILS OF SOLE/FIRST APPLICANT                                                    |                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                   |  |     |  |  |  |  |                                                                                                                                                                                                                                                                                                                                                                                                                               |  |  |           |  |  |  |  |     |  |  |  |  |         |  |  |  |  |  |  |  |  |  |       |  |  |  |  |  |  |  |  |  |                                  |  |  |  |  |  |  |  |  |  |                                |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |                                          |  |  |  |  |  |  |  |  |  |                    |  |                                                             |  |  |  |  |  |  |  |  |  |                                                                                                                                                                                                                                                                                                                                                                                                                               |  |              |  |            |
| Mr. / Ms.                                                                                            |                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                   |  | Age |  |  |  |  |                                                                                                                                                                                                                                                                                                                                                                                                                               |  |  |           |  |  |  |  |     |  |  |  |  |         |  |  |  |  |  |  |  |  |  |       |  |  |  |  |  |  |  |  |  |                                  |  |  |  |  |  |  |  |  |  |                                |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |                                          |  |  |  |  |  |  |  |  |  |                    |  |                                                             |  |  |  |  |  |  |  |  |  |                                                                                                                                                                                                                                                                                                                                                                                                                               |  |              |  |            |
| Address                                                                                              |                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                   |  |     |  |  |  |  |                                                                                                                                                                                                                                                                                                                                                                                                                               |  |  |           |  |  |  |  |     |  |  |  |  |         |  |  |  |  |  |  |  |  |  |       |  |  |  |  |  |  |  |  |  |                                  |  |  |  |  |  |  |  |  |  |                                |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |                                          |  |  |  |  |  |  |  |  |  |                    |  |                                                             |  |  |  |  |  |  |  |  |  |                                                                                                                                                                                                                                                                                                                                                                                                                               |  |              |  |            |
| Email                                                                                                |                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                   |  |     |  |  |  |  |                                                                                                                                                                                                                                                                                                                                                                                                                               |  |  |           |  |  |  |  |     |  |  |  |  |         |  |  |  |  |  |  |  |  |  |       |  |  |  |  |  |  |  |  |  |                                  |  |  |  |  |  |  |  |  |  |                                |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |                                          |  |  |  |  |  |  |  |  |  |                    |  |                                                             |  |  |  |  |  |  |  |  |  |                                                                                                                                                                                                                                                                                                                                                                                                                               |  |              |  |            |
| Tel. No (with STD code) / Mobile                                                                     |                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                   |  |     |  |  |  |  |                                                                                                                                                                                                                                                                                                                                                                                                                               |  |  |           |  |  |  |  |     |  |  |  |  |         |  |  |  |  |  |  |  |  |  |       |  |  |  |  |  |  |  |  |  |                                  |  |  |  |  |  |  |  |  |  |                                |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |                                          |  |  |  |  |  |  |  |  |  |                    |  |                                                             |  |  |  |  |  |  |  |  |  |                                                                                                                                                                                                                                                                                                                                                                                                                               |  |              |  |            |
| 2. PAN OF SOLE/FIRST APPLICANT                                                                       |                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                   |  |     |  |  |  |  |                                                                                                                                                                                                                                                                                                                                                                                                                               |  |  |           |  |  |  |  |     |  |  |  |  |         |  |  |  |  |  |  |  |  |  |       |  |  |  |  |  |  |  |  |  |                                  |  |  |  |  |  |  |  |  |  |                                |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |                                          |  |  |  |  |  |  |  |  |  |                    |  |                                                             |  |  |  |  |  |  |  |  |  |                                                                                                                                                                                                                                                                                                                                                                                                                               |  |              |  |            |
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| 3. INVESTOR'S DEPOSITORY ACCOUNT DETAILS                                                             |                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                   |  |     |  |  |  |  | 4. INVESTOR STATUS                                                                                                                                                                                                                                                                                                                                                                                                            |  |  |           |  |  |  |  |     |  |  |  |  |         |  |  |  |  |  |  |  |  |  |       |  |  |  |  |  |  |  |  |  |                                  |  |  |  |  |  |  |  |  |  |                                |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |                                          |  |  |  |  |  |  |  |  |  |                    |  |                                                             |  |  |  |  |  |  |  |  |  |                                                                                                                                                                                                                                                                                                                                                                                                                               |  |              |  |            |
| <input type="checkbox"/> NSDL <input type="checkbox"/> CDSL                                          |                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                   |  |     |  |  |  |  | <input type="checkbox"/> Non-Resident Indians (Repatriation basis) NRI<br><input type="checkbox"/> FII or Sub Account not a Corporate / Foreign Individual FII<br><input type="checkbox"/> FII Sub Account Corporate/ Individual FII SA<br><input type="checkbox"/> Foreign Venture Capital Investor FVCI<br><input type="checkbox"/> Foreign Portfolio Investors FPI<br><input type="checkbox"/> Others (Please Specify) OTH |  |  |           |  |  |  |  |     |  |  |  |  |         |  |  |  |  |  |  |  |  |  |       |  |  |  |  |  |  |  |  |  |                                  |  |  |  |  |  |  |  |  |  |                                |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |                                          |  |  |  |  |  |  |  |  |  |                    |  |                                                             |  |  |  |  |  |  |  |  |  |                                                                                                                                                                                                                                                                                                                                                                                                                               |  |              |  |            |
| (In Figures)                                                                                         |                                                                                                | (In Words)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                   |  |     |  |  |  |  |                                                                                                                                                                                                                                                                                                                                                                                                                               |  |  |           |  |  |  |  |     |  |  |  |  |         |  |  |  |  |  |  |  |  |  |       |  |  |  |  |  |  |  |  |  |                                  |  |  |  |  |  |  |  |  |  |                                |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |                                          |  |  |  |  |  |  |  |  |  |                    |  |                                                             |  |  |  |  |  |  |  |  |  |                                                                                                                                                                                                                                                                                                                                                                                                                               |  |              |  |            |

| 7. PAYMENT DETAILS            |  |  |  |  |  |  |  |  |  | PAYMENT OPTION : Full Payment |  |
|-------------------------------|--|--|--|--|--|--|--|--|--|-------------------------------|--|
| Amount Blocked (₹ 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 APPLICATION FORM AND THE ATTACHED ABRIDGED PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN THE PUBLIC ISSUE ("GID") AND HEREBY AGREE AND CONFIRM THE "INVESTOR UNDERTAKING" AS GIVEN OVERLEAF. I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE APPLICATION FORM GIVEN OVERLEAF.

|                                                                          |                                                                                                                                                                                                                |                                                                                                         |
|--------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|
| <b>8 A. SIGNATURE OF SOLE / FIRST APPLICANT</b><br><br>Date: _____, 2017 | <b>8 B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS)</b><br>I/We authorize the SCBS to do all acts as are necessary to make the Application in the issue<br>1) _____<br>2) _____<br>3) _____ | <b>BROKER / SCBS / DP / RTA STAMP</b><br>(Acknowledging upload of Application in Stock Exchange System) |
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**GUJARAT HY-SPIN LIMITED - PUBLIC ISSUE - NR**

**Acknowledgement Slip for Broker / SCBS / DP / RTA**

**Application Form No.** \_\_\_\_\_

|                               |  |  |  |  |  |  |  |  |  |
|-------------------------------|--|--|--|--|--|--|--|--|--|
| PAN of Sole/First Bidder      |  |  |  |  |  |  |  |  |  |
| Amount Blocked (₹ in figures) |  |  |  |  |  |  |  |  |  |
| Bank & Branch                 |  |  |  |  |  |  |  |  |  |
| ASBA Bank A/c No.             |  |  |  |  |  |  |  |  |  |
| Received from Mr./Ms.         |  |  |  |  |  |  |  |  |  |
| Telephone / Mobile            |  |  |  |  |  |  |  |  |  |
| Email                         |  |  |  |  |  |  |  |  |  |

|                                                                                    |                                                          |                                       |
|------------------------------------------------------------------------------------|----------------------------------------------------------|---------------------------------------|
| <b>GUJARAT HY-SPIN LIMITED - PUBLIC ISSUE - NR</b>                                 | <b>Stamp &amp; Signature of Broker / SCBS / DP / RTA</b> | <b>Name of Sole / First Applicant</b> |
| No. of Equity Shares<br>Amount Blocked (₹)<br>ASBA Bank A/c No.:<br>Bank & Branch: | _____<br>_____<br>_____<br>_____                         | _____<br>_____<br>_____<br>_____      |

|                                           |                             |
|-------------------------------------------|-----------------------------|
| <b>Acknowledgement Slip for Applicant</b> | <b>Application Form No.</b> |
|-------------------------------------------|-----------------------------|



#### **4.1.1 FIELD NUMBER 1: NAME AND CONTACT DETAILS OF THE SOLE/ FIRST APPLICANT**

Applicants should ensure that the name provided in this field is exactly the same as the name in which the Depository Account is held.

(a) **Mandatory Fields:** Applicants should note that the name and address fields are compulsory and e-mail and/or telephone number/ mobile number fields are optional. Applicants should note that the contact details mentioned in the Application Form may be used to dispatch communications in case the communication sent to the address available with the Depositories are returned undelivered or are not available. The contact details provided in the Application Form may be used by the Issuer, the members of the Syndicate, the Registered Broker and the Registrar to the Offer only for correspondence(s) related to an Offer and for no other purposes.

(b) **Joint Applications:** In the case of Joint Applications, the Applications should be made in the name of the Applicant whose name appears first in the Depository account. The name so entered should be the same as it appears in the Depository records. The signature of only such first Applicant would be required in the Application Form and such first Applicant would be deemed to have signed on behalf of the joint holders. All payments may be made out in favour of the Applicant whose name appears in the Application Form or the Revision Form and all communications may be addressed to such Applicant and may be dispatched to his or her address as per the Demographic Details received from the Depositories.

(c) **Impersonation:** Attention of the Applicants is specifically drawn to the provisions of sub section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

**‘Any person who:**

- ***makes or abets making of an application in a fictitious name to a Company for acquiring, or subscribing for, its securities; or***
- ***makes or abets making of multiple applications to a Company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or***
- ***otherwise induces directly or indirectly a Company to allot, or register any transfer of securities to him, or to any other person in a fictitious name,***

***Shall be liable for action under section 447 of the said Act.’***

(d) Nomination Facility to Applicant: Nomination facility is available in accordance with the provisions of Section 109A of the Companies Act. In case of allotment of the Equity Shares in dematerialized form, there is no need to make a separate nomination as the nomination registered with the Depository may prevail. For changing nominations, the Applicants should inform their respective DP.

#### **1.1.2 FIELD NUMBER 2: PAN NUMBER OF SOLE /FIRST APPLICANT**

(a) PAN (of the sole/ first Applicant) provided in the Application Form should be exactly the same as the PAN of the person(s) in whose name the relevant beneficiary account is held as per the Depositories’ records.

(b) PAN is the sole identification number for participants transacting in the securities market irrespective of the amount of transaction except for Applications on behalf of the Central or State Government, Applications by officials appointed by the courts and Applications by Applicants residing in Sikkim (“PAN Exempted Applicants”). Consequently, all Applicants, other than the PAN Exempted Applicants, are required to disclose their PAN in the Application Form, irrespective of the Application Amount. An Application Form without PAN, except in case of Exempted Applicants, is



liable to be rejected. Applications by the Applicants whose PAN is not available as per the Demographic Details available in their Depository records, are liable to be rejected.

(c) The exemption for the PAN Exempted Applicants is subject to (i) 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 (ii) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same.

(d) Application Forms which provide the General Index Register Number instead of PAN may be rejected.

(e) Applications by Applicants whose demat accounts have been ‘suspended for credit’ are liable to be rejected pursuant to the circular issued by SEBI on July 29, 2010, bearing number CIR/MRD/DP/22/2010. Such accounts are classified as “Inactive demat accounts” and demographic details are not provided by depositories.

#### **4.1.3 FIELD NUMBER 3: APPLICANTS DEPOSITORY ACCOUNT DETAILS**

(a) Applicants should ensure that DP ID and the Client ID are correctly filled in the Application Form. The DP ID and Client ID provided in the Application Form should match with the DP ID and Client ID available in the Depository database, **otherwise, the Application Form is liable to be rejected.**

(b) Applicants should ensure that the beneficiary account provided in the Application Form is active.

(c) Applicants should note that on the basis of DP ID and Client ID as provided in the Application Form, the Applicant may be deemed to have authorized the Depositories to provide to the Registrar to the Offer, any requested Demographic Details of the Applicant as available on the records of the depositories. These Demographic Details may be used, among other things, for sending allocation advice and for other correspondence(s) related to an Offer.

(d) Applicants are, advised to update any changes to their Demographic Details as available in the records of the Depository Participant to ensure accuracy of records. Any delay resulting from failure to update the Demographic Details would be at the Applicants’ sole risk.

#### **4.1.4 FIELD NUMBER 4: APPLICATION DETAILS**

(a) The Issuer may mention Price in the draft Prospectus. However a prospectus registered with RoC contains one price.

(b) Minimum And Maximum Application Size

##### **i. For Retail Individual Applicants**

The Application must be for a minimum of 10,000 Equity Shares. As the Application Price payable by the Retail Individual Applicants cannot exceed Rs. 2,00,000, they can make Application for a maximum of 20,000 Equity Shares.

##### **ii. For Other Applicants (Non Institutional Applicants and QIBs):**

The Application must be for a minimum of such number of Equity Shares such that the Application Amount exceeds Rs. 2,00,000 and in multiples of 10,000 Equity Shares thereafter. An Application cannot be submitted for more than the Offer Size. However, the maximum Application by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. Under existing SEBI Regulations, a QIB Applicant cannot withdraw its Application after the Offer Closing Date and is required to pay 100% QIB Margin upon submission of Application. In case of revision in Applications, the Non Institutional Applicants, who are individuals, have to ensure that the





Application Amount is greater than Rs. 2,00,000 for being considered for allocation in the Non Institutional Portion. Applicants are advised to ensure that any single Application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in the Prospectus.

(c) **Multiple Applications:** An Applicant should submit only one Application Form. Submission of a second Application Form to either the same or to any other Application Collecting Intermediary and duplicate copies of Application Forms bearing the same application number shall be treated as multiple applications and are liable to be rejected.

(d) Applicants are requested to note the following procedures may be followed by the Registrar to the Offer to detect multiple applications:

i. All applications may be checked for common PAN as per the records of the Depository. For Applicants other than Mutual Funds and FPI sub-accounts, Applications bearing the same PAN may be treated as multiple applications by an Applicant and may be rejected.

ii. For applications from Mutual Funds and FPI sub-accounts, submitted under the same PAN, as well as Applications on behalf of the PAN Exempted Applicants, the Application Forms may be checked for common DP ID and Client ID. In any such applications which have the same DP ID and Client ID, these may be treated as multiple applications and may be rejected.

