



## PURE GIFTCARAT LIMITED

(CIN: U36910GJ2011PLC065141)

Our Company was incorporated on April 26, 2011 as L'avance Dirays Limited under the provisions of the Companies Act, 1956 with Certificate of Incorporation issued by the Registrar of Companies, Gujarat, Dadra and Nagar Haveli with Corporate Identity Number U36910GJ2011PLC065141. Further name of our Company has been changed from L'avance Dirays Limited to Pure Giftcarat Limited on September 16, 2015 with certificate issued by the Registrar of Companies, Ahmedabad. For details of changes in name and registered office of our Company, please refer to the section titled "*History and Certain Corporate matters*" beginning on page 87 of this Draft Prospectus.

**Registered Office:** Plot-828/829, 3<sup>rd</sup> Floor, Office-3, Shree Kuberji Complex, Athugar Street, Nanpura Main Road, Surat-395001, Gujarat, India. For details of changes in the registered office, please refer to the section titled "*History and Certain Corporate matters*" beginning on page 87 of this Draft Prospectus.

**Telephone:** +91-261-2473233; **Contact Person:** Mr. Ankitkumar Tank, Company Secretary & Compliance Officer

**E-mail:** [info@puregiftcarat.com](mailto:info@puregiftcarat.com); **Website:** [www.puregiftcarat.com](http://www.puregiftcarat.com);

**PROMOTER OF THE COMPANY:** MRS. VARSHABEN KORADIYA

### THE ISSUE

**PUBLIC ISSUE OF 57,30,000 EQUITY SHARES OF A FACE VALUE OF RS. 10/- EACH (THE "EQUITY SHARES") OF PURE GIFTCARAT LIMITED ("PGL" OR THE "COMPANY") FOR CASH AT A PRICE OF RS. 13/- PER SHARE (THE "ISSUE PRICE"), AGGREGATING TO RS. 744.90 LAKH ("THE ISSUE"), OF WHICH, 2,90,000 EQUITY SHARES OF RS. 10/- EACH WILL BE RESERVED FOR SUBSCRIPTION BY MARKET MAKER TO THE ISSUE (AS DEFINED IN THE SECTION "DEFINITIONS AND ABBREVIATIONS") (THE "MARKET MAKER RESERVATION PORTION"). THE ISSUE LESS THE MARKET MAKER RESERVATION PORTION I.E. ISSUE OF 54, 40,000 EQUITY SHARES OF RS. 13/- EACH IS HERINAFTER REFERRED TO AS THE "NET ISSUE" AGGREGATING UP TO RS. 707.20 LAKH \*\* (THE "ISSUE"). THE ISSUE AND THE NET ISSUE WILL CONSTITUTE 26.51 % AND 25.17 %, RESPECTIVELY OF THE POST ISSUE PAID-UP EQUITY SHARE CAPITAL OF THE COMPANY.**

**THIS ISSUE IS BEING MADE IN TERMS OF CHAPTER XB OF THE SEBI (ICDR) REGULATIONS, 2009 (AS AMENDED)**

**FOR FURTHER DETAILS, PLEASE REFER TO SECTION TITLED "ISSUE INFORMATION" BEGINNING ON PAGE 143 OF THIS DRAFT PROSPECTUS**

All potential investors may participate in the Issue through an Application Supported by Blocked Amount ("*ASBA*") process providing details about the bank account which will be blocked by the Self Certified Syndicate Banks ("*SCSBs*") for the same. For details in this regard, specific attention is invited to section titled "*Issue Procedure*" beginning on page 150 of this Draft Prospectus. In case of delay, if any in refund, our Company shall pay interest on the application money at the rate of 15% per annum for the period of delay.

**THE FACE VALUE OF THE EQUITY SHARES IS RS. 10/- EACH AND THE ISSUE PRICE IS 1.3 TIMES OF THE FACE VALUE.**

### RISK IN RELATION TO THE ISSUE

This being the first public Issue of our Company, there has been no formal market for the Equity Shares of our Company. The face value of the Equity Shares is Rs.10/-. The Issue Price is 1.3 times the face value. The Issue Price (as determined by our Company, in consultation with the Lead Manager, and as stated in the section titled "*Basis for Issue Price*" beginning on page 64 of this Draft Prospectus, should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active or sustained trading in the Equity Shares of our Company or regarding the price at which the Equity Shares will be traded after listing.

### GENERAL RISKS

Investment in equity and equity related securities involves a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the Risk Factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue including the risks involved. The Equity Shares Issued in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("*SEBI*") nor does SEBI guarantee the accuracy or adequacy of the contents of this Draft Prospectus. Specific attention of the investors is invited to the section titled "*Risk Factors*" beginning on page 13 of this Draft Prospectus.

### ISSUERS' ABSOLUTE RESPONSIBILITY

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

### LISTING

The Equity Shares Issued through the Draft Prospectus is proposed to be listed on the SME Platform of BSE. In terms of the Chapter XB of the SEBI (ICDR) Regulations, 2009, as amended, we are required to obtain an in-principal listing approval for the shares being Issued in this Issue and our Company has received an approval letter dated [ ] from BSE for using its name in this Draft Prospectus for listing of our shares on the SME Platform of BSE. For the purpose of this Issue, the designated Stock Exchange will be the BSE Limited ("*BSE*").

#### LEAD MANAGER

#### REGISTRAR TO THE ISSUE



#### NAVIGANT CORPORATE ADVISORS LIMITED

423, A Wing, Bonanza,  
Sahar Plaza Complex,  
J. B. Nagar, Andheri-Kurla Road,  
Andheri (East),  
Mumbai - 400 059  
**Telephone:** +91 22 6565 4402; +91 22 6560 5550  
**Email:** [sarthak@navigantgroup.com](mailto:sarthak@navigantgroup.com)  
**Contact Person:** Mr. Sarthak Vijlani  
**Website:** [www.navigantcorp.com](http://www.navigantcorp.com)  
**SEBI Registration Number:** INM000012243



#### BIGSHARE SERVICES PRIVATE LIMITED

E-2 & 3, Ansa Industrial Estate, Saki-Vihar Road.,  
Sakinaka, Andheri(E), Mumbai, Maharashtra 400072  
**Telephone:** + 91-22-4043 0200  
**Fax:** +91-22-2847 5207  
**Email:** [ipo@bigshareonline.com](mailto:ipo@bigshareonline.com)  
**Contact Person:** Mr. Vipin Gupta  
**Website:** [www.bigshareonline.com](http://www.bigshareonline.com)  
**SEBI Registration Number:** INR000001385

### ISSUE PROGRAMME

ISSUE OPENS ON [ ]

ISSUE CLOSES ON: [ ]

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## SECTION I: GENERAL

### DEFINITIONS AND ABBREVIATIONS

This Draft Prospectus uses certain definitions and abbreviation which, unless the context otherwise indicates or implies, shall have the respective meanings given below. References to statutes, regulations, rules, guidelines and policies will be deemed to include all amendments and modifications thereto.

All references to "the Company", "Our Company", "we", "our", "us" or " Pure Giftcarat Limited " is to Pure Giftcarat Limited, a company incorporated under the previous Companies Act, 1956 and having its Registered Office at 828/829, 3rd Floor, Office-3, Shree Kuberji Complex, Athugar Street, Nanpura Main Road, Surat-395001, Gujarat, India.

The words and expression used in this Draft Prospectus, but not defined herein, shall have the same meaning ascribed to such terms under the SEBI (ICDR) Regulations, the Companies Act, the SCRA, the Depositories Act and the rules and regulations made there under as the case may be. Notwithstanding the foregoing, the terms not defined but used in the sections titled "Statement of Tax Benefits"; "Financial Statements"; "Outstanding Litigation and Material Developments"; and "Main Provisions of Articles of Association" beginning on pages 66, 106, 124 and 188 respectively, shall have the meanings ascribed to such terms in these respective sections.

#### Company Related Terms

Term	Description
Articles/ Articles of Association/ AoA	The articles of association of our Company, as amended
Audit Committee	The committee of Board of Directors constituted as our Company's' audit committee in accordance with Regulation 18 of the SEBI Listing Regulations and Section 177 of the Companies Act, 2013
Auditor/ Statutory Auditor	The statutory auditor of our Company, being Kansariwala & Chevli, Chartered Accountants.
Banker to our Company	Bank of India as disclosed in the section titled "General Information" beginning on page 31 of this Draft Prospectus
Board of Director(s)/the Board/our Board/ Director(s)	The director(s) on our Board, unless otherwise specified. For further details of our Directors, please refer to section titled "Our Management" beginning on page 90 of this Draft Prospectus.
Compliance Officer	Our Company Secretary who has been appointed as a Compliance Officer of our Company
DIN	Directors Identification Number.
Director(s)	The Director(s) on the Board of our Company, unless otherwise specified.
Equity Listing Agreement/ Listing Agreement	The equity listing agreement to be entered into by our Company with the Stock Exchanges
Equity Shares	The equity shares of our Company of face value of Rs.10 each, fully paid-up, unless otherwise specified in the context thereof
Equity Shareholders	Persons/ Entities holding Equity Shares of Our Company.
Group Companies/ Entities	The companies included under the definition of "Group Companies" under the SEBI (ICDR) Regulations and identified by the Company in its Materiality Policy. For further details, please refer to section titled "Group Entities of Our Company" beginning on page 103 of this Draft Prospectus.
ISIN	International Securities Identification Number. In this case being: INE594W01026
Key Managerial Personnel/ KMP	The key management personnel of our Company in terms of the SEBI (ICDR) Regulations and the Companies Act disclosed in section titled "Our Management" beginning on page 90 of this Draft Prospectus.
Listing Agreement	Unless the context specifies otherwise, this means the Equity Listing Agreement to be signed between our company and the BSE Platform.
Materiality Policy	The policy on identification of group companies, material creditors and material litigation, adopted by our Board on July 20, 2016, in accordance with the requirements of the SEBI (ICDR) Regulations.
Memorandum/ Memorandum of Association/ MoA	The memorandum of association of our Company, as amended

<b>Term</b>	<b>Description</b>
<b>Nomination and Remuneration Committee</b>	Nomination and remuneration committee of our Company constituted in accordance with Regulation 18 of the SEBI Listing Regulations and Companies Act, 2013
Peer Review Auditor	Independent Auditor having a valid Peer Review certificate in our case being M/s. Ramanand & Associates, Chartered Accountants
Promoter	The promoter of our Company being: Mrs. Varshaben Koradiya For further details, please refer to section titled "Our Promoters and Promoter Group of our Company" beginning on page 100 of this Draft Prospectus.
Promoter Group	Includes such persons and entities constituting the promoter group of our Company in terms of Regulation 2(1)(zb) of the SEBI (ICDR) Regulations and as disclosed under section titled "Our Promoters and Promoter Group of our Company" beginning on page 100 of this Draft Prospectus.
Registered Office	828/829, 3rd Floor, Office-3, Shree Kuberji Complex, Athugar Street, Nanpura Main Road, Surat-395001, Gujarat, India.
Restated Financial Information	Financial Information for the the period ended 30 <sup>th</sup> September, 2016 and Financial Years ended March 31, 2016, 2015, 2014, 2013 and 2012, as restated in accordance with SEBI (ICDR) Regulations, comprises of (i) Financial Information as per Restated Summary Financial Statements and (ii) Other Financial Information.
RoC/ Registrar of Companies	The Registrar of Companies, Ahmedabad situated at ROC Bhavan , Opp Rupal Park Society, Behind Ankur Bus Stop, Naranpura, Ahmedabad-380013, Gujarat
Stakeholders' Relationship Committee	Stakeholder's relationship committee of our Company constituted in accordance with Regulation 18 of the SEBI Listing Regulations and Companies Act, 2013

#### Issue related terms

<b>Term</b>	<b>Description</b>
Acknowledgement Slip	The slip or document issued by the Designated Intermediary to an Applicant as proof of registration of the Application.
Allot/ Allotment/ Allotted of Equity Shares	Unless the context otherwise requires, issue/allocation/allotment of Equity Shares of our Company pursuant to the Issue of Equity Shares to the successful Applicants.
Allocation/ Allotment of Equity Shares	The transfer of the Equity Shares pursuant to the Issue to the 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 Exchanges.
Allottee (s)	A successful applicant (s) to whom the Equity Shares are being/ have been issued /allotted.
Applicant / Investor	Any prospective investor who makes an application pursuant to the terms of this Draft Prospectus and the Application Form.
Application Amount	The amount at which the prospective investors shall apply for Equity Shares of our Company in terms of this Draft Prospectus)
Application Form	The form, whether physical or electronic, used by an Applicant to make an application, which will be considered as the application for Allotment for purposes of this Draft Prospectus.
Application Supported by Blocked Amount / ASBA	An application, whether physical or electronic, used by all applicants to make an application authorizing a SCSB to block the application amount in the ASBA Account maintained with the SCSB.  <i>Pursuant to SEBI Circular dated November 10, 2015 and bearing Reference No. CIR/CFD/POLICYCELL/11/2015 which shall be applicable for all public issues opening on or after January 01, 2016, all the investors can apply through ASBA process.</i>
ASBA Account	Account maintained by an ASBA applicant with a SCSB which will be blocked by such SCSB to the extent of the Application Amount of the ASBA Applicant.
ASBA Application Location (s)/ Specified Cities	Locations at which ASBA Applications can be uploaded by the SCSBs, namely Mumbai, New Delhi, Chennai, Kolkata, Ahmedabad, Bangalore, Hyderabad and Pune.
Basis of Allotment	The basis on which the Equity Shares will be allotted as described in the section titled "Issue Procedure - Basis of Allotment" beginning on page 150 of this Draft Prospectus.
Broker Centres	Broker centres notified by the Stock Exchanges, where the Applicants can submit the Application Forms to a Registered Broker.

Term	Description
	The details of such broker centres, along with the names and contact details of the Registered Brokers, are available on the website of the BSE on the following link:- <a href="http://www.bseindia.com/Markets/PublicIssues/brokercentres">http://www.bseindia.com/Markets/PublicIssues/brokercentres</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.
Client ID	Client Identification Number maintained with one of the Depositories in relation to demat account
Collecting Depository Participant or CDP	A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Applications at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI.
Controlling Branches of SCSBs	Such branches of the SCSBs which co-ordinate Applications under this Issue made by the Applicants with the Lead Manager, the Registrar to the Issue and the Stock Exchanges, 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.
Designated Intermediaries /Collecting Agent	Syndicate Members, Sub-Syndicate/Agents, SCSBs, Registered Brokers, Brokers, the CDPs and RTAs, who are authorized to collect Application Forms from the Applicants, in relation to the Issue
Depository/ Depositories	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996 as amended from time to time, being NSDL and CDSL.
Depository Participant/DP	A depository participant as defined under the Depositories Act, 1966.
Designated SCSB Branches	Such branches of the SCSBs which shall collect the ASBA Application Form from the ASBA Applicant and a list of which is available on the website of SEBI at <a href="http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries">http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries</a> or at such other website as may be prescribed by SEBI from time to time.
Designated CDP Locations	Such locations of the CDPs where Applicant can submit the Application Forms to Collecting Depository Participants.  The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept Application Forms are available on the websites of the Stock Exchange i.e. <a href="http://www.bseindia.com">www.bseindia.com</a>
Designated RTA Locations	Such locations of the RTAs where Applicant can submit the Application Forms to RTAs. The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept Application Forms are available on the websites of the Stock Exchange i.e. <a href="http://www.bseindia.com">www.bseindia.com</a>
Designated Date	On the Designated Date, the SCSBs shall transfer the funds represented by allocation of Equity Shares into the Public Issue Account with the Bankers to the Issue.
Draft Prospectus	This Draft Prospectus dated March 10, 2017 issued in accordance with Section 32 of the Companies Act, 2013.
Designated Market Maker	Alacrity Securities Limited
Designated Stock Exchange	SME Platform of BSE Limited
Eligible NRI(s)	NRI(s) from such jurisdiction outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom this Draft Prospectus constitutes an invitation to subscribe for the Equity Shares offered herein on the basis of the terms thereof
Escrow Agreement	Agreement entered into amongst the Company, Lead Manager, the Registrar and the Banker to the Offer to receive monies from the Applicants through the SCSBs Bank Account on the Designated Date in the Public Offer Account
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	The General Information Document for investing in public issues prepared and issued in accordance with the Circular (CIR/CFD/DIL/12/2013) dated 23 <sup>rd</sup> October, 2013, notified by SEBI read with SEBI Circular dated November 10, 2015 and bearing Reference No.