(e) The following applications may not be treated as multiple Applications:

i. Applications by Reserved Categories in their respective reservation portion as well as that made by them in the NetOffer portion in public category.

ii. Separate applications by Mutual Funds in respect of more than one scheme of the Mutual Fund provided that the Applications clearly indicate the scheme for which the Application has been made.

iii. Applications by Mutual Funds, and sub-accounts of FPIs (or FPIs and its sub-accounts) submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs.

#### **4.1.5 FIELD NUMBER 5: CATEGORY OF APPLICANTS**

i. The categories of applicants identified as per the SEBI ICDR Regulations, 2009 for the purpose of Application, allocation and allotment in the Offer are RIIs, individual applicants other than RII's and other investors (including corporate bodies or institutions, irrespective of the number of specified securities applied for).

ii. An Issuer can make reservation for certain categories of Applicants permitted under the SEBI ICDR Regulations, 2009. For details of any reservations made in the Offer, applicants may refer to the Prospectus.

iii. The SEBI ICDR Regulations, 2009 specify the allocation or allotment that may be made to various categories of applicants in an Offer depending upon compliance with the eligibility conditions. For details pertaining to allocation and Offer specific details in relation to allocation, applicant may refer to the Prospectus

#### **1.1.6 FIELD NUMBER 6: INVESTOR STATUS**

(a) Each Applicant should check whether it is eligible to apply under applicable law and ensure that any prospective allotment to it in the Offer is in compliance with the investment restrictions under applicable law.



(b) Certain categories of Applicants, such as NRIs, FPIs and FVCIs may not be allowed to apply in the Offer or hold Equity Shares exceeding certain limits specified under applicable law. Applicants are requested to refer to the Prospectus for more details.

(c) Applicants should check whether they are eligible to apply on non-repatriation basis or repatriation basis and should accordingly provide the investor status. Details regarding investor status are different in the Resident Application Form and Non-Resident Application Form.

(d) Applicants should ensure that their investor status is updated in the Depository records.

#### **4.1.7 FIELD 7: PAYMENT DETAILS**

(a) Please note that, providing bank account details in the space provided in the Application Form is mandatory and Applications that do not contain such details are liable to be rejected.

##### **4.1.7.1 Payment instructions for Applicants**

(a) Applicants may submit the Application Form in physical mode to the Application Collecting Intermediaries.

(b) Applicants should specify the Bank Account number in the Application Form.

(c) Applicants should ensure that the Application Form is also signed by the ASBA Account holder(s) if the Applicant is not the ASBA Account holder;

(d) Applicants shall note that that for the purpose of blocking funds under ASBA facility clearly demarcated funds shall be available in the account.

(e) From one Bank Account, a maximum of five Application Forms can be submitted.

(f) Applicants applying directly through the SCSBs should ensure that the Application Form is submitted to a Designated Branch of a SCSB where the ASBA Account is maintained. In case Applicant applying through Application Collecting Intermediary other than SCSB, after verification and upload, the Application Collecting Intermediary shall send to SCSB for blocking of fund.

(g) Upon receipt of the Application Form, the Designated Branch of the SCSB may verify if sufficient funds equal to the Application Amount are available in the ASBA Account, as mentioned in the Application Form.

(h) If sufficient funds are available in the ASBA Account, the SCSB may block an amount equivalent to the Application Amount mentioned in the Application Form and may upload the details on the Stock Exchange Platform.

(i) If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB may not upload such Applications on the Stock Exchange platform and such Applications are liable to be rejected.

(j) Upon submission of a completed Application Form each ASBA Applicant may be deemed to have agreed to block the entire Application Amount and authorized the Designated Branch of the SCSB to block the Application Amount specified in the Application Form in the ASBA Account maintained with the SCSBs.

(k) The Application Amount may remain blocked in the aforesaid ASBA Account until finalization of the Basis of allotment and subsequent transfer of the Application Amount against the Allotted Equity Shares, if any, to the Public Offer Account, or until withdrawal or failure of the Offer, or until withdrawal or rejection of the Application, as the case may be.

(l) SCSBs applying in the Offer must apply through an ASBA Account maintained with any other SCSB; else their Applications are liable to be rejected.



#### **4.1.8 Unblocking of ASBA Account**

- a) Once the Basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the 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 applications 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 Application, (ii) the amount to be transferred from the relevant bank account to the Public Offer Account, for each Application, (iii) the date by which funds referred to in (ii) above may be transferred to the Public Offer Account, and (iv) details of rejected/ partial/ non allotment ASBA Applications, if any, along with reasons for rejection and details of withdrawn or unsuccessful Applications, if any, to enable the SCSBs to unblock the respective bank accounts.
- b) On the basis of instructions from the Registrar to the Offer, the SCSBs may transfer the requisite amount against each successful ASBA Application 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 Application Form and for unsuccessful Applications, the Registrar to the Offer may give instructions to the SCSB to unblock the Application Amount in the relevant ASBA Account within 6 Working Days of the Offer Closing Date.

##### **1.1.8.1 Discount (if applicable)**

- a) The Discount is stated in absolute rupee terms.
- b) RIIs, Employees and Retail Individual Shareholders are only eligible for discount. For Discounts offered in the Offer, applicants may refer to the Prospectus.
- c) The Applicants entitled to the applicable Discount in the Offer may make payment for an amount i.e. the Application Amount less Discount (if applicable).

##### **1.1.8.2 Additional Payment Instructions for NRIs**

The Non-Resident Indians who intend to block funds in their Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians (non-repatriation basis). In the case of applications by NRIs applying on a repatriation basis, payment shall not be accepted out of NRO Account.

#### **4.1.9 FIELD NUMBER 8: SIGNATURES AND OTHER AUTHORISATIONS**

- a) Only the First Applicant is required to sign the Application Form. Applicants should ensure that signatures are in one of the languages specified in the Eighth Schedule to the Constitution of India.
- b) If the ASBA Account is held by a person or persons other than the Applicant, then the Signature of the Account holder(s) is also required.
- c) In relation to the ASBA Applications, signature has to be correctly affixed in the authorization/undertaking box in the Application Form, or an authorization has to be provided to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the application amount mentioned in the Application Form.
- d) Applicants must note that Application Form without signature of Applicant and /or ASBA Account holder is liable to be rejected.

##### **4.1.10 ACKNOWLEDGEMENT AND FUTURE COMMUNICATION**

Applicants should ensure that they receive the acknowledgment duly signed and stamped by Application Collecting Intermediaries, as applicable, for submission of the Application Form.





- a) All communications in connection with Applications made in the Offer should be addressed as under:
- In case of queries related to Allotment, non-receipt of Allotment Advice, credit of allotted equity shares, refund orders, the Applicants should contact the Registrar to the Offer.
  - In case of applications submitted to the Designated Branches of the SCSBs, the Applicants should contact the relevant Designated Branch of the SCSB.
  - Applicant may contact the Company Secretary and Compliance Officer or LM(s) in case of any other complaints in relation to the Offer.
- b) The following details (as applicable) should be quoted while making any queries -
- full name of the sole or First Applicant, Application Form number, Applicants' DP ID, Client ID, PAN, number of Equity Shares applied for, amount blocked on application and ASBA Account Number and Name.

For further details, Applicant may refer to the Prospectus and the Application Form.

#### **4.2 INSTRUCTIONS FOR FILING THE REVISION FORM**

- a) During the Offer Period, any Applicant (other than QIBs and NIIs, who can only revise their application amount upwards) who has registered his or her interest in the Equity Shares for a particular number of shares is free to revise number of shares applied using revision forms available separately.
- b) RII may revise their applications till closure of the Offer period or withdraw their applications until finalization of allotment.
- c) Revisions can be made only in the desired number of Equity Shares by using the Revision Form.
- d) The Applicant can make this revision any number of times during the Offer Period. However, for any revision(s) in the Application, the Applicants will have to use the services of the SCSB through which such Applicant had placed the original Application.

A sample Revision form is reproduced below:

Other than instructions already highlighted at paragraph 4.1 above, point wise instructions regarding filling up various fields of the Revision Form are provided below:



## Revision Form – R

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                          |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>COMMON APPLICATION FORM</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <b>GUJARAT HY-SPIN LIMITED - PUBLIC ISSUE- REVISION - R</b><br>Regd. Off: P. O. Box No. 22, Gundala Road, Gondal, Rajkot-360311, Gujarat.<br>Tel. No.: 02825-297170, Fax No.: Not available. CIN : U17110GJ2011PLC063898 | <b>FOR RESIDENT INDIANS, INCLUDING RESIDENT QIBs AND ELIGIBLE NRIs APPLYING ON A NON-REPATRIATION BASIS</b>                                                                                                                                                                                                                                                                                                              |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | To,<br><b>The Board of Directors</b><br><b>GUJARAT HY-SPIN LIMITED</b>                                                                                                                                                   | <b>FIXED PRICE SME ISSUE</b><br><b>ISIN - INE578V01013</b>                                                                                                                                                                                                                                                                                                                                                               |
| Date : _____<br>Application Form No. _____                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                          |
| BROKER'S / SCSB / DP / RTA STAMP & CODE<br><br><br>SCSB / BANK BRANCH STAMP & CODE                                                                                                                                                                                                                                                                                                                                                                                                                    | SUB-BROKER'S / SUB-AGENT'S STAMP & CODE<br><br><br>SCSB / BANK BRANCH SERIAL NO.                                                                                                                                         | <b>1. NAME &amp; CONTACT DETAILS OF SOLE/FIRST APPLICANT</b><br>Mr. / Ms. _____<br>_____<br>Age _____<br>Tel. No (with STD code) / Mobile _____<br><b>2. PAN OF SOLE/FIRST APPLICANT</b><br>_____<br><b>3. INVESTOR'S DEPOSITORY ACCOUNT DETAILS</b> <input type="checkbox"/> NSDL <input type="checkbox"/> CDSL<br>For NSDL enter 8 digit DP ID followed by 8 digit Client ID / For CDSL enter 16 digit Client ID _____ |
| PLEASE CHANGE MY APPLICATION <input type="checkbox"/> PHYSICAL                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>4. FROM (as per last Application or Revision)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Options</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <b>No. of Equity Shares applied</b><br>(Application must be in multiples of 10,000 equity shares)<br>(In Figures)                                                                                                        | <b>Price per Equity Share (₹) 10/-</b><br>(In Figures)<br>Issue Price      Discount, if any      Net Price                                                                                                                                                                                                                                                                                                               |
| Option 1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 7 6 5 4 3 2 1                                                                                                                                                                                                            | 4 3 2 1 4 3 2 1 4 3 2 1                                                                                                                                                                                                                                                                                                                                                                                                  |
| (OR) Option 2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | NOT APPLICABLE                                                                                                                                                                                                           | NOT APPLICABLE                                                                                                                                                                                                                                                                                                                                                                                                           |
| (OR) Option 3                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | NOT APPLICABLE                                                                                                                                                                                                           | NOT APPLICABLE                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>5. TO (Revised Application)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Options</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <b>No. of Equity Shares applied</b><br>(Application must be in multiples of 10,000 equity shares)<br>(In Figures)                                                                                                        | <b>Price per Equity Share (₹) 10/-</b><br>(In Figures)<br>Issue Price      Discount, if any      Net Price                                                                                                                                                                                                                                                                                                               |
| Option 1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 7 6 5 4 3 2 1                                                                                                                                                                                                            | 4 3 2 1 4 3 2 1 4 3 2 1                                                                                                                                                                                                                                                                                                                                                                                                  |
| (OR) Option 2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | NOT APPLICABLE                                                                                                                                                                                                           | NOT APPLICABLE                                                                                                                                                                                                                                                                                                                                                                                                           |
| (OR) Option 3                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | NOT APPLICABLE                                                                                                                                                                                                           | NOT APPLICABLE                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>7. PAYMENT DETAILS</b> <b>PAYMENT OPTION : Full Payment</b>                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Amount Blocked (₹ in Figures) _____ (₹ in words) _____                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                          |
| ASBA Bank A/c No. _____<br>Bank Name & Branch _____                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                          |
| I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY), HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS APPLICATION FORM AND THE ATTACHED ABRIDGED PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN THE PUBLIC ISSUE ("GID") AND HEREBY AGREE AND CONFIRM THE "INVESTOR UNDERTAKING" AS GIVEN OVERLEAF. I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE APPLICATION FORM GIVEN OVERLEAF. |                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>8 A. SIGNATURE OF SOLE / FIRST APPLICANT</b><br><br>Date : _____, 2017                                                                                                                                                                                                                                                                                                                                                                                                                             | <b>8 B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(s) (AS PER BANK RECORDS)</b><br>I/We authorize the SCSB to do all acts as are necessary to make the Application in the issue<br>1) _____<br>2) _____<br>3) _____           | <b>BROKER / SCSB / DP / RTA STAMP</b><br>(Acknowledging upload of Application in Stock Exchange System)                                                                                                                                                                                                                                                                                                                  |
| TEAR HERE                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>GUJARAT HY-SPIN LIMITED - PUBLIC ISSUE - REVISION - R</b>                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Acknowledgement Slip for Broker/SCSB/DP/RTA                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                          | Application Form No.                                                                                                                                                                                                                                                                                                                                                                                                     |
| DPID / CLID _____ PAN _____                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Additional Amount Blocked (₹ in figures) _____ Bank & Branch _____                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                          | SCSB Branch Stamp & Signature                                                                                                                                                                                                                                                                                                                                                                                            |
| ASBA Bank A/c No. _____                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Received from Mr./Ms. _____                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Telephone / Mobile _____ Email _____                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                          |
| TEAR HERE                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>GUJARAT HY-SPIN LIMITED - PUBLIC ISSUE - REVISION - R</b>                                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>No. of Equity Shares</b><br>_____<br><b>Issue Price</b><br>_____<br><b>Additional Amount Blocked (₹)</b><br>_____<br>ASBA Bank A/c No.: _____<br>Bank & Branch: _____                                                 | <b>Stamp &amp; Signature of Broker / SCSB / DP / RTA</b><br>_____<br><b>Name of Sole / First Applicant</b><br>_____<br><b>Acknowledgment Slip for Applicant</b><br><b>Application Form No.</b>                                                                                                                                                                                                                           |

## Revision Form – NR

COMMON  
APPLICATION  
FORM



To,  
The Board of Directors  
GUJARAT HY-SPIN LIMITED

FIXED PRICE SME ISSUE

ISIN - INE578V01013

GUJARAT HY-SPIN LIMITED - PUBLIC ISSUE - REVISION - NR

Regd. Off.: P. O. Box No. 22, Gundala Road, Gondal, Rajkot-360311, Gujarat.  
Tel. No.: 02825 - 297170, Fax No.: Not available, CIN : U7110GJ2011PLC063898

FOR NON-RESIDENT INCLUDING  
ELIGIBLE NRIs, FPIs or FVCIs ETC.  
APPLYING ON A REPATRIATION  
BASIS

Date : \_\_\_\_\_

Application  
Form No. \_\_\_\_\_

BROKER'S / SCBS / DP / RTA STAMP & CODE

SUB-BROKER'S / SUB-AGENT'S STAMP & CODE

SCBS / BANK BRANCH STAMP & CODE

SCBS / BANK BRANCH SERIAL NO.