<b>Term</b>	<b>Description</b>
	<i>CIR/CFD/POLICYCELL/11/2015 which shall be applicable for all public issues opening on or after January 01, 2016, all the investors can apply through ASBA process.</i>
Issue/ Issue Size / Public Issue/ IPO	This Public Issue of 57,30,000 Equity Shares of Rs. 10 each for cash at a price of Rs. 13 per equity share aggregating to Rs. 744.90 lakh by Pure Giftcarat Limited.
Issue Closing date	The date on which the Issue closes for subscription being [ ]
Issue Opening date	The date on which the Issue opens for subscription being [ ]
Issue Price	The price at which the Equity Shares are being offered by our Company under this Draft Prospectus being Rs. 13
Issue Proceeds	The proceeds of the Issue as stipulated by the Company. For further information about use of the Issue Proceeds please refer to section titled "Objects of the Issue" beginning on page 59 of this Draft Prospectus
LM / Lead Manager	The Lead Manager for the Issue being Navigant Corporate Advisors Limited.
Market Making Agreement	The Market Making Agreement dated February 22, 2017 between our Company and Market Maker
Market Maker Reservation Portion	The reserved portion of 2,90,000 Equity Shares of Rs.10 each at an Issue Price of Rs.13 each to be subscribed by Market Maker.
MOU	The Memorandum of Understanding dated February 22, 2017 between our Company and Lead Manager.
Mutual Fund(s)	Mutual fund (s) registered with SEBI pursuant to the SEBI (Mutual Funds) Regulations, 1996, as amended.
Net Issue	The Issue (excluding the Market Maker Reservation Portion) of up to 54,40,000 equity shares of face value Rs.10 each of Pure Giftcarat Limited for cash at a price of Rs. 13 per Equity Share (the "Issue Price"), including a share premium of Rs. 3 per equity share aggregating up to Rs. 707.20 Lakhs.
Net Proceeds	The Issue Proceeds, less the Issue related expenses, received by the Company.
Non Institutional Investors or NIIs	All Applicants, including sub-accounts of FIIs registered with SEBI which are foreign corporate or foreign individuals, that are not QIBs or Retail Individual Investors and who have applied for Equity Shares for an amount of more than Rs. 2,00,000 (but not including NRIs other than Eligible NRIs)
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.
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.
Payment through electronic means	Payment through NECS, NEFT, or Direct Credit, as applicable.
Person/ Persons	Any individual, sole proprietorship, unincorporated association, unincorporated organization, body corporate, corporation, company, partnership, limited liability company, joint venture, or trust, or any other entity or organization validly constituted and/or incorporated in the jurisdiction in which it exists and operates, as the context requires.
Prospectus	The Prospectus, to be filed with the RoC in accordance with the provisions of Section 32 of the Companies Act, 2013.
Public Issue Account	The Bank Account opened with the Banker(s) to this Issue [ ]. under section 40 of the Companies Act, 2013 to receive monies from the SCSBs from the bank accounts of the ASBA Applicants on the Designated Date.
Qualified Institutional Buyers or QIBs	A Mutual Fund, Venture Capital Fund, Alternative Investment Fund and Foreign Venture Capital investor registered with the Board, a foreign portfolio investor other than Category III foreign portfolio investor, registered with the Board; a public financial institution as defined in Section 2(72) of the Companies Act, 2013; a scheduled commercial bank; a multilateral and bilateral development financial institution; a state industrial development corporation; an insurance Company registered with the Insurance Regulatory and Development Authority; a provident fund with minimum corpus of Rs. 25.00 Crore; a pension fund with minimum corpus of Rs. 25.00 Crore rupees; National Investment Fund set up by resolution No. F. No. 2/3/2005 – DDII dated November 23, 2005 of the Government of India published in the Gazette of India,

<b>Term</b>	<b>Description</b>
	insurance funds set up and managed by army, navy or air force of the Union of India and insurance funds set up and managed by the Department of Posts, India.
Registered Brokers	Stock brokers registered with the stock exchanges having nationwide terminals, other than the Members of the Syndicate.
Registrar and Share Transfer Agents or RTAs	Registrar and share transfer agents registered with SEBI and eligible to procure Applications at the Designated RTA Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI
Registrar/ Registrar to this Issue/RTI	Registrar to the Issue being Bigshare Services Private Limited
Reserved Category/ Categories	Categories of persons eligible for making application under reservation portion.
Retail Individual Investors/RIIs	Individual Applicants or minors applying through their natural guardians, (including HUFs in the name of Karta and Eligible NRIs) who have applied for an amount less than or equal to Rs.2 Lakhs in this Issue.
Self Certified Syndicate Bank(s) or SCSB(s)	Banks registered with SEBI, offering services in relation to ASBA, a list of which is available on the website of SEBI at <a href="http://www.sebi.gov.in/cms/sebi_data/attachdocs/1365051213899.html">http://www.sebi.gov.in/cms/sebi_data/attachdocs/1365051213899.html</a>
Specified Cities	Cities as specified in the SEBI Circular No. CIR/CFD/DIL/1/2011 dated April 29, 2011, namely, Ahmedabad, Bangalore, Baroda (Vadodara), Chennai, Delhi, Hyderabad, Jaipur, Kolkata, Mumbai, Pune, Rajkot and Surat.
SME Exchange	The SME Platform of the BSE Limited
SME Platform	The SME Platform of BSE Limited for listing equity shares offered under Chapter XB of the SEBI ICDR Regulation which was approved by SEBI as an SME Exchange.
Stock Exchange	BSE Limited (SME Platform)
Underwriters	Navigant Corporate Advisors Limited
Underwriting Agreement	The Agreement dated February 22, 2017 entered into amongst the Underwriters and our Company.
Working Days	Working days shall be all trading days of stock exchanges excluding Sundays and bank holidays

### Conventional and General Terms

<b>Term</b>	<b>Description</b>
ACIT	Assistant Commissioner of Income Tax
AGM	Annual General Meeting
AIF(s)	The alternative investment funds, as defined in, and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
Air Act, 1981	Air (Prevention and Control of Pollution) Act, 1981
Category I foreign portfolio investor(s)	FPIs who are registered as "Category I foreign portfolio investor" under the SEBI FPI Regulations
Category II foreign portfolio investor(s)	FPIs who are registered as "Category II foreign portfolio investor" under the SEBI FPI Regulations
Category III foreign portfolio investor(s)	FPIs who are registered as "Category III foreign portfolio investor" under the SEBI FPI Regulations
Client ID	The client identification number maintained with one of the Depositories in relation to demat account
Companies Act, 1956	Companies Act, 1956 ( <i>without reference to the provisions thereof that have ceased to have effect upon notification of the sections of the Companies Act, 2013</i> ) along with the relevant rules made there under
Companies Act/ Companies Act, 2013	Companies Act, 2013, to the extent in force pursuant to the notification of sections of the Companies Act, 2013, along with the relevant rules made there under
Competition Act	The Competition Act, 2002
Consolidated FDI Policy	Consolidated FDI Policy (Circular 1 of 2015) dated May 12, 2015 issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, and any modifications thereto or substitutions thereof, issued from time to time.
CST Act	Central Sales Tax Act, 1956
Depository	A depository registered with SEBI under the Depositories Act, 1996



<b>Term</b>	<b>Description</b>
Depository Participant/ DP	A depository participant registered with SEBI under the Depositories Act
Depositories	NSDL and CDSL
Depositories Act	The Depositories Act, 1996
DP/ Depository Participant	A depository participant as defined under the Depositories Act
FCNR Account	Foreign currency non-resident account
FEMA	Foreign Exchange Management Act, 1999 read with rules and regulations there under
FEMA Regulations	Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations 2000
FII(s)	Foreign Institutional Investors as defined under the SEBI FPI Regulations.
Financial Year/ Fiscal/ Fiscal Year/ F.Y.	Period of twelve (12) months ended March 31 of that particular year, unless otherwise stated
Foreign Portfolio Investor or FPI	Foreign Portfolio Investors, as defined under the SEBI FPI Regulations and registered with SEBI under applicable laws in India.
FVCI	Foreign Venture Capital Investor, registered under the FVCI Regulations
FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000
Income Tax Act or the I.T. Act	The Income Tax Act, 1961
Ind AS	New Indian Accounting Standards notified by Ministry of Corporate Affairs on February 16, 2015, applicable from Financial Year commencing April 1, 2016
LLP Act	The Limited Liability Partnership Act, 2008
Notified Sections	The sections of the Companies Act, 2013 that have been notified by the Government as having come into effect prior to the date of this Draft Prospectus
NRE Account	Non-resident external account
NRO Account	Non-resident ordinary account
NSE	National Stock Exchange Limited
OCB/ Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date was eligible to undertake transactions pursuant to the general permission granted to OCBs under FEMA
RBI Act	Reserve Bank of India Act, 1934
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI	The Securities and Exchange Board of India, constituted under the SEBI Act
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investment 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 (ICDR) Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended
SEBI (LODR) Regulations/ SEBI Listing Regulations	SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
SEBI VCF Regulations	The erstwhile Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996
Securities Act	U.S. Securities Act of 1933, as amended
State Government	The government of a state of the Union of India
STT	Securities Transaction Tax
Sub-account	Sub-accounts registered with SEBI under the SEBI FII Regulations other than sub-accounts which are foreign corporates or foreign individuals
VCFs	Venture Capital Funds as defined and registered with SEBI under the SEBI VCF Regulations



## Technical and Industry related terms

Term	Description
ARMs	Additional Revenue Measures
CAGR	Compound Annual Growth Rate
CapEx	Capital Expenditure
CPI	Consumer price index
CSO	Central Statistics Office
DIPP	Department of Industrial Policy and Promotion
FDI	Foreign Direct Investment
FOB	Freight On Board
GDP	Gross Domestic Product
GDS	Gold Deposit Scheme
GJEPC	Gems and Jewellery Export promotion Council
GML	Gold Metal Loan
GVA	Gross value added
IIGJ	Indian Institute of Gems & Jewellery
HVI	High Volume Instrument
IIP	Index of Industrial Production
IPS Scheme 2007	Package Scheme of Incentives 2007
Kg/kgs	Kilogram(s)
KVA	Kilo-volt-ampere (a unit of apparent power)
MAI	Market Access Initiative
MDA	Market Development Assistance
MoU	Memorandum of Understanding
NER	North East Region
Sq. ft	Square feet
WEO	World Economic Outlook
WIL	Welspun India Limited
WPI	Wholesale Price Index

## General terms/ Abbreviations

Term	Description
Rs. or Rs. or Rupees or INR	Indian Rupees
AGM	Annual General Meeting
AS/Accounting Standards	Accounting Standards issued by the Institute of Chartered Accountants of India.
A.Y.	Assessment year
BC	Before Christ
BPLR	Bank Prime Lending Rate
BSE	The BSE Limited
CAGR	Compounded annual growth rate
CARO	Companies (Auditor's Report) Order, 2003
CDSL	Central Depository Services (India) Limited
CEO	Chief Executive Officer
CIN	Corporate Identity Number
CLB	Company Law Board
CrPC	Criminal Procedure Code, 1973, as amended
CSR	Corporate Social Responsibility
DIN	Director Identification Number
DP ID	Depository participant's identification
ECS	Electronic Clearing System
EBITDA	Earnings before Interest, Tax Depreciation and Amortisation
EGM	Extraordinary General Meeting of the Shareholders of the Company
EPS	Earnings Per Share
ESOS	Employee Stock Option Scheme
FDI	Foreign direct investment

<b>Term</b>	<b>Description</b>
FIPB	Foreign Investment Promotion Board
GAAR	General anti avoidance rules
GIR	General index register
GoI/Government	Government of India
HNI	High Net worth Individual
HUF	Hindu Undivided Family
ICAI	Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards
Indian GAAP	Generally Accepted Accounting Principles in India
ISO	International Organization for Standardization
IT Act	The Income Tax Act, 1961, as amended
IT Rules	The Income Tax Rules, 1962, as amended
JV	Joint Venture
MCA	Ministry of Corporate Affairs, Government of India
MoU	Memorandum of understanding
N.A.	Not Applicable
NAV/ Net Asset Value	Net asset value being paid up equity share capital plus free reserves ( <i>excluding reserves created out of revaluation</i> ) less deferred expenditure not written off ( <i>including miscellaneous expenses not written off</i> ) and debit balance of profit and loss account, divided by number of issued Equity Shares
NECS	National Electronic Clearing Services
NEFT	National Electronic Fund Transfer
NoC	No Objection Certificate
No.	Number
NR	Non-resident
NSDL	National Securities Depository Limited.
NTA	Net Tangible Assets
p.a.	Per annum
PAN	Permanent Account Number
PAT	Profit After Tax
PBT	Profit before tax
PCB	Pollution Control Board
P/E Ratio	Price per Earnings Ratio
Pvt.	Private
RBI	Reserve Bank of India
RoC	Registrar of Companies
RONW	Return on Net Worth
RTGS	Real time gross settlement
SCN	Show Cause Notice
SCSB	Self-certified syndicate bank
UIN	Unique identification number
US	United States
U.S. GAAP	Generally Accepted Accounting Principles in the United States of America
VAT	Value added tax
YoY	Year on Year

## **CURRENCY CONVENTIONS, USE OF FINANCIAL, INDUSTRY AND MARKET DATA AND CURRENCY PRESENTATION**

### **Certain Conventions**

Unless otherwise specified or the context otherwise requires, all references to "India" in this Draft Prospectus are to the Republic of India, all references to the "U.S.", the "USA" or the "United States" are to the United States of America, together with its territories and possessions.

Unless stated otherwise, all references to page numbers in this Draft Prospectus are to the page numbers of this Draft Prospectus.

### **Financial Data**

Unless stated otherwise, the financial information in this Draft Prospectus is derived from our Restated Financial Statements (i) as of and for F.Y. ended March 31 2014, 2013, 2012 is prepared in accordance with Indian GAAP and the Companies Act, 1956, read with General Circular 8/2014 dated April 4, 2014 issued by the Ministry of Corporate Affairs and other applicable statutory and/ or regulatory requirements and (ii) as of and for period ended on 30<sup>th</sup> September, 2016 and F.Y. ended March 31, 2016 and 2015 is prepared in accordance with Indian GAAP and the Companies Act, 2013. The above stated financial information is restated in accordance with the SEBI (ICDR) Regulations.

In this Draft Prospectus, all figures in decimals have been rounded off to the second decimal place and all percentage figures have been rounded off to two decimal places.

Indian GAAP differs in certain material respects 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 Draft Prospectus, nor do we provide a reconciliation of the financial statements to those under U.S. GAAP or IFRS. Accordingly, the degree to which the financial information prepared in accordance with Indian GAAP, Companies Act and the SEBI (ICDR) Regulations included in this Draft Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Accounting Standards and accounting practices, Indian GAAP, the Companies Act and the SEBI (ICDR) Regulations. Please refer to section titled "Risk Factors" beginning on page 13 - Significant differences could exist between Indian GAAP and other accounting principles, such as U.S. GAAP and IFRS, which may affect investors' assessments of our Company's financial condition" beginning on page 13 of this Draft Prospectus. Any reliance by persons not familiar with Indian accounting practices, Indian GAAP, the Companies Act and the SEBI (ICDR) Regulations on the financial disclosures presented in this Draft Prospectus should accordingly be limited. In making an investment decision, investors must rely upon their own examination of our Company, the terms of the Issue and the financial information relating to our Company. Potential investors should consult their own professional advisors for an understanding of these differences between Indian GAAP and IFRS or U.S. GAAP, and how such differences might affect the financial information contained herein.