1. NAME & CONTACT DETAILS OF SOLE/FIRST APPLICANT

Mr. / Ms. \_\_\_\_\_ Age \_\_\_\_\_  
Tel. No (with STD code) / Mobile \_\_\_\_\_

2. PAN OF SOLE/FIRST APPLICANT \_\_\_\_\_

3. INVESTOR'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 \_\_\_\_\_

PLEASE CHANGE MY APPLICATION ☐ PHYSICAL

4. FROM (as per last Application or Revision)

| Options       | No. of Equity Shares applied<br>(Application must be in multiples of 10,000 equity shares) |   |   |   |   |   |   |                | Price per Equity Share (₹) 10/-<br>(In Figures) |   |   |   |                  |   |   |                |           |   |   |  |
|---------------|--------------------------------------------------------------------------------------------|---|---|---|---|---|---|----------------|-------------------------------------------------|---|---|---|------------------|---|---|----------------|-----------|---|---|--|
|               | (In Figures)                                                                               |   |   |   |   |   |   |                | Issue Price                                     |   |   |   | Discount, if any |   |   |                | Net Price |   |   |  |
|               | 7                                                                                          | 6 | 5 | 4 | 3 | 2 | 1 | 4              | 3                                               | 2 | 1 | 4 | 3                | 2 | 1 | 4              | 3         | 2 | 1 |  |
| Option 1      |                                                                                            |   |   |   |   |   |   |                |                                                 |   |   |   |                  |   |   |                |           |   |   |  |
| (OR) Option 2 |                                                                                            |   |   |   |   |   |   | NOT APPLICABLE |                                                 |   |   |   |                  |   |   | NOT APPLICABLE |           |   |   |  |
| (OR) Option 3 |                                                                                            |   |   |   |   |   |   | NOT APPLICABLE |                                                 |   |   |   |                  |   |   | NOT APPLICABLE |           |   |   |  |

5. TO (Revised Application)

| Options       | No. of Equity Shares applied<br>(Application must be in multiples of 10,000 equity shares) |   |   |   |   |   |   |                | Price per Equity Share (₹) 10/-<br>(In Figures) |   |   |   |                  |   |   |                |           |   |   |  |
|---------------|--------------------------------------------------------------------------------------------|---|---|---|---|---|---|----------------|-------------------------------------------------|---|---|---|------------------|---|---|----------------|-----------|---|---|--|
|               | (In Figures)                                                                               |   |   |   |   |   |   |                | Issue Price                                     |   |   |   | Discount, if any |   |   |                | Net Price |   |   |  |
|               | 7                                                                                          | 6 | 5 | 4 | 3 | 2 | 1 | 4              | 3                                               | 2 | 1 | 4 | 3                | 2 | 1 | 4              | 3         | 2 | 1 |  |
| Option 1      |                                                                                            |   |   |   |   |   |   |                |                                                 |   |   |   |                  |   |   |                |           |   |   |  |
| (OR) Option 2 |                                                                                            |   |   |   |   |   |   | NOT APPLICABLE |                                                 |   |   |   |                  |   |   | NOT APPLICABLE |           |   |   |  |
| (OR) Option 3 |                                                                                            |   |   |   |   |   |   | NOT APPLICABLE |                                                 |   |   |   |                  |   |   | NOT APPLICABLE |           |   |   |  |

7. PAYMENT DETAILS

PAYMENT OPTION : Full Payment

Amount Blocked  
(₹ 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 APPLICATION FORM AND THE ATTACHED ABBRIDGED PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN THE PUBLIC ISSUE ("GID") AND HEREBY AGREE AND CONFIRM THE "INVESTOR UNDERTAKING" AS GIVEN OVERLEAF. I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE APPLICATION FORM GIVEN OVERLEAF.

8 A. SIGNATURE OF SOLE / FIRST APPLICANT

8 B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(s) (AS PER BANK RECORDS)

BROKER / SCBS / DP / RTA STAMP  
(Acknowledging upload of Application in Stock Exchange System)

Date: \_\_\_\_\_, 2017

I/We authorize the SCBS to do all acts as are necessary to make the Application in the issue

1) \_\_\_\_\_

2) \_\_\_\_\_

3) \_\_\_\_\_

TEAR HERE



GUJARAT HY-SPIN LIMITED - PUBLIC  
ISSUE - REVISION - NR

Acknowledgement Slip for  
Broker/SCBS/DP/RTA

Application  
Form No. \_\_\_\_\_

DPID /  
CLID

PAN

Additional Amount Blocked (₹ in figures)

Bank & Branch

ASBA Bank A/c No.

Received from Mr./Ms.

Telephone / Mobile

Email

SCSB Branch Stamp & Signature

TEAR HERE

GUJARAT HY-SPIN  
LIMITED - PUBLIC  
ISSUE - REVISION - NR

No. of Equity Shares

Issue Price

Additional Amount  
Blocked (₹)

ASBA Bank A/c No. : \_\_\_\_\_

Bank & Branch: \_\_\_\_\_

Stamp & Signature of Broker /  
SCBS / DP / RTA

Name of Sole / First Applicant

Acknowledgment Slip for Applicant

Application  
Form No.



#### **4.2.1 FIELDS 1, 2 AND 3: NAME AND CONTACT DETAILS OF SOLE/FIRST APPLICANT, PAN OF SOLE/FIRST APPLICANT & DEPOSITORY ACCOUNT DETAILS OF THE APPLICANT**

Applicants should refer to instructions contained in paragraphs 4.1.1, 4.1.2 and 4.1.3.

#### **4.2.2 FIELD 4 & 5: APPLICATION REVISION ‘FROM’ AND ‘TO’**

- a) Apart from mentioning the revised number of shares in the Revision Form, the Applicant must also mention the details of shares applied for given in his or her Application Form or earlier Revision Form.
- b) In case of revision of applications by RIIs, Employees and Retail Individual Shareholders, such Applicants should ensure that the application amount should exceed Rs. 2,00,000/- due to revision and the application may be considered, subject to eligibility, for allocation under the Non-Institutional Category.

#### **4.2.3 FIELD 6: PAYMENT DETAILS**

- a) All Applicants are required to make payment of the full application amount along with the Revision Form.
- b) Applicant may Issue instructions to block the revised amount in the ASBA Account, to Designated Branch through whom such Applicant had placed the original application to enable the relevant SCSB to block the additional application amount, if any.

#### **4.2.4 FIELDS 7: SIGNATURES AND ACKNOWLEDGEMENTS**

Applicants may refer to instructions contained at paragraphs 4.1.8 and 4.1.9 for this purpose.

### **4.3 SUBMISSION OF REVISION FORM/ APPLICATION FORM**

#### **4.3.1 Applicants may submit completed application form / Revision Form in the following manner:-**

| <b>Mode of Application</b> | <b>Submission of Application Form</b>                                                         |
|----------------------------|-----------------------------------------------------------------------------------------------|
| All Investors Application  | To the Application Collecting Intermediaries as mentioned in the Prospectus/ Application Form |

## **SECTION 5: OFFER PROCEDURE IN FIXED PRICE OFFER**

### **5.1 APPLICANTS MAY NOTE THAT THERE IS NO BID CUM APPLICATION FORM IN A FIXED PRICE OFFER**

As the Offer Price is mentioned in the Fixed Price Offer therefore on filing of the Prospectus with the RoC, the Application so submitted is considered as the application form.

Applicants may only use the specified Application Form for the purpose of making an Application in terms of the Prospectus which may be submitted through Application Collecting Intermediaries and apply only through ASBA facility.

ASBA Applicants may submit an Application Form either in physical/electronic form to the Application Collecting Intermediaries authorizing blocking of funds that are available in the bank account specified in the Application Form only (“ASBA Account”). The Application Form is also made available on the websites of the Stock Exchanges at least one day prior to the Offer Opening Date.

In a fixed price Offer, allocation in the net offer to the public category is made as follows: minimum fifty per cent to Retail Individual Investors; and remaining to (i) individual investors other than Retail Individual Investors; and (ii) other Applicants including corporate bodies or institutions,



irrespective of the number of specified securities applied for. The unsubscribed portion in either of the categories specified above may be allocated to the Applicants in the other category.

## **5.2 GROUNDS OF REJECTIONS**

Applicants are advised to note that Applications are liable to be rejected inter alia on the following technical grounds:

- Amount blocked does not tally with the amount payable for the Equity Shares applied for;
- In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
- Application by persons not competent to contract under the Indian Contract Act, 1872 including minors, insane persons;
- PAN not mentioned in the Application Form;
- GIR number furnished instead of PAN;
- Applications for lower number of Equity Shares than specified for that category of investors;
- Applications at a price other than the Fixed Price of the Offer;
- Applications for number of Equity Shares which are not in multiples of 10,000;
- Category not ticked;
- Multiple Applications as defined in the Prospectus;
- In case of Application under power of attorney or by limited companies, corporate, trust etc., where relevant documents are not submitted;
- Applications accompanied by Stock invest/ money order/ postal order/ cash/ cheque/ demand draft/ pay order;
- Signature of sole Applicant is missing;
- Application Forms are not delivered by the Applicant within the time prescribed as per the Application Forms, Offer Opening Date advertisement and the Prospectus and as per the instructions in the Prospectus and the Application Forms;
- In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Applicants (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's account number;
- Applications for amounts greater than the maximum permissible amounts prescribed by the regulations;
- Applications by OCBs;
- Applications by US persons other than in reliance on Regulation S or "qualified institutional buyers" as defined in Rule 144A under the Securities Act;
- Applications not duly signed by the sole/ first Applicant;
- Applications by any persons outside India if not in compliance with applicable foreign and Indian laws;
- Applications that do not comply with the securities laws of their respective jurisdictions are liable to be rejected;
- Applications by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
- Applications by persons who are not eligible to acquire Equity Shares of the Company in terms of all applicable laws, rules, regulations, guidelines, and approvals;
- Applications or revisions thereof by QIB Applicants, Non Institutional Applicants where the Application Amount is in excess of Rs. 2,00,000, received after 3.00 pm on the Offer Closing Date, unless the extended time is permitted by BSE.
- Details of ASBA Account not provided in the Application form



For details of instructions in relation to the Application Form, Applicants may refer to the relevant section the GID.

**APPLICANTS SHOULD NOTE THAT IN CASE THE PAN, THE DP ID AND CLIENT ID MENTIONED IN THE APPLICATION FORM AND ENTERED INTO THE ELECTRONIC APPLICATION SYSTEM OF THE STOCK EXCHANGES BY THE APPLICATION COLLECTING INTERMEDIARIES DO NOT MATCH WITH PAN, THE DP ID AND CLIENT ID AVAILABLE IN THE DEPOSITORY DATABASE, THE APPLICATION FORM IS LIABLE TO BE REJECTED.**

#### **SECTION 6: OFFER PROCEDURE IN BOOK BUILT ISSUE**

**This being Fixed Price Offer, this section is not applicable for this Offer.**

#### **SECTION 7: ALLOTMENT PROCEDURE AND BASIS OF ALLOTMENT**

##### **7.1 BASIS OF ALLOTMENT**

Allotment will be made in consultation with the SME Platform of BSE (The Designated Stock Exchange). In the event of oversubscription, the allotment will be made on a proportionate basis in marketable lots as set forth hereunder:

1. The total number of Shares to be allocated to each category as a whole shall be arrived at on a proportionate basis i.e. the total number of Shares applied for in that category multiplied by the inverse of the over subscription ratio (number of Applicants in the category x number of Shares applied for).
2. The number of Shares to be allocated to the successful Applicants will be arrived at on a proportionate basis in marketable lots (i.e. Total number of Shares applied for into the inverse of the over subscription ratio).
3. For applications where the proportionate allotment works out to less than 10,000 equity shares the allotment will be made as follows:
  - Each successful Applicant shall be allotted 10,000 equity shares; and
  - The successful Applicants out of the total applicants for that category shall be determined by the drawl of lots in such a manner that the total number of Shares allotted in that category is equal to the number of Shares worked out as per (2) above.
4. If the proportionate allotment to an Applicant works out to a number that is not a multiple of 10,000 equity shares, the Applicant would be allotted Shares by rounding off to the nearest multiple of 10,000 equity shares subject to a minimum allotment of 10,000 equity shares.
5. If the Shares allotted on a proportionate basis to any category is more than the Shares allotted to the Applicants in that category, the balance available Shares or allocation shall be first adjusted against any category, where the allotted Shares are not sufficient for proportionate allotment to the successful Applicants in that category, the balance Shares, if any, remaining after such adjustment will be added to the category comprising Applicants applying for the minimum number of Shares. If as a result of the process of rounding off to the nearest multiple of 6,000 Equity Shares, results in the actual allotment being higher than the shares offered, the final allotment may be higher at the sole discretion of the Board of Directors, up to 110% of the size of the offer specified under the Capital Structure mentioned in this Prospectus.
6. The above proportionate allotment of Shares in an Offer that is oversubscribed shall be subject to the reservation for Retail individual Applicants as described below:





- a) As per Regulation 43 (4) of SEBI (ICDR), as the retail individual investor category is entitled to more than fifty per cent on proportionate basis, the retail individual investors shall be allocated that higher percentage.
- b) The balance net offer of shares to the public shall be made available for allotment to
  - i. individual applicants other than retails individual investors and
  - ii. other investors, including corporate bodies/ institutions irrespective of number of shares applied for.
  - iii. The unsubscribed portion of the net offer to any one of the categories specified in a) or b) shall/may be made available for allocation to applicants in the other category, if so required.

Retail Individual Investor' means an investor who applies for shares of value of not more than Rs. 2,00,000/-. Investors may note that in case of over subscription allotment shall be on proportionate basis and will be finalized in consultation with BSE.