Unless otherwise indicated, any percentage amounts, as set forth in this Draft Prospectus, including in the sections titled "Risk Factors"; "Our Business"; "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages 13, 74 and 120 respectively, have been calculated on the basis of the restated audited financial statements of our Company included in this Draft Prospectus.

### **Currency and Units of Presentation**

All references to "Rupees", "Rs.", "INR" or "Rs." are to Indian Rupees, the official currency of the Republic of India. Our Company has presented certain numerical information in this Draft Prospectus in "lakhs" units. One lakh represents 1,00,000. In this Draft Prospectus, any discrepancies in any table between the total and the sums of the amounts listed therein are due to rounding-off.

### **Industry and Market Data**

Unless stated otherwise, industry and market data used throughout this Draft Prospectus has been derived from industry publications. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although, we believe that the industry and market data used in this Draft Prospectus is reliable, neither we nor the Lead Manager nor any of their respective affiliates or advisors have prepared or verified it independently. The extent to which the market and industry data used in this Draft Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data.

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" beginning on page 13 of this Draft Prospectus. Accordingly, investment decisions should not be based on such information.

In accordance with the SEBI (ICDR) Regulations, we have included in the section titled "Basis for Issue Price" beginning on page 64 of this Draft Prospectus, information pertaining to the peer group entities of our Company. Such information has been derived from publicly available data of the peer group companies.

### **Exchange Rates**

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

## FORWARD LOOKING STATEMENTS

The Company has included statements in this Draft Prospectus which contain words or phrases such as "may", "will", "aim", "believe", "expect", "will continue", "anticipate", "estimate", "intend", "plan", "seek to", "future", "objective", "goal", "project", "should", "potential" and similar expressions or variations of such expressions, that are or may be deemed to be forward looking statements.

All statements regarding the expected financial condition and results of operations, business, plans and prospects are forward-looking statements. These forward-looking statements include statements as to the business strategy, the revenue, profitability, planned initiatives. These forward-looking statements and any other projections contained in this Draft Prospectus (*whether made by us or any third party*) are predictions and involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. Important factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under the section titled "Risk Factors"; "Management's Discussion and Analysis of Financial Condition and Results of Operations"; "Industry Overview"; and "Our Business" beginning on pages 13, 120, 68 and 74 respectively of this Draft Prospectus.

The forward-looking statements contained in this Draft Prospectus are based on the beliefs of our management, as well as the assumptions made by and information currently available to our management. Although we believe that the expectations reflected in such forward-looking statements are reasonable at this time, we cannot assure investors that such expectations will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. If any of these risks and uncertainties materializes, or if any of the underlying assumptions prove to be incorrect, the actual results of operations or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent written and oral forward-looking statements attributable to us are expressly qualified in their entirety by reference to these cautionary statements.

Certain important factors that could cause actual results to differ materially from our Company's expectations include, but are not limited to, the following:

1. General economic and business conditions in India and other countries;
2. Disruption in our manufacturing facilities;
3. Our revenues are significantly dependent upon sales of our main products that are gems and jewelleryes;
4. Regulatory changes relating to the finance and capital market sectors in India and our ability to respond to them;
5. Changes in laws and regulations that apply to the Company;
6. Our business is subject to seasonal volatility;
7. Any changes in regulations or applicable government incentives would adversely affect the Company's operations and growth prospects;
8. Our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks that have an impact on our business activities or investments;
9. Our ability to keep pace with rapid changes in finance and stock broking sector;
10. The monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic and foreign laws, regulations and taxes and changes in competition in our industry;
11. The occurrence of natural disasters or calamities; and
12. Change in political and social condition in India.

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. Our Company, the Lead Manager, or their respective affiliates do not have any obligation to, and do not intend to, update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, our Company and the Lead Manager will ensure that investors are informed of material developments until the time of the grant of final listing and trading permissions with respect to Equity Shares being offered in this Issue, by the Stock Exchanges. Our Company will ensure that investors are informed of material developments in relation to statements about our Company in this Draft Prospectus until the Equity Shares are allotted to the investors.

## SECTION II: RISK FACTORS

*Any investment in equity securities involves a high degree of risk. You should carefully consider all of the information in this Draft Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. To obtain a more complete understanding, you should read this section together with section titled "Our Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages 74 and 120 respectively, as well as the other financial and statistical information contained in this Draft Prospectus.*

*Any of the following risks, as well as the other risks and uncertainties discussed in this Draft Prospectus, could have an adverse effect on our business, financial condition, results of operations and prospects and could cause the trading price of our Equity Shares to decline, which could result in the loss of all or a part of your investment. The risks and uncertainties described in this section are not the only risks that we may face. Additional risks and uncertainties not known to us or that we currently believe to be immaterial may also have an adverse effect on our business, results of operations, financial condition and prospects.*

*This Draft Prospectus contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Draft Prospectus.*

*The financial and other related implications of risks concerned, wherever quantifiable, have been disclosed in the risk factors mentioned below. However, there are certain risk factors where the effect is not quantifiable and hence has not been disclosed in such risk factors. You should not invest in this offering unless you are prepared to accept the risk of losing all or part of your investment, and you should consult your tax, financial and legal advisors about the particular consequences to you of an investment in the Equity Shares.*

*The financial information in this section is, unless otherwise stated, derived from our Consolidated Restated Financial Statements prepared in accordance with Indian GAAP, as per the requirements of the Companies Act 2013 and SEBI (ICDR) Regulations. The risk factors have been determined on the basis of their materiality. Some events may not be material individually but may be found to be material collectively, some events may have a material impact qualitatively instead of quantitatively and some events may not be material at present but may have material impacts in the future.*



### **Internal Risk Factors**

- 1. If we are unable to effectively manage our expanded operations or pursue our growth strategy, our business prospects, financial condition and results of operations may be materially and adversely affected.***

Our business and operations have grown in recent years. As we expand our retail network, we will be exposed to various challenges, including those relating to identification of potential markets and suitable locations for our new showrooms, obtaining leases for such showrooms, competition, different cultures and customer preferences, regulatory regimes, business practices and customs. We may require significant financial resources in connection with the leasing of our new stores, financing inventory and hiring of additional employees for our expanded operations. We may require more loans to finance such expansion and there can be no assurance that such loans will be available to us on commercially acceptable terms, or at all. We will also be required to obtain certain approvals to carry on business in new locations and there can be no assurance that we will be successful in obtaining such approvals. Further, we expect

our expansion plans to place significant demands on our managerial, operational and financial resources, and our expanded operations will require further training and management of our employees and the training and induction of new employees. As we enter into new markets, we may face competition from retailers, who may have an established local presence, and may be more familiar with local customers' design preferences, business practices and customs. Our historic growth rates or results of operations are not representative or reliable indicators of our future performance. While we intend to continue to expand our operations in India, we may not be able to sustain historic growth levels, and may not be able to leverage our experience in our existing markets in order to grow our business in new markets. An inability to effectively manage our expanded operations or pursue our growth strategy may lead to operational and financial inefficiencies, which could have a material adverse effect on our business prospects, financial condition and results of operations.

- 2. Our business depends on our ability to attract and retain skilled sales personnel and competition for such personnel is intense. Failure to attract such personnel could materially and adversely affect our business, results of operation and financial condition.***

The industry in which we operate is dependent on our sales expertise and our success depends on our ability to recruit, train and retain skilled person who are experienced in our industry and may identify the difference amongst the synthetic diamond and the pure diamond and sales personnel who are trustworthy as our product is costly. In our industry, the level, trustworthiness and quality of sales personnel and customer service are key competitive factors and an inability to recruit, train and retain suitably qualified and skilled sales personnel could adversely impact our reputation, business prospects and results of operations. A significant increase in the attrition rate would increase our recruiting costs and decrease our operating efficiency, productivity and profit margins and could lead to a decline in demand for our products.

- 3. A decrease in the availability or an increase in the price of diamonds may make it difficult for us to procure enough diamonds at competitive prices to supply our customers.***

We source our diamond requirements through secondary market purchases. The availability and price of diamonds may fluctuate depending on the political situation in diamond-producing countries. Sustained interruption in the supply of rough diamonds, an overabundance of supply or a substantial change in our relationship the wholesale trading firms i.e our suppliers, could adversely affect us. A failure to secure diamonds at reasonable commercial prices and in sufficient quantities would lower our revenues and adversely impact our results of operations. In addition, increases in the price of diamonds may adversely affect consumer demand, which could cause a decline in our sales.

- 4. Our business is partly seasonal in nature and dependent on factors affecting consumer spending that are out of our control.***

Diamond purchases are discretionary and are more often perceived to be an exercise in luxury. As a result, our business is sensitive to a number of factors that influence consumer spending. The price of diamond relative to other products, everyday household as well as luxury items, influences the proportion of consumer's money that is spent on the buying of diamond. Other factors include festive seasons, marriages season and general economic conditions, consumer confidence in future economic and political conditions, fears of economic slowdown, consumer debt, disposable consumer income. If our Company unable to cope up with demand of customers and their requirement during the festive season and Marriage seasons, our profitability will be adversely affected on account of reduction of sales. Further we may not be able to recover the shortfalls of sales of such periods.

- 5. If we are unable to renew our existing leases or secure new leases for our existing or new stores, or offices on commercially acceptable terms, or if we fail to comply with the terms and conditions of our leases resulting in termination of our leases, it could have a material adverse effect on our business, financial condition and results of operations.***

All of our existing stores and offices are located at leased properties and have entered lease agreements and out of that few agreements have been expired. We typically enter into lease agreements for a period as mutually decided amongst the parties for our stores. In the event that these existing leases are terminated or they are not renewed on commercially acceptable terms, we may suffer a disruption in our operations. If alternative premises are not available at the same or similar costs, size or locations, our business, financial condition and results of operations may be adversely affected. In addition, any adverse development relating to the landlord's title or ownership rights to such properties may entail incurring significant legal expenses and adversely affect our operations, a significant interest penalty for any delays in payment of rent and fixed price escalation clauses that provide for a periodic increase in rent. If our sales do not increase in line with our rent and costs, our profitability and results of operations could be adversely affected.



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

Our cash flow from our operating activities, investing and financing activities have been negative in the past. Our cash flows from investing activities were negative in the financial year ended 2014, 2015 and 2016 and our cash flows from financing activities was negative in the financial year ended 2014.

Details of our cash flows for the last three years:

Particulars	For the year ended March 31 <sup>st</sup>		
	2016	2015	2014
Net Cash from Investing Activities	(534.71)	-	-
Net Cash used in Financing Activities	1578.42	-	-

(Rs. In Lakh )

Any net negative cash flows in the future could adversely affect our results of operations and consequently our revenues, profitability and growth plans.

**7. Our business in which we operate may be adversely affected by the decision of Government of India to withdraw the legal tender status of Rs. 500 and Rs. 1,000 denominations of banknotes issued by the RBI up to November 8, 2016, which could have a material adverse effect on our business, results of operations and financial condition.**

Through notifications dated November 8, 2016 issued by the Ministry of Finance, GoI (no. 2652) and the RBI (RBI/2016-17/112 DCM (Plg) No.1226/10.27.00/2016-17) Rs. 500 and Rs. 1,000 denominations of banknotes of the existing series issued by the RBI have ceased to be legal tender (the “Demonetisation of Bank notes”). According to an RBI press release, the Demonetisation of Banknotes is aimed at redressing counterfeiting of Indian banknotes, reduce cash hoarding and curb funding of terrorism with counterfeit banknotes. (Source: RBI’s press release 2016-2017/1142, dated November 8, 2016).

Accordingly, the cashflows of borrowers have impacted resulting in decrease of our sales as we believe that our business have high reliance on cash disbursements and that may face a temporary disruption till the system adjusts and realigns itself with the new ground realities. If the Demonetisation of Banknotes or any future demonetisation initiative of the GoI leads to a decrease in the volume of housing sales, it may result in a decline in demand for housing finance, which could have a material adverse effect on our business, results of operations and financial condition.

**8. Insurance coverage obtained by us may not adequately protect us against unforeseen losses.**

We do not maintain any insurance coverage in accordance with industry standards that we believe is adequate for our operations. Our insurance policies, however, may not provide adequate coverage in certain circumstances and are subject to certain deductibles, exclusions and limits on coverage. There can however be no assurance that the terms of our insurance policies will be adequate to cover any damage or loss suffered by us or that such coverage will continue to be available on reasonable terms or will be available in sufficient amounts to cover one or more large claims, or that the insurer will not disclaim coverage as to any future claim. A successful enforcement of one or more claims against us that exceeds our available insurance coverage or changes in our insurance policies, including premium increases or the imposition of a larger deductible or co-insurance requirement, could adversely affect our business, financial condition, cash flows and results of operations.

**9. Our revenues are significantly dependent upon sales of a few products.**

Our core business is spread in Gujarat only. Consequently, our income is significantly dependent on sales of diamonds and over the years, such sales have emerged as the largest single contributor to our revenue and business. Our continued reliance on sales of different types of jewellery trends and supplements of fashion industry for a significant portion of our revenue exposes us to risks, including the potential reduction in the demand for such copper wires in the future; increased competition from domestic and international manufacturers; the invention of superior and cost-effective technology; fluctuations in the price and availability of the raw materials; changes in regulations and import duties; and the cyclical nature of our customers’ businesses.

**10. *There may be potential conflict of interests between our company and other venture or enterprises promoted by our promoters or directors.***

The business and operations of our listed Promoter group company i.e. Synergy Bizcon Limited that belong to and controlled by son of our Promoter. There can be no assurance that this Company will not compete with us. The main objects of our Company and our promoter group company allow them to have same/similar to business as carried out by our Company. Further we have not executed any Non-Compete Agreement with our Promoter Group Company undertaking not to engage in businesses similar to that of our Company. Failure to adhere to the may have an adverse effect on our business operations and financial conditions.

**11. *Insufficient cash flows to meet required payments on our debts and working capital requirements could adversely affect our Company's operations and financial results.***

The business of our Company requires a significant amount of working capital to finance the purchase of raw materials and maintain inventories i.e diamond. The working capital requirements of our Company are also affected by the credit lines that our Company extends to its customers and also risk on buyer for payment for the diamond. In line with industry practice. Moreover, our Company may need to raise further term loans and working capital loans in the future to meet its capital expenditure and to satisfy its working capital requirements. There can be no assurance that our Company will continue to be successful in arranging adequate working capital and term loans for its existing or expanded operations on acceptable terms or at all, which could adversely affect our Company's operations and financial results.

**12. *Any changes in regulations or applicable government incentives would adversely affect the Company's operations and growth prospects.***

Our Company is also subject to various regulations. Our Company's business and prospects could be adversely affected by changes in any of these regulations and policies, including the introduction of new laws, policies or regulations or changes in the interpretation or application of existing laws, policies and regulations. There can be no assurance that our Company will succeed in obtaining all requisite regulatory approvals in the future for its operations or that compliance issues will not be raised in respect of its operations, either of which would have a material adverse affect on the Company's operations and financial results.

**13. *Our business depends on our ability to attract and retain skilled sales personnel and competition for such personnel is intense. Failure to attract such personnel could materially and adversely affect our business, results of operations and financial condition***

Our success depends on our ability to attract, hire, train and retain skilled sales personnel. In the jewellery retail industry, the level and quality of sales personnel and customer service are key competitive factors and an inability to recruit, train and retain suitably qualified and skilled sales personnel could adversely impact our reputation, business prospects and results of operations. We have historically experienced difficulty in identifying, training and retaining sales personnel as the Indian retail industry in general, and the jewellery retail industry in particular, has experienced significant growth in recent years.