The Executive Director / Managing Director of BSE - the Designated Stock Exchange in addition to Lead Manager and Registrar to the Public Offer 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. Applicants 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 Applicants 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 Applicants 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 Applicant's depository account is completed within one Working Day from the date of Allotment, after the funds are transferred from the Escrow Account to 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 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 Offer Closing Date.

### **8.2 GROUNDS FOR REFUND**

#### **1.2.1 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 finalized.

If the permissions to deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchange(s), the Issuer may forthwith repay, without interest, all moneys received from the Applicants in pursuance of the Prospectus.

If such money is not repaid within eight days after the Issuer becomes liable to repay it, then the Issuer and every director of the Issuer who is an officer in default may, on and from such expiry of eight days, be liable to repay the money, with interest at such rate, as prescribed under Section 73 of the Companies Act, and as disclosed in the Prospectus.

### **8.2.2 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 been subscribed and the sum payable on application is not received within a period of 30 days from the date of the Prospectus, the application money has to be returned within such period as may be prescribed. If the Issuer does not receive the subscription of 100% of the 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 substitution 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 Offer Closing Date, the Registrar to the Offer may give instructions to SCSBs for unblocking the amount in ASBA Account on unsuccessful Application and also for any excess amount blocked on Application.

#### **1.3.1 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 applications 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 Applicants or instructions for unblocking of funds in the ASBA Account are not done within the 4 Working days of the Offer Closing Date.

The Issuer may pay interest at 15% per annum for any delay beyond 6 days from the Offer Closing Date, if Allotment is not made.





## RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and Foreign Exchange Management Act, 1999 (“**FEMA**”). While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The government bodies responsible for granting foreign investment approvals are the Reserve Bank of India (“**RBI**”) and Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India (“**DIPP**”).

The Government of India, from time to time, has made policy pronouncements on Foreign Direct Investment (“**FDI**”) through press notes and press releases. The Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India (“**DIPP**”), has issued consolidated FDI Policy Circular of 2017 (“**FDI Policy 2017**”), which with effect from August 28, 2017, consolidates and supersedes all previous press notes, press releases and clarifications on FDI Policy issued by the DIPP that were in force. The Government proposes to update the consolidated circular on FDI policy once every year and therefore, FDI Policy 2017 will be valid until the DIPP issues an updated circular.

The Reserve Bank of India (“**RBI**”) also issues Master 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 2017, 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.

In case of investment in sectors through Government Route approval from competent authority as mentioned in Chapter 4 of the FDI Policy 2017 has to be obtained by the Company.

The transfer of shares between an Indian resident to a non-resident does not require the prior approval of the RBI, subject to fulfilment of certain conditions as specified by DIPP/RBI, from time to time. Such conditions include: (i) where the transfer of shares requires the prior approval of the Government as per the extant FDI policy provided that: a) the requisite approval of the Government has been obtained; and b) the transfer of shares adheres with the pricing guidelines and documentation requirements as specified by the Reserve Bank of India from time to time. ; (ii)



where the transfer of shares attract SEBI (SAST) Regulations subject to the adherence with the pricing guidelines and documentation requirements as specified by Reserve Bank of India from time to time.; (iii) where the transfer of shares does not meet the pricing guidelines under the FEMA, 1999 provided that: a) The resultant FDI is in compliance with the extant FDI policy and FEMA regulations in terms of sectoral caps, conditionalities (such as minimum capitalization, etc.), reporting requirements, documentation etc.; b) The pricing for the transaction is compliant with the specific/explicit, extant and relevant SEBI regulations/guidelines (such as IPO, Book building, block deals, delisting, exit, open offer/substantial acquisition/SEBI SAST); and Chartered Accountants Certificate to the effect that compliance with the relevant SEBI regulations/guidelines as indicated above is attached to the form FC-TRS to be filed with the AD bank and iv) where the investee company is in the financial sector provided that: a) Any 'fit and proper/due diligence' requirements as regards the non-resident investor as stipulated by the respective financial sector regulator, from time to time, have been complied with; and b) The FDI policy and FEMA regulations in terms of sectoral caps, conditionalities (such as minimum capitalization, pricing, etc.), reporting requirements, documentation etc., are complied with. As per the existing policy of the Government of India, OCBs cannot participate in this Offer and in accordance with the extant FDI guidelines on sectoral caps, pricing guidelines etc. as amended by Reserve bank of India, from time to time. Investors are advised to confirm their eligibility under the relevant laws before investing and / or subsequent purchase or sale transaction in the Equity Shares of Our Company. Investors will not offer, sell, pledge or transfer the Equity Shares of our Company to any person who is not eligible under applicable laws, rules, regulations, guidelines. Our Company, the Underwriters and their respective directors, officers, agents, affiliates and representatives, as applicable, accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of our Company.

#### **Investment conditions/restrictions for overseas entities**

Under the current FDI Policy 2017, the maximum amount of Investment (sectoral cap) by foreign investor in an issuing entity is composite unless it is explicitly provided otherwise including all types of foreign investments, direct and indirect, regardless of whether it has been made for FDI, FII, FPI, NRI, FVCI, LLPs, DRs and Investment Vehicles under Schedule 1, 2, 2A, 3, 6, 9, 10 and 11 of FEMA (Transfer or Issue of Security by Persons Resident outside India) Regulations. Any equity holding by a person resident outside India resulting from conversion of any debt instrument under any arrangement shall be reckoned as foreign investment under the composite cap.

Portfolio Investment upto aggregate foreign investment level of 49 % or sectoral/statutory cap, whichever is lower, will not be subject to either Government approval or compliance of sectoral conditions, if such investment does not result in transfer of ownership and/or control of Indian entities from resident Indian citizens to non-resident entities. Other foreign investments will be subject to conditions of Government approval and compliance of sectoral conditions as per FDI Policy. The total foreign investment, direct and indirect, in the issuing entity will not exceed the sectoral/statutory cap.

#### **i. Investment by FIIs under Portfolio Investment Scheme (PIS):**

With regards to purchase/sale of share/s convertible debentures by a registered FII under PIS the total holding by each FII/SEBI approved sub-account of FII shall not exceed 10 % of the



total paid-up equity capital or 10% of the paid-up value of each series of convertible debentures issued by an Indian company and the total holdings of all FIIs/sub-accounts of FIIs put together shall not exceed 24 % of paid-up equity capital or paid-up value of each series of convertible debentures. However, this limit of 24 % may be increased up to sectoral cap/statutory ceiling, as applicable, by the Indian company concerned by passing a resolution by its Board of Directors followed by passing of a special resolution to that effect by its general body. For arriving at the ceiling on holdings of FIIs, shares/ convertible debentures acquired both through primary as well as secondary market will be included. However, the ceiling will not include investment made by FII through off-shore Funds, Global Depository receipts and Euro-Convertible Bonds. With regard to convertible debentures, these investments permitted to be made shall not exceed 5 % of the total paid-up equity capital or 5% of the paid-up value of each series of convertible debentures issued by an Indian Company, and shall also not exceed the over-all ceiling limit of 24 % of paid-up equity capital or paid up value of each series of convertible debentures.

**ii. Investment by Registered Foreign Portfolio Investor (RFPI) under Foreign Portfolio Investment (FPI) Scheme**

With respect to purchase/sale of shares or convertible debentures or warrants, a RFPI registered in accordance with SEBI (FPI) Regulations, 2014 as amended in regular intervals may purchase shares or convertible debentures or warrants of an Indian company under FPI scheme. The total holding by each RFPI shall be below 10 % of the total paid-up equity capital or 10 % of the paid-up value of each series of convertible debentures issued by an Indian company and the total holdings of all RFPI put together shall not exceed 24 % of paid-up equity capital or paid up value of each series of convertible debentures. The said limit of 24 % will be called aggregate limit. However, the aggregate limit of 24 % may be increased up to the sectoral cap/statutory ceiling, as applicable, by the Indian company concerned by passing a resolution by its Board of Directors followed by passing of a special resolution to that effect by its General Body. For arriving at the ceiling on holdings of RFPI, shares or convertible debentures or warrants acquired both through primary as well as secondary market will be included. However, the ceiling will exclude investment made by RFPI through off-shore Funds, Global Depository Receipts and Euro-Convertible Bonds but include holding of RFPI and deemed RFPI in the investee company for computation of 24 % or enhanced limit.

**iii. Investment by NRI on repatriation and non-repatriation basis under PIS:**

With respect to purchase/sale of shares and/or convertible debentures by a NRI on a stock exchange in India on repatriation and/or non-repatriation basis under PIS is allowed subject to certain conditions under Schedule 3 of the FEMA (Transfer or Issue of security by a person resident outside India) Regulations, 2000. Further, with regard to limits:

- the paid-up value of shares of an Indian company, purchased by each NRI both on repatriation and on non-repatriation basis, does not exceed 5 % of the paid-up value of shares issued by the company concerned;
- the paid-up value of each series of convertible debentures purchased by each NRI both on repatriation and non-repatriation basis does not exceed 5 % of the paid-up value of each series of convertible debentures issued by the company concerned;



- the aggregate paid-up value of shares of any company purchased by all NRIs does not exceed 10 % of the paid up capital of the company and in the case of purchase of convertible debentures
- the aggregate paid-up value of each series of debentures purchased by all NRIs does not exceed 10 % of the paid-up value of each series of convertible debentures;  
However, the aggregate ceiling of 10 % may be raised to 24 % if a special resolution to that effect is passed by the General Body of the Indian company concerned.

**iv. Investment by NRI on Non-repatriation basis**

As per current FDI Policy 2017, schedule 4 of FEMA (Transfer or Issue of Security by Persons Resident outside India) Regulations – Purchase and sale of shares and convertible debentures or warrants by a NRI on Non-repatriation basis – will be deemed to be domestic investment at par with the investment made by residents. This is further subject to remittance channel restrictions.

**The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (“US Securities Act”) or any other state securities laws in the United States of America and may not be sold or offered within the United States of America, or to, or for the account or benefit of “US Persons” as defined in Regulation S of the U.S. Securities Act, except pursuant to exemption from, or in a transaction not subject to, the registration requirements of US Securities Act and applicable state securities laws.**

**Accordingly, the equity shares are being offered and sold only outside the United States of America in an offshore transaction in reliance upon Regulation S under the US Securities Act and the applicable laws of the jurisdiction where those offers and sale occur.**

**Further, no offer to the public (as defined under Directive 2003/71/EC, together with any amendments) and implementing measures thereto, (the “Prospectus Directive”) has been or will be made in respect of the Offer 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 Offer.**

**Any forwarding, distribution or reproduction of this document in whole or in part may be unauthorised. Failure to comply with this directive may result in a violation of the Securities Act or the applicable laws of other jurisdictions. Any investment decision should be made on the basis of the final terms and conditions and the information contained in this Prospectus.**

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

The above information is given for the benefit of the Applicants. Our Company and the Lead Manager are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Prospectus. Applicants are advised to make their independent investigations and ensure that the Applications are not in violation of laws or



regulations applicable to them and do not exceed the applicable limits under the laws and regulations.

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## SECTION VIII – MAIN PROVISIONS OF ARTICLES OF ASSOCIATION

### THE COMPANIES ACT, 2013 (COMPANY LIMITED BY SHARES) ARTICLES OF ASSOCIATION OF GUJARAT HY-SPIN LIMITED\*

| 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. | <b>Table F Applicable.</b> |
|        | <b>Interpretation Clause</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                            |
| 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | <b>Act</b>                 |
|        | (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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <b>Articles</b>            |
|        | (c) “Auditors” means and includes those persons appointed as such for the time being of the Company.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <b>Auditors</b>            |
|        | (d) "Capital" means the share capital for the time being raised or authorized to be raised for the purpose of the Company.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | <b>Capital</b>             |
|        | (e) *“The Company” shall mean GUJARAT HY-SPIN LIMITED                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <b>The Company</b>         |
|        | (f) “Executor” or “Administrator” means a person who has obtained a probate or letter of                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | <b>Executor</b>            |



| Sr. No | Particulars                                                                                                                                                                                                                                                                                                                                                                          |                                        |
|--------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|
|        | 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. | <b>or Administrator</b>                |
|        | (g) "Legal Representative" means a person who in law represents the estate of a deceased Member.                                                                                                                                                                                                                                                                                     | <b>Legal Representative</b>            |
|        | (h) Words importing the masculine gender also include the feminine gender.                                                                                                                                                                                                                                                                                                           | <b>Gender</b>                          |
|        | (i) "In Writing" and "Written" includes printing lithography and other modes of representing or reproducing words in a visible form.                                                                                                                                                                                                                                                 | <b>In Writing and Written</b>          |
|        | (j) The marginal notes hereto shall not affect the construction thereof.                                                                                                                                                                                                                                                                                                             | <b>Marginal notes</b>                  |
|        | (k) "Meeting" or "General Meeting" means a meeting of members.                                                                                                                                                                                                                                                                                                                       | <b>Meeting or General Meeting</b>      |
|        | (l) "Month" means a calendar month.                                                                                                                                                                                                                                                                                                                                                  | <b>Month</b>                           |
|        | (m) "Annual General Meeting" means a General Meeting of the Members held in accordance with the provision of section 96 of the Act.                                                                                                                                                                                                                                                  | <b>Annual General Meeting</b>          |
|        | (n) "Extra-Ordinary General Meeting" means an Extraordinary General Meeting of the Members duly called and constituted and any adjourned holding thereof.                                                                                                                                                                                                                            | <b>Extra-Ordinary General Meeting</b>  |
|        | (o) "National Holiday" means and includes a day declared as National Holiday by the Central Government.                                                                                                                                                                                                                                                                              | <b>National Holiday</b>                |
|        | (p) "Non-retiring Directors" means a director not subject to retirement by rotation.                                                                                                                                                                                                                                                                                                 | <b>Non-retiring Directors</b>          |
|        | (q) "Office" means the registered Office for the time being of the Company.                                                                                                                                                                                                                                                                                                          | <b>Office</b>                          |
|        | (r) "Ordinary Resolution" and "Special Resolution" shall have the meanings assigned thereto by                                                                                                                                                                                                                                                                                       | <b>Ordinary and Special Resolution</b> |