**14. *The non-availability or high cost of quality Diamond may have an adverse effect on our business, results of operations and financial condition.***

Timely procurement of materials as well as the quality and the price at which it is procured, play an important role in the successful operation of our business. Accordingly, our business is affected by the availability, cost and quality of precious and semi-precious stones. The prices and supply of these materials depend on factors beyond our control, including general economic conditions, competition, production levels and regulatory factors such as import duties. There has been a significant increase in the cost of diamond in recent years, which have resulted in an increase in our purchase cost. We cannot assure you that we will be able to procure quality diamond stones at competitive prices or at all. We source our purchases from local suppliers situated in the state of Gujarat. We do not have any arrangements with the Vendors and failure make good relationship with them will may affect the results adversely and our business and reputation may be adversely affected. Further, any rise in diamond prices may cause customers to delay their purchases, thereby adversely affecting our business, operations and financial condition. We typically execute purchase orders with our suppliers and have not entered into any long-term contracts with them.

- 15. *Our operations are subject to high working capital requirements. Our inability to maintain sufficient cash flow, credit facilities and other sources of funding, in a timely manner, or at all, to meet requirement of working capital or pay out debts, could adversely affect our operations.***

Our business requires significant amount of working capital and major portion of our working capital is utilized towards debtors and inventories. Our growing scale and expansion, if any, may result in increase in the quantum of current assets. Our inability to maintain sufficient cash flow, credit facility and other sourcing of funding, 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.

Further, we have high Debtors which may result in a high risk in case of non-payment by these Debtors. In the event we are not able to recover our dues from our Debtors, we may not be able to maintain our Sales level and thus adversely affecting our financial health.

- 16. *We face the risk of liability from the Product development contracts with industry specialists.***

We have entered several Product development contracts with industry specialists to develop the code for the e-commerce jewels products according to the required specifications. In the event of delay in submission of work will result in penalty of 300% on contract fees and contractors will be liable to pay fixed penalties to us and will lead to termination of the contracts which may reduce our profitability. This could have an adverse effect on our business.

- 17. *We might not be able to successfully implement our business strategies***

In order to achieve our goal, we intend to evaluate the possibilities of expanding our presence. For further details, please see the Section titled "Our Business" on page no. 74 of this Draft Prospectus.

- 18. *Our Promoter and Promoter Group will retain majority control over the Company after the Issue, which will allow them to influence the outcome of matters submitted to shareholders for approval.***

Upon completion of the Issue, our Promoter and Promoter Group will own 63.15% of the post-issue Equity Share capital of the Company. As a result, the Promoter and Promoter Group will have the ability to exercise significant influence over all matters requiring shareholder's approval, including the election of directors and approval of significant corporate transactions. The Promoter and Promoter Group will continue to have an effective veto power with respect to any shareholder action or approval requiring a majority vote. For further details of Promoters' shareholding, please refer to section titled "Capital Structure" beginning on page 31 of this Draft Prospectus.

- 19. *The objects of the Issue for which funds are being raised have not been appraised by any bank or financial institution. The deployment of funds in the project is entirely at our discretion and as per the details mentioned in the section titled "Objects of the Issue". Any revision in the estimates may require us to reschedule our projected expenditure and may have a bearing on our expected revenues and earnings.***

Our funding requirements and the deployment of the Net Issue proceeds are based on management estimates and have not been appraised by any bank or financial institution. It cannot be assured that these estimates are accurate. We may have to revise our management estimates from time to time and consequently our funding requirements may also change. Our estimates may exceed the value that would have been determined by third party appraisals and may require us to reschedule our projected expenditure, which may have a bearing on our expected revenues and earnings. Further, if the actual expenditure for the "*Objects of the Issue*" exceeds the estimates of our management, we may be required to raise additional debt, on terms that may not be totally favourable to our Company, which may in turn affect our profitability. Further, the deployment of the funds towards the "*Objects of the Issue*" is entirely at the discretion of our Board of Directors and is not subject to monitoring by external independent agency. However, the deployment of funds is subject to monitoring by our audit committee. However, in accordance with Section 27 of the Companies Act, 2013, our Company shall not vary the objects of the Issue without our Company being authorised to do so by the Shareholders by way of a special resolution and other applicable compliances.

20. ***We have not carried out an independent appraisal of our working capital requirements. Therefore, if our estimation is not accurate, we may be required to raise additional debt on terms that may not be totally favourable to us.***

Our working capital requirements are as per the management's estimates and we have not independently appraised or evaluated our working capital requirements by any bank or financial institution. Further, the estimates of our working capital requirement are based on the experience of our management and Promoters. However, it cannot be assured that these estimates may be accurate. We may require more working capital in which case, we may be required to raise additional debt, on terms that may not be totally favourable to our Company, which may in turn adversely affect our profitability.

21. ***The schedule of implementation envisaged by us may be delayed and as a result thereof, we may face operational delays. This may have an adverse effect on our business operations and our return on investments.***

The proposed schedule of implementation may be delayed by any reason whatsoever, including any delay in completion of the Issue. If the schedule of implementation is delayed, we may have to revise our working capital limits resulting in unprecedented financial mismatch and this may affect our revenues and results of operations.


22. ***We are dependent on our Directors and key managerial personnel of our Company for success whose loss could seriously impair the ability to continue to manage and expand business efficiently***

Our Directors and key managerial personnel collectively have vast experience in the industry and are difficult to replace. They provide expertise, which enables us to make well informed decisions in relation to our business and our future prospects. Our success largely depends on the continued services and performance of our management and other key personnel. The loss of service of our Directors and other senior management could seriously impair the ability to continue to manage and expand the business efficiently. Also, the loss of any of the management or other key personnel may adversely affect the operations, finances and profitability of our Company. Any failure or inability of our Company to efficiently retain and manage its human resources would adversely affect our ability expand our business.

Further, our future performance will depend upon the skills, efforts, expertise, and continued services of these persons and our ability to attract and retain qualified senior and mid-level managers. The loss of their services or those of any other members of management could impair our ability to implement our strategy and may have a material adverse effect on our business, financial condition and results of operations. For further details of our Directors and key managerial personnel, please refer to section titled "Our Management" beginning on page 87 of this Draft Prospectus.

23. ***Trademark of our logo is not registered and we are in the process of seeking registration of trademark of our logo. There is no assurance that this application shall result in us being granted registration in a timely manner. Failure to protect our intellectual property may adversely affect our reputation, goodwill and business operations***



Our trademark  has not been registered and currently we are using trademarks i.e. which is applied under Trade Marks Act the registration of which is currently in process. Any failure to get the same registered in our name may affect our business prospectus. Pending completion of registration proceeding, any third-party claim on any of our Trademark may lead to litigation and our business operations could be affected. Even if our trademarks are registered, we may not be able to detect any unauthorized use or infringement or take appropriate and timely steps to enforce or protect our intellectual property, nor can we provide any assurance that any unauthorized use or infringement will not cause damage to our business prospects. For further details of our pending approvals, please see section Intellectual Property under chapter "***Government and Other Approvals***" beginning on page 128 of this Draft Prospectus.

24. ***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 and theft could expose us to business risks or losses, including regulatory sanctions and serious harm to our reputation. There can be no assurance that we will be able to detect or deter such misconduct. Moreover, the precautions we take to prevent and detect such activity may not be effective in all cases. Our employees and agents may also commit errors and theft 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.

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

We sell diamond which is highly competitive market. Hence we may face pricing pressures from competitors who has better financial and business resources. In order to compete with our competitors, we must continue to maintain our reputation, we have to be flexible and prompt in responding to challenging markets. There can be no assurance to compete with our competitors in the future, and any such failure to compete effectively may have material adverse effect on our business, financial condition and result of operations.

**EXTERNAL RISKS**

**26. *The Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 have effected significant changes to the existing Indian company law/ listing 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 come into 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 (including provisions in relation to issue of securities on a private placement basis), disclosures in offering documents, corporate governance norms, accounting policies and 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 futures trading. Further, the Companies Act, 2013 imposes greater monetary and other liability on us and our directors for any non-compliance.