| <b>Sr. No</b> | <b>Particulars</b>                                                                                                                                                                     |                                                                    |
|---------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------|
|               | Section 114 of the Act.                                                                                                                                                                |                                                                    |
|               | (s) "Person" shall be deemed to include corporations and firms as well as individuals.                                                                                                 | <b>Person</b>                                                      |
|               | (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.   | <b>Proxy</b>                                                       |
|               | (u) "The Register of Members" means the Register of Members to be kept pursuant to Section 88(1) (a) of the Act.                                                                       | <b>Register of Members</b>                                         |
|               | (v) "Seal" means the common seal for the time being of the Company.                                                                                                                    | <b>Seal</b>                                                        |
|               | (w) "Special Resolution" shall have the meanings assigned to it by Section 114 of the Act.                                                                                             | <b>Special Resolution</b>                                          |
|               | (x) Words importing the Singular number include where the context admits or requires the plural number and vice versa.                                                                 | <b>Singular number</b>                                             |
|               | (y) "The Statutes" means the Companies Act, 2013 and every other Act for the time being in force affecting the Company.                                                                | <b>Statutes</b>                                                    |
|               | (z) "These presents" means the Memorandum of Association and the Articles of Association as originally framed or as altered from time to time.                                         | <b>These presents</b>                                              |
|               | (aa) "Variation" shall include abrogation; and "vary" shall include abrogate.                                                                                                          | <b>Variation</b>                                                   |
|               | (bb) "Year" means the calendar year and "Financial Year" shall have the meaning assigned thereto by Section 2(41) of the Act.                                                          | <b>Year and Financial Year</b>                                     |
|               | 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. | <b>Expressions in the Act to bear the same meaning in Articles</b> |
|               | <b>CAPITAL</b>                                                                                                                                                                         |                                                                    |
| <b>3.</b>     | a) The Authorized Share Capital of the Company shall be such amount as may be mentioned in                                                                                             | <b>Authorized Capital.</b>                                         |





| Sr. No | Particulars                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                   |
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|        | Clause V of Memorandum of Association of the Company from time to time.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                   |
|        | 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 64 of the Act. | <b>Increase of capital by the Company how carried into effect</b> |
| 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <b>New Capital same as existing capital</b>                       |
| 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>Non Voting Shares</b>                                          |
| 7.     | Subject to the provisions of the Act and these Articles, the Board of Directors may issue redeemable preference shares to such persons, on such terms and conditions and at such times as Directors think fit either at premium or at par, and with full power to give any person the option to call for or be allotted shares of the company either at premium or at par, such option being exercisable at such times and for such consideration as                                                                                                                                                                                                                                                                                                                                                                                                               | <b>Redeemable Preference Shares</b>                               |



| Sr. No | Particulars                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                     |
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|        | the Board thinks fit.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                     |
| 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <b>Voting rights of preference shares</b>                           |
| 9.     | <p>On the issue of redeemable preference shares under the provisions of Article 7 hereof , the following provisions-shall take effect:</p> <p>(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;</p> <p>(b) No such Shares shall be redeemed unless they are fully paid;</p> <p>(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;</p> <p>(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</p> <p>(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</p> | <b>Provisions to apply on issue of Redeemable Preference Shares</b> |
| 10.    | The Company may (subject to the provisions of sections 52, 55, 56, both inclusive, and other applicable provisions, if any, of the Act) from time to time by                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <b>Reduction of capital</b>                                         |



| Sr. No | Particulars                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                     |
|--------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------|
|        | <p>Special Resolution reduce</p> <p>(a) the share capital;</p> <p>(b) any capital redemption reserve account; or</p> <p>(c) any security premium account</p> <p>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.</p>                                                                                                                                                         |                                                     |
| 11.    | <p>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.</p> | <b>Debentures</b>                                   |
| 12.    | <p>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.</p>                                                                                                                                                                                                                                                                                                                                    | <b>Issue of Sweat Equity Shares</b>                 |
| 13.    | <p>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.</p>                                                                                                                                                             | <b>ESOP</b>                                         |
| 14.    | <p>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.</p>                                                                                                                                                                                                                                                                                                | <b>Buy Back of shares</b>                           |
| 15.    | <p>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</p>                                                                                                                                                                                                                                                                                                                                              | <b>Consolidation, Sub-Division And Cancellation</b> |



| Sr. No | Particulars                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                            |
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|        | sub-divide its shares, or any of them into shares of smaller amount than is fixed by the Memorandum; subject nevertheless, to the provisions of clause (d) of sub-section (1) of Section 61; Subject as aforesaid the Company in general meeting may also cancel shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                            |
| 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <b>Issue of Depository Receipts</b>                                                        |
| 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <b>Issue of Securities</b>                                                                 |
|        | <b>MODIFICATION OF CLASS RIGHTS</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                            |
| 18.    | <p>(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.</p> <p>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.</p> | <b>Modification of rights</b>                                                              |
|        | (b) The rights conferred upon the holders of the Shares including Preference Share, if any) of any class issued with preferred or other rights or privileges shall, unless otherwise expressly provided by the terms of the issue of shares of that class, be deemed not to be modified, commuted, affected, abrogated, dealt with or varied by the creation or issue of further shares ranking pari passu                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | <b>New Issue of Shares not to affect rights attached to existing shares of that class.</b> |



| Sr. No | Particulars                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                               |
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|        | therewith.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                               |
| 19.    | Subject to the provisions of Section 62 of the Act and these Articles, the shares in the capital of the company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par and at such time as they may from time to time think fit and with the sanction of the company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the capital of the company on payment in full or part of any property sold and transferred or for any services rendered to the company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. | <b>Shares at the disposal of the Directors.</b>                               |
| 20.    | 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | <b>Power to issue shares on preferential basis.</b>                           |
| 21.    | 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <b>Shares should be Numbered progressively and no share to be subdivided.</b> |
| 22.    | 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <b>Acceptance of Shares.</b>                                                  |
| 23.    | 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                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | <b>Directors may allot shares as full paid-up</b>                             |



| Sr. No | Particulars                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                               |
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|        | 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.                                                                                                                                                                                                                                                                      |                                                               |
| 24.    | The money (if any) which the Board shall on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any shares allotted by them shall become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him, accordingly.                                                                                                                                                                                                                                                                   | <b>Deposit and call etc.to be a debt payable immediately.</b> |
| 25.    | 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.                                                                                                                                                                             | <b>Liability of Members.</b>                                  |
| 26.    | 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.                                                                                                                                                                                                                                                                                                                                                                                                                                    | <b>Registration of Shares.</b>                                |
|        | <b>RETURN ON ALLOTMENTS TO BE MADE OR RESTRICTIONS ON ALLOTMENT</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                               |
| 27.    | 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                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                               |
|        | <b>CERTIFICATES</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                               |
| 28.    | (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, | <b>Share Certificates.</b>                                    |



| Sr. No | Particulars                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |  |
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|        | <p>transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Every certificate of shares shall be under the seal of the company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the directors may prescribe or approve, provided that in respect of a share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate and delivery of a certificate of shares to one of several joint holders shall be sufficient delivery to all such holder. Such certificate shall be issued only in pursuance of a resolution passed by the Board and on surrender to the Company of its letter of allotment or its fractional coupons of requisite value, save in cases of issues against letter of acceptance or of renunciation or in cases of issue of bonus shares. Every such certificate shall be issued under the seal of the Company, which shall be affixed in the presence of two Directors or persons acting on behalf of the Directors under a duly registered power of attorney and the Secretary or some other person appointed by the Board for the purpose and two Directors or their attorneys and the Secretary or other person shall sign the share certificate, provided that if the composition of the Board permits of it, at least one of the aforesaid two Directors shall be a person other than a Managing or whole-time Director. Particulars of every share certificate issued shall be entered in the Register of Members against the name of the person, to whom it has been issued, indicating the date of issue.</p> <p>(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.</p> <p>(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</p> |  |



| Sr. No | Particulars                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                |
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|        | 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                |
| 29.    | <p>If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new Certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, being given, a new Certificate in lieu thereof shall be given to the party entitled to such lost or destroyed Certificate. Every Certificate under the Article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding 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.</p> <p>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.</p> <p>The provisions of this Article shall mutatis mutandis apply to debentures of the Company.</p> | <b>Issue of new certificates in place of those defaced, lost or destroyed.</b> |
| 30.    | (a) If any share stands in the names of two or more persons, the person first named in the Register shall as regard receipts of dividends or bonus or service of notices and all or any other matter connected with the Company except voting at meetings, and the transfer of the shares, be deemed sole holder thereof but the joint-holders of a share shall be severally as well as jointly liable for the payment of all calls and other payments due in respect of such share and for all incidentals thereof according to the Company's regulations.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | <b>The first named joint holder deemed Sole holder.</b>                        |
|        | (b) The Company shall not be bound to register more than three persons as the joint holders of any share.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <b>Maximum number of joint holders.</b>                                        |
| 31.    | Except as ordered by a Court of competent jurisdiction or as by law required, the Company shall not be bound                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | <b>Company not bound to recognise any interest in share</b>                    |





| Sr. No | Particulars                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                               |
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|        | 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.                                                                                                                                                                             | <b>other than that of registered holders.</b> |
| 32.    | 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.                                                                                                                                                                                                                                                                                                                                         | <b>Installment on shares to be duly paid.</b> |
|        | <b>UNDERWRITING AND BROKERAGE</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                               |
| 33.    | 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. | <b>Commission</b>                             |
| 34.    | The Company may pay on any issue of shares and debentures such brokerage as may be reasonable and lawful.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | <b>Brokerage</b>                              |
|        | <b>CALLS</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                               |
| 35.    | (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.                                                                                                                                                                           | <b>Directors may make calls</b>               |



| Sr. No | Particulars                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                       |
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|        | (2) A call may be revoked or postponed at the discretion of the Board.<br>(3) A call may be made payable by installments.                                                                                                                                                                                                                                                                                                                                                                 |                                       |
| 36.    | 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.                                                                                                                                                                                                                                                                                                            | <b>Notice of Calls</b>                |
| 37.    | 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.                                                                                                                                                         | <b>Calls to date from resolution.</b> |
| 38.    | 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.                                                                                                                                                                   | <b>Calls on uniform basis.</b>        |
| 39.    | The Board may, from time to time, at its discretion, extend the time fixed for the payment of any call and may extend such time as to all or any of the members who on account of the residence at a distance or other cause, which the Board may deem fairly entitled to such extension, but no member shall be entitled to such extension save as a matter of grace and favour.                                                                                                         | <b>Directors may extend time.</b>     |
| 40.    | 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. | <b>Calls to carry interest.</b>       |
| 41.    | 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                                                                                                                                                           | <b>Sums deemed to be calls.</b>       |



| Sr. No | Particulars                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                        |
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|        | has been given and all the provisions herein contained in respect of calls shall apply to such amount or installment accordingly.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                        |
| 42.    | 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. | <b>Proof on trial of suit for money due on shares.</b>                 |
| 43.    | Neither a judgment nor a decree in favour of the Company for calls or other moneys due in respect of any shares nor any part payment or satisfaction thereunder nor the receipt by the Company of a portion of any money which shall from time to time be due from any Member of the Company in respect of his shares, either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any such money, shall preclude the Company from thereafter proceeding to enforce forfeiture of such shares as hereinafter provided.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <b>Judgment, decree, partial payment motto proceed for forfeiture.</b> |
| 44.    | (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                                                                                                                                                                                                                                                                                                                                                                                                  | <b>Payments in Anticipation of calls may carry interest</b>            |



| Sr. No | Particulars                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                        |
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|        | <p>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.</p> <p>(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.</p>                                                                                                                                                                                                                                                                                                                                                                                                                     |                                        |
|        | <b>LIEN</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                        |
| 45.    | <p>The Company shall have a first and paramount lien upon all the shares/debentures (other than fully paid-up shares/debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any share shall be created except upon the footing and condition that this Article will have full effect. And such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures. Unless otherwise agreed the registration of a transfer of shares/debentures shall operate as a waiver of the Company's lien if any, on such shares/debentures. The Directors may at any time declare any shares/debentures wholly or in part to be exempt from the provisions of this clause.</p> | <b>Company to have Lien on shares.</b> |
| 46.    | <p>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</p>                                                                                                                                                                                                                                                           | <b>As to enforcing lien by sale.</b>   |



| Sr. No | Particulars                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                             |
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|        | 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                             |
| 47.    | 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <b>Application of proceeds of sale.</b>                     |
|        | <b>FORFEITURE AND SURRENDER OF SHARES</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                             |
| 48.    | If any Member fails to pay the whole or any part of any call or installment or any moneys due in respect of any shares either by way of principal or interest on or before the day appointed for the payment of the same, the Directors may, at any time thereafter, during such time as the call or installment or any part thereof or other moneys as aforesaid remains unpaid or a judgment or decree in respect thereof remains unsatisfied in whole or in part, serve a notice on such Member or on the person (if any) entitled to the shares by transmission, requiring him to pay such call or installment of such part thereof or other moneys as remain unpaid together with any interest that may have accrued and all reasonable expenses (legal or otherwise) that may have been accrued by the Company by reason of such non-payment. Provided that no such shares shall be forfeited if any moneys shall remain unpaid in respect of any call or installment or any part thereof as aforesaid by reason of the delay occasioned in payment due to the necessity of complying with the provisions contained in the relevant exchange control laws or other applicable laws of India, for the time being in force. | <b>If call or installment not paid, notice maybe given.</b> |
| 49.    | 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | <b>Terms of notice.</b>                                     |



| Sr. No | Particulars                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                    |
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|        | 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.                                                                                                                                                                                                                                                                                                                                              |                                                                                    |
| 50.    | 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.                                                                                 | <b>On default of payment, shares to be forfeited.</b>                              |
| 51.    | 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.                                                                                                                                                                                                                                                                                                                      | <b>Notice of forfeiture to a Member</b>                                            |
| 52.    | 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.                                                                                                                                                                                                                                                                                        | <b>Forfeited shares to be property of the Company and maybe sold etc.</b>          |
| 53.    | Any Member whose shares have been forfeited shall notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company, on demand all calls, installments, interest and expenses owing upon or in respect of such shares at the time of the forfeiture, together with interest thereon from the time of the forfeiture until payment, at such rate as the Board may determine and the Board may enforce the payment of the whole or a portion thereof as if it were a new call made at the date of the forfeiture, but shall not be under any obligation to do so. | <b>Members still liable to pay money owing at time of forfeiture and interest.</b> |
| 54.    | 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.                                                                                                                                                                                                                                                                                          | <b>Effect of forfeiture.</b>                                                       |



| Sr. No | Particulars                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                          |
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| 55.    | 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.                                                                                                                                                                                         | <b>Evidence of Forfeiture.</b>                                           |
| 56.    | 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.             | <b>Title of purchaser and allottee of Forfeited shares.</b>              |
| 57.    | 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.    | <b>Cancellation of share certificate in respect of forfeited shares.</b> |
| 58.    | 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. | <b>Forfeiture may be remitted.</b>                                       |
| 59.    | Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board may appoint some person to execute an instrument of transfer of the Shares sold and cause the purchaser's name to be entered in the Register of Members in respect of the Shares sold, and the purchasers shall not be bound to see to the regularity of the proceedings or to the application of the purchase                                                                                             | <b>Validity of sale</b>                                                  |



| Sr. No | Particulars                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                      |
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|        | money, and after his name has been entered in the Register of Members in respect of such Shares, the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                      |
| 60.    | 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <b>Surrender of shares.</b>                                                          |
|        | <b>TRANSFER AND TRANSMISSION OF SHARES</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                      |
| 61.    | (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><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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | <b>Execution of the instrument of shares.</b>                                        |
| 62.    | 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><br>The instrument of transfer shall be in a common form approved by the Exchange;                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <b>Transfer Form.</b>                                                                |
| 63.    | The Company shall not register a transfer in the Company other than the transfer between persons both of whose names are entered as holders of beneficial interest in the records of a depository, unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee and specifying the name, address and occupation if any, of the transferee, has been delivered to the Company along with the certificate relating to the shares or if no such share certificate is in existence along with the letter of allotment of the shares: Provided that where, on an application in writing made to the Company by the transferee and bearing the stamp, required for an instrument of transfer, it is proved to the satisfaction of the Board of Directors that the instrument of transfer signed by or on behalf of the transferor and by or on behalf of the transferee has been lost, the | <b>Transfer not to be registered except on production of instrument of transfer.</b> |





| Sr. No | Particulars                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                       |
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|        | 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.                                                                                                                                                                                                            |                                                                                       |
| 64.    | <p>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—</p> <p>(a) any transfer of shares on which the company has a lien.</p> <p>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;</p>                                                                 | <b>Directors may refuse to register transfer.</b>                                     |
| 65.    | 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. | <b>Notice of refusal to be given to transferor and transferee.</b>                    |
| 66.    | 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.                                                                                                                                                                                                                                                                                            | <b>No fee on transfer.</b>                                                            |
| 67.    | The Board of Directors shall have power on giving not less than seven days previous notice in accordance with section 91 and rules made thereunder close the Register of Members and/or the Register of debentures holders and/or other security holders at such time or times and for such period or periods, not exceeding thirty days at a time, and not exceeding in the aggregate forty five days at a time, and not exceeding in the aggregate forty five days in each year as it may seem expedient to the Board.     | <b>Closure of Register of Members or debenture holder or other security holders..</b> |
| 68.    | 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                                                                                                                                                                                                                                                                                                                                                              | <b>Custody of transfer Deeds.</b>                                                     |



| Sr. No | Particulars                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                        |
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|        | 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                        |
| 69.    | 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <b>Application for transfer of partly paid shares.</b> |
| 70.    | 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <b>Notice to transferee.</b>                           |
| 71.    | <p>(a) On the death of a Member, the survivor or survivors, where the Member was a joint holder, and his nominee or nominees or legal representatives where he was a sole holder, shall be the only person recognized by the Company as having any title to his interest in the shares.</p> <p>(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.</p> <p>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</p> <p>(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.</p> | <b>Recognition of legal representative.</b>            |
| 72.    | 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)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <b>Titles of Shares of deceased Member</b>             |



| Sr. No | Particulars                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                           |
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|        | <p>shall be the only persons recognized by the Company as having any title to the Shares registered in the name of such Members, and the Company shall not be bound to recognize such Executors or Administrators or holders of Succession Certificate or the Legal Representative unless such Executors or Administrators or Legal Representative shall have first obtained Probate or Letters of Administration or Succession Certificate as the case may be from a duly constituted Court in the Union of India provided that in any case where the Board of Directors in its absolute discretion thinks fit, the Board upon such terms as to indemnity or otherwise as the Directors may deem proper dispense with production of Probate or Letters of Administration or Succession Certificate and register Shares standing in the name of a deceased Member, as a Member. However, provisions of this Article are subject to Sections 72 of the Companies Act.</p>                                                                                                    |                                                                                                           |
| 73.    | <p>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.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <p><b>Notice of application when to be given</b></p>                                                      |
| 74.    | <p>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'.</p> | <p><b>Registration of persons entitled to share otherwise than by transfer.(transmission clause).</b></p> |
| 75.    | <p>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</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | <p><b>Refusal to register nominee.</b></p>                                                                |



| Sr. No | Particulars                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                           |
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|        | named in an ordinary transfer presented for registration.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                           |
| 76.    | 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <b>Board may require evidence of transmission.</b>                                        |
| 77.    | 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. | <b>Company not liable for disregard of a notice prohibiting registration of transfer.</b> |
| 78.    | 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | <b>Form of transfer Outside India.</b>                                                    |
| 79.    | No transfer shall be made to any minor, insolvent or person of unsound mind.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | <b>No transfer to insolvent etc.</b>                                                      |
|        | <b>NOMINATION</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                           |
| 80.    | 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                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <b>Nomination</b>                                                                         |



| Sr. No | Particulars                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                       |
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|        | <p>securities shall vest in the event of his/her death and the provisions of Section 72 of the Companies Act, 2013 shall apply in respect of such nomination.</p> <p>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 72 of the Companies Act, 2013 read with Rule 19 of the Companies (Share Capital and Debentures) Rules, 2014</p> <p>iii) The Company shall not be in any way responsible for transferring the securities consequent upon such nomination.</p> <p>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.</p>                                                                                                                                                                                                      |                                       |
| 81.    | <p>A nominee, upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either-</p> <p>(i) to be registered himself as holder of the security, as the case may be; or</p> <p>(ii) to make such transfer of the security, as the case may be, as the deceased security holder, could have made;</p> <p>(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;</p> <p>(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.</p> | Transmission of Securities by nominee |



| Sr. No | Particulars                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                              |
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|        | 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. |                                                                              |
|        | <b>DEMATERIALISATION OF SHARES</b>                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                              |
| 82.    | 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.                                                                                                                                                                                                                                                                                     | <b>Dematerialisation of Securities</b>                                       |
|        | <b>JOINT HOLDER</b>                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                              |
| 83.    | 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.                                                                                                                                                                                                             | <b>Joint Holders</b>                                                         |
| 84.    | (a) The Joint holders of any share shall be liable severally as well as jointly for and in respect of all calls and other payments which ought to be made in respect of such share.                                                                                                                                                                                                                                                                   | <b>Joint and several liabilities for all payments in respect of shares.</b>  |
|        | (b) on the death of any such joint holders the survivor or survivors shall be the only person recognized by the Company as having any title to the share but the Board may require such evidence of death as it may deem fit and nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability of shares held by them jointly with any other person;                                                    | <b>Title of survivors.</b>                                                   |
|        | (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                                                                                                                                                                                                                                                                                                     | <b>Receipts of one sufficient.</b>                                           |
|        | (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.                                                                                                                | <b>Delivery of certificate and giving of notices to first named holders.</b> |



| Sr. No | Particulars                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                    |
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|        | <b>SHARE WARRANTS</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                    |
| 85.    | 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.                                                                                                                                          | <b>Power to issue share warrants</b>                               |
| 86.    | <p>(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.</p> <p>(b) Not more than one person shall be recognized as depositor of the Share warrant.</p> <p>(c) The Company shall, on two day's written notice, return the deposited share warrant to the depositor.</p> | <b>Deposit of share warrants</b>                                   |
| 87.    | <p>(a) Subject as herein otherwise expressly provided, no person, being a bearer of a share warrant, shall sign a requisition for calling a meeting of the Company or attend or vote or exercise any other privileges of a Member at a meeting of the Company, or be entitled to receive any notice from the Company.</p> <p>(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.</p>                                                                                                                                                                   | <b>Privileges and disabilities of the holders of share warrant</b> |
| 88.    | 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                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <b>Issue of new share warrant coupons</b>                          |



| Sr. No | Particulars                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                         |
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|        | defacement, loss or destruction.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                         |
|        | <b>CONVERSION OF SHARES INTO STOCK</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                         |
| 89.    | <p>The Company may, by ordinary resolution in General Meeting.</p> <p>a) convert any fully paid-up shares into stock; and</p> <p>b) re-convert any stock into fully paid-up shares of any denomination.</p>                                                                                                                                                                                                                                                                                                                                     | <b>Conversion of shares into stock or reconversion.</b> |
| 90.    | <p>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.</p>                                                         | <b>Transfer of stock.</b>                               |
| 91.    | <p>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.</p>                                                                                    | <b>Rights of stock holders.</b>                         |
| 92.    | <p>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.</p>                                                                                                                                                                                                                                                                       | <b>Regulations.</b>                                     |
|        | <b>BORROWING POWERS</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                         |
| 93.    | <p>Subject to the provisions of the Act and these Articles, the Board may, from time to time at its discretion, by a resolution passed at a meeting of the Board generally raise or borrow money by way of deposits, loans, overdrafts, cash credit</p> <p>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</p> | <b>Power to borrow.</b>                                 |





| Sr. No | Particulars                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                         |
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|        | 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                         |
| 94.    | 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | <b>Issue of discount etc. or with special privileges.</b>               |
| 95.    | 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. | <b>Securing payment or repayment of Moneys borrowed.</b>                |
| 96.    | Any bonds, debentures, debenture-stock or their securities issued or to be issued by the Company shall be under the control of the Board who may issue them upon such terms and conditions, and in such manner and for such consideration as they shall consider to be for the benefit of the Company.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <b>Bonds, Debentures etc. to be under the control of the Directors.</b> |
| 97.    | If any uncalled capital of the Company is included in or charged by any mortgage or other security the Directors                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>Mortgage of uncalled Capital.</b>                                    |



| Sr. No | Particulars                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                      |
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|        | 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                      |
| 98.    | Subject to the provisions of the Act and these Articles if the Directors or any of them or any other person shall incur or be about to incur any liability whether as principal or surety for the payment of any sum primarily due from the Company, the Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or person so becoming liable as aforesaid from any loss in respect of such liability.                                                                                                                 | <b>Indemnity may be given.</b>                                                       |
|        | <b>MEETINGS OF MEMBERS</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                      |
| 99.    | All the General Meetings of the Company other than Annual General Meetings shall be called Extra-ordinary General Meetings.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <b>Distinction between AGM &amp; EGM.</b>                                            |
| 100.   | (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                                                                                                                                                                                                                                                                                                                                                                                   | <b>Extra-Ordinary General Meeting by Board and by requisition</b>                    |
|        | (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. | <b>When a Director or any two Members may call an Extra Ordinary General Meeting</b> |
| 101.   | 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <b>Meeting not to transact business not mentioned in notice.</b>                     |



| Sr. No | Particulars                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                          |
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| 102.   | 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.                                                                                                    | <b>Chairman of General Meeting</b>                                       |
| 103.   | No business, except the election of a Chairman, shall be discussed at any General Meeting whilst the Chair is vacant.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | <b>Business confined to election of Chairman whilst chair is vacant.</b> |
| 104.   | <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> | <b>Chairman with consent may adjourn meeting.</b>                        |
| 105.   | 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <b>Chairman's casting vote.</b>                                          |
| 106.   | Any poll duly demanded on the election of Chairman of the meeting or any question of adjournment shall be taken at the meeting forthwith.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | <b>In what case poll taken without adjournment.</b>                      |
| 107.   | 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | <b>Demand for poll not to prevent transaction of other business.</b>     |



| Sr. No      | Particulars                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                     |
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|             | <b>VOTES OF MEMBERS</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                     |
| <b>108.</b> | No Member shall be entitled to vote either personally or by proxy at any General Meeting or Meeting of a class of shareholders either upon a show of hands, upon a poll or electronically, or be reckoned in a quorum in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has exercised, any right or lien.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <b>Members in arrears not to vote.</b>                              |
| <b>109.</b> | 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. | <b>Number of votes each member entitled.</b>                        |
| <b>110.</b> | 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <b>Casting of votes by a member entitled to more than one vote.</b> |
| <b>111.</b> | 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <b>Vote of member of unsound mind and of minor</b>                  |
| <b>112.</b> | 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/                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <b>Postal Ballot</b>                                                |



| Sr. No | Particulars                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                         |
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|        | resolutions passed by means of postal ballot, instead of transacting the business in the General Meeting of the Company.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                         |
| 113.   | A member may exercise his vote at a meeting by electronic means in accordance with section 108 and shall vote only once.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <b>E-Voting</b>                                         |
| 114.   | <p>a) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. If more than one of the said persons remain present than the senior shall alone be entitled to speak and to vote in respect of such shares, but the other or others of the joint holders shall be entitled to be present at the meeting. Several executors or administrators of a deceased Member in whose name share stands shall for the purpose of these Articles be deemed joints holders thereof.</p> <p>b) For this purpose, seniority shall be determined by the order in which the names stand in the register of members.</p> | <b>Votes of joint members.</b>                          |
| 115.   | 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                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | <b>Votes may be given by proxy or by representative</b> |
| 116.   | 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.                 | <b>Representation of a body corporate.</b>              |
| 117.   | (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                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <b>Members paying money in advance.</b>                 |



| Sr. No      | Particulars                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                           |
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|             | would, but for this payment, become presently payable.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                           |
|             | (b) A member is not prohibited from exercising his voting rights on the ground that he has not held his shares or interest in the Company for any specified period preceding the date on which the vote was taken.                                                                                                                                                                                                                                                                                                                                                                                                                                            | <b>Members not prohibited if share not held for any specified period.</b> |
| <b>118.</b> | 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.                                                      | <b>Votes in respect of shares of deceased or insolvent members.</b>       |
| <b>119.</b> | 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. | <b>No votes by proxy on show of hands.</b>                                |
| <b>120.</b> | 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.                                                                                                   | <b>Appointment of a Proxy.</b>                                            |
| <b>121.</b> | An instrument appointing a proxy shall be in the form as prescribed in the rules made under section 105.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <b>Form of proxy.</b>                                                     |



| Sr. No | Particulars                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                            |
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| 122.   | 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.                                                                                                                                                            | <b>Validity of votes given by proxy notwithstanding death of a member.</b> |
| 123.   | 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.                                                                                                                                                                                                                                                                                                                                                                                                                       | <b>Time for objections to votes.</b>                                       |
| 124.   | 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <b>Chairperson of the Meeting to be the judge of validity of any vote.</b> |
|        | <b>DIRECTORS</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                            |
| 125.   | Until otherwise determined by a General Meeting of the Company and subject to the provisions of Section 149 of the Act, the number of Directors (including Debenture and Alternate Directors) shall not be less than three and not more than fifteen. Provided that a company may appoint more than fifteen directors after passing a special resolution                                                                                                                                                                                                                                                                                                           | <b>Number of Directors</b>                                                 |
| 126.   | A Director of the Company shall not be bound to hold any Qualification Shares in the Company.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <b>Qualification shares.</b>                                               |
| 127.   | (a) Subject to the provisions of the Companies Act, 2013 and notwithstanding anything to the contrary contained in these Articles, the Board may appoint any person as a director nominated by any institution in pursuance of the provisions of any law for the time being in force or of any agreement<br><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 | <b>Nominee Directors.</b>                                                  |



| Sr. No | Particulars                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                         |
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|        | <p>privileges including receiving of notices, copies of the minutes, sitting fees, etc. as any other Director of the Company is entitled.</p> <p>(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.</p> <p>(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.</p> |                                                         |
| 128.   | <p>The Board may appoint an Alternate Director to act for a Director (hereinafter called “The Original Director”) during his absence for a period of not less than three months from India. An Alternate Director appointed under this Article shall not hold office for period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate office if and when the Original Director returns to India. If the term of Office of the Original Director is determined before he so returns to India, any provision in the Act or in these Articles for the automatic re-appointment of retiring Director in default of another appointment shall apply to the Original Director and not to the Alternate Director.</p>                                   | <p><b>Appointment of alternate Director.</b></p>        |
| 129.   | <p>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.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | <p><b>Additional Director</b></p>                       |
| 130.   | <p>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.</p>                                                                                                                                                                                                                                                                                                                                                                | <p><b>Directors power to fill casual vacancies.</b></p> |





| Sr. No | Particulars                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                              |
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| 131.   | 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.                                                                                                                                                                                                                               | <b>Sitting Fees.</b>                                                         |
| 132.   | 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.                                                                                                                                              | <b>Travelling expenses Incurred by Director on Company's business.</b>       |
|        | <b>PROCEEDING OF THE BOARD OF DIRECTORS</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                              |
| 133.   | (a) The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings as it thinks fit.<br><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.                                                                                                                                                                                                                                                                                                      | <b>Meetings of Directors.</b>                                                |
| 134.   | 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.<br><br>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. | <b>Chairperson</b>                                                           |
| 135.   | 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.                                                                                                                                                                                                                                                                                                                                                                                    | <b>Questions at Board meeting how decided.</b>                               |
| 136.   | 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                                                                                                                                                                                                                                                                                                                                                                                                                     | <b>Continuing directors may act notwithstanding any vacancy in the Board</b> |



| Sr. No | Particulars                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                          |
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|        | 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                          |
| 137.   | 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. | <b>Directors may appoint committee.</b>                                                  |
| 138.   | The Meetings and proceedings of any such Committee of the Board consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors so far as the same are applicable thereto and are not superseded by any regulations made by the Directors under the last preceding Article.                                                                                                                                                                                                                                                                                                                             | <b>Committee Meeting show to be governed.</b>                                            |
| 139.   | 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.                                                                                                                                                                                                                                                                                                                                                                            | <b>Chairperson of Committee Meetings</b>                                                 |
| 140.   | 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.                                                                                                                                                                                                                                                                                                                                                                                                                    | <b>Meetings of the Committee</b>                                                         |
| 141.   | Subject to the provisions of the Act, all acts done by any meeting of the Board or by a Committee of the Board, or by any person acting as a Director shall notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of such                                                                                                                                                                                                                                                                                                                                                                                                                    | <b>Acts of Board or Committee shall be valid not withstanding defect in appointment.</b> |



| Sr. No | Particulars                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                              |
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|        | 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.                                                                                                                                                                                                                         |                                              |
|        | <b>RETIREMENT AND ROTATION OF DIRECTORS</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                              |
| 142.   | 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. | <b>Power to fill casual vacancy</b>          |
|        | <b>POWERS OF THE BOARD</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                              |
| 143.   | 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.                                                               | <b>Powers of the Board</b>                   |
| 144.   | 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                                                                                                                                                                                                               | <b>Certain powers of the Board</b>           |
|        | (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                                                                                                                                                                                                                                                                                                             | <b>To acquire any property , rights etc.</b> |



| Sr. No | Particulars                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                             |
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|        | which this Company is authorised to carry on, in any part of India.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                             |
|        | (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 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.                                                                                                                                                                         | <b>To take on Lease.</b>                    |
|        | (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.                     | <b>To erect &amp; construct.</b>            |
|        | (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. | <b>To pay for property.</b>                 |
|        | (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                                                                                                 | <b>To insure properties of the Company.</b> |



| Sr. No | Particulars                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                      |
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|        | pursuance of this power.                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                      |
|        | (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.                                                                                                                                                                                                                                                                                                                       | <b>To open Bank accounts.</b>                        |
|        | (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.                                                                                                                                                                   | <b>To secure contracts by way of mortgage.</b>       |
|        | (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 agreed upon.                                                                                                                                                                                                                                                                                                         | <b>To accept surrender of shares.</b>                |
|        | (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.                                                                                                                                           | <b>To appoint trustees for the Company.</b>          |
|        | (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. | <b>To conduct legal proceedings.</b>                 |
|        | (11) To act on behalf of the Company in all matters relating to bankruptcy insolvency.                                                                                                                                                                                                                                                                                                                                                                                           | <b>Bankruptcy &amp; Insolvency</b>                   |
|        | (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.                                                                                                                                                                                                                                                                                                                                      | <b>To issue receipts &amp; give discharge.</b>       |
|        | (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                                                                                                                                                                                                                                                                                                                                 | <b>To invest and deal with money of the Company.</b> |



| Sr. No | Particulars                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                             |
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|        | 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.                                                                                                                                |                                             |
|        | (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; | <b>To give Security byway of indemnity.</b> |
|        | (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.                                                                                 | <b>To determine signing powers.</b>         |
|        | (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 of the working expenses of the Company.                                                                                                                               | <b>Commission or share in profits.</b>      |
|        | (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.                                                                                                                                                            | <b>Bonus etc. to employees.</b>             |
|        | (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                                                                                                           | <b>Transfer to Reserve Funds.</b>           |



| Sr. No | Particulars                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                   |
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|        | <p>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.</p> |                                                                   |
|        | <p>(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 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</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | <p><b>To appoint and remove officers and other employees.</b></p> |



| Sr. No | Particulars                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                 |
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|        | 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. | <b>To appoint Attorneys.</b>    |
|        | (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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | <b>To enter into contracts.</b> |
|        | (22) From time to time to make, vary and repeal rules for the regulations of the business of the Company its Officers and employees.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <b>To make rules.</b>           |
|        | (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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | <b>To effect contracts etc.</b> |





| Sr. No | Particulars                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                         |
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|        | (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 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. | <b>To apply &amp; obtain concessions licenses etc.</b>  |
|        | (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.                                                                                                                                                                                                                                                                                                                                                               | <b>To pay commissions or interest.</b>                  |
|        | (26) To redeem preference shares.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <b>To redeem preference shares.</b>                     |
|        | (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.                                                                                                                                                                                                                            | <b>To assist charitable or benevolent institutions.</b> |
|        | (28) To pay the cost, charges and expenses preliminary and incidental to the promotion, formation, establishment and registration of the Company.<br><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                                |                                                         |



| Sr. No | Particulars                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |  |
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|        | <p>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.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |  |
|        | <p>(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 technical know-how.</p> <p>(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.</p> <p>(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.</p> <p>(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.</p> <p>(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.</p> |  |



| Sr. No | Particulars                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                       |
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|        | <p>(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.</p> <p>(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.</p> <p>(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.</p>                                                                                                                                                                                                                                                                                                                                         |                                                       |
|        | <b>MANAGING AND WHOLE-TIME DIRECTORS</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                       |
| 145.   | <p>a) Subject to the provisions of the Act and of these Articles, the Directors may from time to time in Board Meetings appoint one or more of their body to be a Managing Director or Managing Directors or whole-time Director or whole-time Directors of the Company for such term not exceeding five years at a time as they may think fit to manage the affairs and business of the Company, and may from time to time (subject to the provisions of any contract between him or them and the Company) remove or dismiss him or them from office and appoint another or others in his or their place or places.</p> <p>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.</p> | <b>Powers to appoint Managing/WholetimeDirectors.</b> |
| 146.   | 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                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <b>Remuneration ofManagingor WholetimeDirector.</b>   |



| Sr. No | Particulars                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                              |
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|        | 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                              |
| 147.   | <p>(1) Subject to control, direction and supervision of the Board of Directors, the day-to-day management of the company will be in the hands of the Managing Director or Whole-time Director appointed in accordance with regulations of these Articles of Association with powers to the Directors to distribute such day-to-day management functions among such Directors and in any manner as may be directed by the Board.</p> <p>(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.</p> <p>(3) The Company's General Meeting may also from time to time appoint any Managing Director or Managing Directors or Wholetime Director or Wholetime Directors of the Company and may exercise all the powers referred to in these Articles.</p> <p>(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.</p> <p>(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</p> | <p><b>Powers and duties of Managing Director or Whole-time Director.</b></p> |



| Sr. No | Particulars                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                      |
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|        | 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                      |
|        | <b>Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                      |
| 148.   | <p>a) Subject to the provisions of the Act,—</p> <p>i. A chief executive officer, manager, company secretary or chief financial officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit; and any chief executive officer, manager, company secretary or chief financial officer so appointed may be removed by means of a resolution of the Board;</p> <p>ii. A director may be appointed as chief executive officer, manager, company secretary or chief financial officer.</p> <p>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.</p> | <b>Board to appoint Chief Executive Officer/ Manager/ Company Secretary/ Chief Financial Officer</b> |
|        | <b>THE SEAL</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                      |
| 149.   | <p>(a) The Board shall provide a Common Seal for the purposes of the Company, and shall have power from time to time to destroy the same and substitute a new Seal in lieu thereof, and the Board shall provide for the safe custody of the Seal for the time being, and the Seal shall never be used except by the authority of the Board or a Committee of the Board previously given.</p> <p>(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.</p>                                                                                                                                                                                                                                                                                                                                                                                            | <b>The seal, its custody and use.</b>                                                                |
| 150.   | 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                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <b>Deeds how executed.</b>                                                                           |



| Sr. No | Particulars                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                              |
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|        | 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                              |
|        | <b>Dividend and Reserves</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                              |
| 151.   | <p>(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.</p> <p>(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.</p> <p>(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.</p> | <b>Division of profits.</b>                                  |
| 152.   | 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | <b>The company in General Meeting may declare Dividends.</b> |
| 153.   | a) The Board may, before recommending any dividend, set aside out of the profits of the company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the company may be properly applied, including provision for meeting contingencies or for equalizing dividends; and pending such application, may, at the like discretion, either be employed in the business of the company or be invested in such                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <b>Transfer to reserves</b>                                  |



| Sr. No | Particulars                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                       |
|--------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|
|        | <p>investments (other than shares of the company) as the Board may, from time to time, thinks fit.</p> <p>b) The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.</p>                                                                                                                                                                                                    |                                                                                                                       |
| 154.   | 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.                                                                                                                                                                                                                                                                       | <b>Interim Dividend.</b>                                                                                              |
| 155.   | 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.                                                                                                                                                                                                                                               | <b>Debts may be deducted.</b>                                                                                         |
| 156.   | 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.                                                                                                                                                                                                                                                                                                               | <b>Capital paid up in advance not to earn dividend.</b>                                                               |
| 157.   | 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.                                                                                         | <b>Dividends in proportion to amount paid-up.</b>                                                                     |
| 158.   | 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.                                                                                                                                            | <b>Retention of dividends until completion of transfer under Articles .</b>                                           |
| 159.   | 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. | <b>No Member to receive dividend whilst indebted to the company and the Company's right of reimbursement thereof.</b> |
| 160.   | A transfer of shares does not pass the right to any dividend declared thereon before the registration of the transfer.                                                                                                                                                                                                                                                                                                                                   | <b>Effect of transfer of shares.</b>                                                                                  |



| Sr. No | Particulars                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                   |
|--------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|
| 161.   | 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <b>Dividend to joint holders.</b> |
| 162.   | <p>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.</p> <p>b) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.</p>                                                                                                                                                                                                                                                                                                                                                                    | <b>Dividends how remitted.</b>    |
| 163.   | 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | <b>Notice of dividend.</b>        |
| 164.   | No unclaimed dividend shall be forfeited before the claim becomes barred by law and no unpaid dividend shall bear interest as against the Company.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <b>No interest on Dividends.</b>  |
|        | <b>CAPITALIZATION</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                   |
| 165.   | <p>(1) The Company in General Meeting may, upon the recommendation of the Board, resolve:</p> <p>(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</p> <p>(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.</p> <p>(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:</p> <p>(i) paying up any amounts for the time being unpaid on any shares held by such members respectively;</p> <p>(ii) paying up in full, unissued shares of the Company</p> | <b>Capitalization.</b>            |





| Sr. No | Particulars                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                        |
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|        | <p>to be allotted and distributed, credited as fully paid up, to and amongst such members in the proportions aforesaid; or</p> <p>(iii) partly in the way specified in sub-clause (i) and partly in that specified in sub-clause (ii).</p> <p>(3) A Securities Premium Account and Capital Redemption Reserve Account may, for the purposes of this regulation, only be applied in the paying up of unissued shares to be issued to members of the Company and fully paid bonus shares.</p> <p>(4) The Board shall give effect to the resolution passed by the Company in pursuance of this regulation.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                        |
| 166.   | <p>(1) Whenever such a resolution as aforesaid shall have been passed, the Board shall —</p> <p>(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</p> <p>(b) generally to do all acts and things required to give effect thereto.</p> <p>(2) The Board shall have full power -</p> <p>(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</p> <p>(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.</p> <p>(3) Any agreement made under such authority shall be effective and binding on all such members.</p> <p>(4) That for the purpose of giving effect to any resolution, under the preceding paragraph of this</p> | <p><b>Fractional Certificates.</b></p> |



| Sr. No | Particulars                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                  |
|--------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------|
|        | 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                  |
| 167.   | <p>(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 the members will also be entitled to be furnished with copies thereof on payment of regulated charges.</p> <p>(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.</p> | <b>Inspection of Minutes Books of General Meetings.</b>          |
| 168.   | <p>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.</p> <p>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.</p>                                                                                                                                                                                                    | <b>Inspection of Accounts</b>                                    |
|        | <b>FOREIGN REGISTER</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                  |
| 169.   | 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.                                                                                                                                                                                                                                                                                                                                                                           | <b>Foreign Register.</b>                                         |
|        | <b>DOCUMENTS AND SERVICE OF NOTICES</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                  |
| 170.   | 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                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <b>Signing of documents &amp; notices to be served or given.</b> |



| Sr. No | Particulars                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                     |
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|        | signature may be written or printed or lithographed.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                     |
| 171.   | 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <b>Authentication of documents and proceedings.</b> |
|        | <b>WINDING UP</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                     |
| 172.   | <p>Subject to the provisions of Chapter XX of the Act and rules made thereunder—</p> <p>(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.</p> <p>(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.</p> <p>(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.</p> |                                                     |
|        | <b>INDEMNITY</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                     |
| 173.   | 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                                                                                                                                                                                                                        | <b>Directors' and others right to indemnity.</b>    |



| Sr. No | Particulars                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                  |
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|        | <p>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.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                  |
| 174.   | <p>Subject to the provisions of the Act, no Director, Managing Director or other officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Directors or Officer, or for joining in any receipt or other act for conformity, or for any loss or expense happening to the Company through insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested, or for any loss or damage arising from the bankruptcy, insolvency or tortuous act of any person, company or corporation, with whom any moneys, securities or effects shall be entrusted or deposited, or for any loss occasioned by any error of judgment or oversight on his part, or for any other loss or damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto, unless the same happens through his own dishonesty.</p> | <p><b>Not responsible for acts of others</b></p> |
|        | <p><b>SECURITY</b></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                  |
| 175.   | <p>(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</p>                                                                                                                                                                                                                                                                               | <p><b>Secrecy</b></p>                            |



| Sr. No | Particulars                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                            |
|--------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|
|        | provisions in these presents contained.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                            |
|        | (b) No member or other person (other than a Director) shall be entitled to enter the property of the Company or to inspect or examine the Company's premises or properties or the books of accounts of the Company without the permission of the Board of Directors of the Company for the time being or to require discovery of or any information in respect of any detail of the Company's trading or any matter which is or may be in the nature of trade secret, mystery of trade or secret process or of any matter whatsoever which may relate to the conduct of the business of the Company and which in the opinion of the Board it will be inexpedient in the interest of the Company to disclose or to communicate. | <b>Access to property information etc.</b> |



## 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 Prospectus) which are or may be deemed material have been entered or are to be entered into by our Company. These contracts, copies of which will be attached to the copy of the Prospectus will be delivered to the Registrar of Companies for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company located at P.O. Box No 22, Gundala Road, Gondal, Rajkot -360311, Gujarat, India from date of filing this Prospectus with Registrar of Companies to Offer Closing Date on working days from 10.00 a.m. to 5.00 p.m.

#### Material Contracts

1. Offer Agreement dated December 7, 2017 between our Company, Selling Shareholders and the Lead Manager.
2. Agreement dated December 7, 2017 between our Company, Selling Shareholders and Bigshare Services Private Limited, Registrar to the Offer.
3. Underwriting Agreement dated December 7, 2017 between our Company, Selling Shareholders and Underwriter viz. Lead Manager.
4. Share Escrow Agreement dated December 27, 2017 entered into between the Selling Shareholders, our Company, Lead Manager and the Share Escrow Agent
5. Market Making Agreement dated December 7, 2017 between our Company, Selling Shareholders, Market Maker and the Lead Manager.
6. Bankers to the Offer Agreement dated December 7, 2017 amongst our Company, Selling Shareholders the Lead Manager, Banker to the Offer and the Registrar to the Offer.
7. Tripartite agreement among the NSDL, our Company and Registrar to the Offer dated August 30, 2016.
8. Tripartite agreement among the CDSL, our Company and Registrar to the Offer dated August 26, 2016.

#### Material Documents

2. Certified true copy of the Memorandum and Articles of Association of our Company including certificates of incorporation.
3. Resolution of the Board dated November 28, 2017 authorizing the Offer and resolution of members dated December 4, 2017 to list the equity shares on the stock exchange
4. Statement of Tax Benefits dated November 30, 2017 issued by our Peer Reviewed Auditor M/s Maharishi & Co. Chartered Accountants
5. Report of the Peer Reviewed Auditor, M/s. M/s Maharishi & Co. Chartered Accountants, Chartered Accountants, dated November 30, 2017 on the Restated Financial Statements for the period ended September 30, 2017 and for the financial years ended as on March 31, 2017, 2016, 2015, 2014, 2012 of our Company.
6. Consents of Promoters, Directors, Selling Shareholders, Chief Financial Officer, Company Secretary and Compliance Officer, Statutory Auditors, Peer Reviewed Auditors, Legal Advisor to the Offer, the Lead Manager, Registrar to the Offer, Underwriter, Market Maker, Bankers to the Offer and Refund Banker to the Offer, to act in their respective capacities.
7. Copy of approval from BSE Limited *vide* letter dated January 2, 2018, to use the name of BSE in this offer document for listing of Equity Shares on SME Platform of BSE Limited.
8. Due Diligence Certificate dated December 7, 2017 from Lead Manager to BSE Limited.



None of the contracts or documents mentioned in this 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 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**

|                                          |                                          |
|------------------------------------------|------------------------------------------|
| <b>Sd/-</b><br><b>Maganlal Parvadiya</b> | <b>Sd/-</b><br><b>Chandulal Parvadia</b> |
|------------------------------------------|------------------------------------------|

Place: Rajkot

Date: January 16, 2018





## DECLARATION

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 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 Prospectus are true and correct.

**Signed by all the Directors of our Company**

| <b>Name and Designation</b>                                            | <b>Signature</b> |
|------------------------------------------------------------------------|------------------|
| <b>Maganlal Parvadiya</b><br><i>Chairman &amp; Whole Time Director</i> | Sd/-             |
| <b>Chandulal Parvadia</b><br><i>Whole Time Director</i>                | Sd/-             |
| <b>Kaushik Dave</b><br><i>Managing Director</i>                        | Sd/-             |
| <b>Kamleshbhai Bokarwadiya</b><br><i>Non Executive Director</i>        | Sd/-             |
| <b>Madhuben Gandhi</b><br><i>Non Executive Director</i>                | Sd/-             |
| <b>Ashokkumar Pandya</b><br><i>Independent Director</i>                | Sd/-             |
| <b>Hemant Maru</b><br><i>Independent Director</i>                      | Sd/-             |
| <b>Narendra Vegad</b><br><i>Independent Director</i>                   | Sd/-             |

Signed by Chief Financial Officer and Company Secretary & Compliance Officer of the Company

|                                                                      |                                                                                         |
|----------------------------------------------------------------------|-----------------------------------------------------------------------------------------|
| Sd/-<br><br><b>Paras Parvadiya</b><br><i>Chief Financial Officer</i> | Sd/-<br><br><b>Mahendra Rajput</b><br><i>Company Secretary &amp; Compliance Officer</i> |
|----------------------------------------------------------------------|-----------------------------------------------------------------------------------------|

Place: Rajkot

Date: January 16, 2018



## 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.     | Innovative Tyres and Tubes Limited | 28.33           | 45.00             | October 5, 2017   | 54.00                         | 3.78% (5.70%)                                                                                       | 11.56% (5.60%)                                                                                      | Not Applicable                                                                                       |
| 2.     | Poojawestern Metaliks Limited      | 5.47            | 36.00             | October 5, 2017   | 39.50                         | 36.11% (6.63%)                                                                                      | 52.08% (7.03%)                                                                                      | Not Applicable                                                                                       |
| 3.     | Airo Lam Limited                   | 15.21           | 38.00             | October 6, 2017   | 45.60                         | 29.74% (4.73%)                                                                                      | 47.37% (4.64%)                                                                                      | Not Applicable                                                                                       |
| 4.     | Goldstar Power Limited             | 7.25            | 25.00             | October 10, 2017  | 27.30                         | 4.00% (2.86%)                                                                                       | 61.60% (6.06%)                                                                                      | Not Applicable                                                                                       |
| 5.     | IRIS Business Services Limited     | 16.01           | 32.00             | October 11, 2017  | 34.00                         | 73.44% (4.45%)                                                                                      | 125.31% (7.91%)                                                                                     | Not Applicable                                                                                       |
| 6.     | Tirupati Forge Limited             | 5.22            | 29.00             | October 12, 2017  | 34.80                         | 72.41% (2.23%)                                                                                      | 146.21% (5.35%)                                                                                     | Not Applicable                                                                                       |
| 7.     | Beta Drugs Limited                 | 19.52           | 85.00             | October 12, 2017  | 102.00                        | 38.24% (2.23%)                                                                                      | 137.94% (5.35%)                                                                                     | Not Applicable                                                                                       |
| 8.     | Ambition Mica Limited*             | 12.60           | 42.00             | November 29, 2017 | 42.05                         | -2.26% (0.73%)                                                                                      | Not Applicable                                                                                      | Not Applicable                                                                                       |
| 9.     | One Point One Solutions Limited    | 44.38           | 67.00             | December 26, 2017 | 80.40                         | Not Applicable                                                                                      | Not Applicable                                                                                      | Not Applicable                                                                                       |
| 10.    | Astron Paper & Board Mill Limited  | 69.83           | 50.00             | December 29, 2017 | 115.00                        | Not Applicable                                                                                      | Not Applicable                                                                                      | Not Applicable                                                                                       |

\*Ambition Mica Limited is a Further Public Offering managed by Pantomath Capital Advisors Private Limited.

Shree Ram Proteins Limited has received RoC Approval for Prospectus and is in process of Listing. Gujarat Hy-Spin Limited has filed Prospectus with RoC.

Sources: All share price data is from [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com)



Note:-

1. The BSE Sensex and CNX Nifty are considered as the Benchmark Index
2. Prices on BSE/NSE are considered for all of the above calculations
3. In case 30<sup>th</sup>/90<sup>th</sup>/180<sup>th</sup> day is not a trading day, closing price on BSE/NSE of the next trading day has been considered
4. In case 30<sup>th</sup>/90<sup>th</sup>/180<sup>th</sup> days, scrips are not traded then last trading price has been considered.

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 30 <sup>th</sup> Calendar day from listing date |                |               | Nos of IPOs trading at premium on 30 <sup>th</sup> Calendar day from listing date |                |               | Nos of IPOs trading at discount on 180 <sup>th</sup> Calendar day from listing date |                |               | Nos of IPOs trading at premium on 180 <sup>th</sup> 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% |
| 15-16          | ***9             | 54.01                       | -                                                                                  | -              | 1             | 3                                                                                 | 2              | 3             | -                                                                                   | 1              | 1             | 4                                                                                  | 3              | -             |
| 16-17          | ****24\$         | 204.56                      | -                                                                                  | -              | 5             | 5                                                                                 | 3              | 8             | -                                                                                   | 1              | 5             | 10                                                                                 | 1              | 6             |
| 17-18          | *****22\$\$      | 326.13                      | -                                                                                  | -              | 3             | 6                                                                                 | 6              | 6             | -                                                                                   | 1              | -             | 4                                                                                  | -              | 2             |

\*\*\*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, Commercial Syn Bags Limited, Shiva Granito Export Limited, Sprayking Agro Equipment Limited, Narayani Steels Limited, Nandani Creation Limited, DRA Consultant Limited, Gretex Industries Limited, Sakar Health Care Limited, Bindal Exports Limited, Mewar Hi-Tech Engineering Limited, Shashijit Infraprojects Limited, Agro Phos (India) Limited, Majestic Research Services and Solutions Limited, Maheshwari Logistics Limited, Madhav Copper Limited, Chemcrux Enterprises Limited, Manomay Tex India Limited, Oceanic Foods Limited and Euro India Fresh Foods Limited were listed on April 13, 2016, April 13, 2016, April 13, 2016, June 20, 2016, July 14, 2016, July 14, 2016, September 06, 2016, September 14, 2016, September 14, 2016, October 10, 2016, October 13, 2016, October 14, 2016, October 14, 2016, October 17, 2016, October 17, 2016, October 17, 2016, November 16, 2016, December 14, 2016, January 16, 2017, February 06, 2017, March 28, 2017, March 28, 2017, March 31, 2017 and March 31, 2017 respectively.

\*\*\*\*\*The scripts Bohra Industries Limited, Creative Peripherals and Distribution Limited, Panache Digilife Limited, Zota Health Care Limited, Gautam Exim Limited, Bansal Multiflex Limited, Shrenik Limited, Jigar Cables Limited, Vaishali Pharma Limited, Lexus Granito (India) Limited, Worth Peripherals Limited, R M Drip and Sprinklers Systems Limited, Shree Tirupati Balajee FIBC Limited, Innovative Tyres and Tubes Limited, Poojawestern Metaliks Limited, Airo Lam Limited, Goldstar Power Limited, IRIS Business Services Limited, Tirupati Forge Limited, Beta Drugs Limited, One Point One Solutions Limited and Astron Paper & Board Mill Limited were listed on April 05, 2017, April 12, 2017, April 25, 2017, May 10, 2017, July 11, 2017, July 12, 2017,



July 18, 2017, July 28, 2017, August 22, 2017, August 23, 2017, September 27, 2017, October 04, 2017, October 05, 2017, October 05, 2017, October 05, 2017, October 06, 2017, October 10, 2017, October 11, 2017, October 12, 2017, October 12, 2017, December 26, 2017 and December 29, 2017 respectively.

\$. As on 30<sup>th</sup> trading day the closing price of the scripts Ruby Cables Limited and Shashijit Infraprojects Limited were at par with the issue price. Hence, they are not considered for counting the number of IPOs trading at discount and premium.

\$\$ The scripts of Jigar Cables Limited, Vaishali Pharma Limited, Lexus Granito (India) Limited, Worth Peripherals Limited, R M Drip and Sprinklers Systems Limited, Shree Tirupati Balajee FIBC Limited, Innovative Tyres and Tubes Limited, Poojawestern Metaliks Limited, Airo Lam Limited, Goldstar Power Limited, IRIS Business Services Limited, Tirupati Forge Limited, Beta Drugs Limited, One Point One Solutions Limited and Astron Paper & Board Mill Limited have not completed 180 Days, 180 Days, 180 Days, 180 Days, 180Days, 180 Days, 180 Days, 180 Days, 180 Days, 180 Days, 180 Days, 180 Days, 180 Days, 180 Days, 30 Days and 30 Days respectively from the date of listing.

**Note:** *Majestic Research Services and Solutions Limited and Ambition Mica Limited are Further Public Offerings lead managed by Pantomath in the Financial Years 2016-17 and 2017-18 respectively and the same have not been included in the above mentioned Summary Statement of Disclosure as the disclosure is limited to IPOs only.*