To ensure compliance with the requirements of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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 the 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. Further, we cannot currently determine the impact of provisions of the Companies Act, 2013 which are yet to be notified. Any increase in our compliance requirements or in our compliance costs may have an adverse effect on our business and results of operations.

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

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

If the rate of Indian price inflation increases, our results of operations and financial condition may be adversely affected. In recent years, India's wholesale price inflation index has indicated an increasing inflation trend compared to prior periods. An increase in inflation in India could cause a rise in the price of transportation, wages, raw materials or any other expenses. In particular, the prices of raw materials required for manufacturing of our products are subject to increase due to a variety of factors beyond our control, including global commodities prices and economic conditions. If this trend continues, we may be unable to reduce our costs or pass our increased costs on our customers and our results of operations and financial condition may be materially and adversely affected.

**28. *Global economic downturn and adverse market conditions could cause our business to suffer. A slowdown in economic growth in India could cause our business to suffer***

The developed economies of the world viz. U.S., Europe, Japan and others are in midst of a downturn affecting their economic condition and markets general business and consumer sentiment has been adversely affected due to the global slowdown and there can be no assurance whether the developed economies or the emerging market economies will see good economic growth in the near future. Consequently, this has also affected the global stock and commodity markets.

Our performance and growth is directly related to the performance of the Indian economy. The performance of the Indian economy is dependent among other things on the interest rate, political and regulatory actions, liberalization policies, commodity and energy prices etc. A change in any of the factors would affect the growth prospects of the Indian economy, which may in turn adversely impact our results of operations, and consequently the price of our Equity Shares.

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

Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely affect our ability to raise additional financing and the interest rates and other commercial terms at which such additional financing is available. This could have a material adverse effect on our capital expenditure plans, business and financial performance.

**30. *Regional hostilities, terrorist attacks, communal disturbances, civil unrest and other acts of violence or war involving India and other countries may result in a loss of investor confidence and adversely affect the financial markets and our business.***

Some parts of India have experienced communal disturbances, terrorist attacks and riots during recent years. If such events recur, our operational and marketing activities may be adversely affected, resulting in a decline in our income. The Asian region has, from time to time, experienced instances of civil unrest and hostilities among neighbouring countries. Since May 1999, military confrontations between countries have occurred in Kashmir. The hostilities between India and its neighbouring countries are particularly threatening because India and certain of its neighbours possess nuclear weapons. Hostilities and tensions may occur in the future and on a wider scale. Also, since 2003, there have been military hostilities and continuing civil unrest and instability in Afghanistan. There has also recently been hostility in the Korean Peninsula. In July 2006 and November 2008, terrorist attacks in Mumbai resulted in numerous casualties. Events of this nature in the future, as well as social and civil unrest within other countries in Asia, could influence the Indian economy and could have a material adverse effect on the market for securities of Indian companies, including our Equity Shares.

**31. *The occurrence of natural disasters may adversely affect our business, financial condition and results of operations.***

The occurrence of natural disasters, including hurricanes, floods, earthquakes, tornadoes, fires and pandemic disease may adversely affect our financial condition or results of operations. The potential impact of a natural disaster on our results of operations and financial position is speculative, and would depend on numerous factors. The extent and severity of these natural disasters determines their effect on the Indian economy. Although the long term effect of diseases such as the H5N1 "avian flu" virus, or H1N1, the swine flu virus, cannot currently be predicted, previous occurrences of avian flu and swine flu had an adverse effect on the economies of those countries in which they were most prevalent. An outbreak of a communicable disease in India would adversely affect our business and financial conditions and results of operations. We cannot assure you that such events will not occur in the future or that our business, financial condition and results of operations will not be adversely affected.

**32. *Changing laws, rules and regulations and legal uncertainties, including adverse application of corporate and tax laws, may adversely affect our business, results of operations, financial condition and prospects.***

The regulatory and policy environment in which we operate is evolving and subject to change. Such changes, including the instances mentioned below, may adversely affect our business, results of operations, financial condition and prospects, to the extent that we are unable to suitably respond to and comply with any such changes in applicable law and policy.

- The GoI has proposed a comprehensive national goods and services tax ("**GST**") regime that will combine taxes and levies by the Central and State Governments into a unified rate structure which is proposed to be effective from April 1, 2016. While the GoI and other state governments have announced that all committed incentives will be protected following the implementation of the GST, given the limited availability of information in the public domain concerning the GST, we are unable to provide any assurance as to this or any other aspect of the tax regime following implementation of the GST. The implementation of this rationalized tax structure may be affected by any disagreement between certain state governments, which may create uncertainty. Any such future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable.

- Further, the General Anti Avoidance Rules ("**GAAR**") are proposed to be made effective from April 1, 2017. The tax 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. If the GAAR provisions are made applicable to our Company, it may have an adverse tax impact on us.

We have not determined the impact of these proposed legislations on our business. Uncertainty in the applicability, Interpretation or implementation of any amendment to, or change in, governing law, regulation or policy in the jurisdictions in which we operate, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current business or restrict our ability to grow our business in the future. Further, the GoI may introduce a waiver or incentive scheme in relation to specific population segments such as MSEs in public interest, pursuant to which we may be required to offer our products and services at discounted rates. This may affect our business and results of operations.

### Prominent Notes to Risk Factors

- Public Issue of 57,30,000 equity shares of face value Rs.10 each of Pure Giftcarat Limited for cash at a price of Rs. 13 per Equity Share (the "**Issue Price**"), including a share premium of Rs. 3 per equity share, aggregating up to Rs.744.90 Lakh.
- The Net Asset Value per Equity Share of our Company as per the Restated Financial Information as of September 30, 2016 is Rs. 10.10 per share. For further details, please refer to section titled "Financial Statements" beginning on page 106 of this Draft Prospectus.
- The Net Worth of our Company as per the Restated Financial Information as of September 30, 2016 is Rs. 1605.00 lakhs. For further details, please refer to the section titled "Financial Statements" beginning on page 106 of this Draft Prospectus.
- The average cost of acquisition per Equity Share of our Promoters is set out below:

Name of the Promoter	No. of Equity Share held	Average price per Equity Share (Rs.)
Mrs. Varshaben Koradiya	120,75,000	11.26

For further details, please refer to section titled "Capital Structure" beginning on page 38 of this Draft Prospectus.

- There has been change in name of our Company from L'avance Diryas Limited to Pure Giftcarat Limited on 16<sup>th</sup> September 2015.
- There has been no financing arrangement whereby our Directors, or any of their respective relatives have financed the purchase by any other person of securities of our Company other than in the ordinary course of the business of the financing entity during the six (6) months preceding the date of this Draft Prospectus.
- For details regarding the related party transactions and business interest, please refer to section titled "Financial Information - Annexure 16 - Related Party Transactions" beginning on page 119 of this Draft Prospectus.
- The details of transactions of our Company with related parties, nature of transactions and the cumulative value of transactions please refer to section titled "Financial Information - Annexure 16 - Related Party Transactions" beginning on page 119 of this Draft Prospectus.
- Except as stated under the section titled "Capital Structure" beginning on page 38 of this Draft Prospectus, our Company has not issued any Equity Shares for consideration other than cash.
- For information on changes in the Company's name and Objects Clause of the Memorandum of Association of our Company, please refer to the section titled "History and Certain Corporate Matters" beginning on page 87 of this Draft Prospectus.
- Except as disclosed in the sections titled "Capital Structure", "Our Promoters and Promoter Group", "Group Entities of our Company" and "Our Management" beginning on pages 38, 100, 103 and 90 respectively of this Draft Prospectus, none of our Promoters, Directors or Key Managerial Personnel has any interest in our Company.



## SECTION III: INTRODUCTION

### SUMMARY OF INDUSTRY

#### Introduction

#### Global Economic Overview

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

At the same time, the upcoming Budget and 2016-17 (FY2017) economic policy more broadly, will have to contend with an unusually challenging and weak external environment. Although the major international institutions are yet again predicting that global growth will increase from its current subdued level, they assess that risks remain tilted to the downside. This uncertain and fragile outlook will complicate the task of economic management for India.

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

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

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

In either case, foreign demand is likely to be weak, forcing India—in the short run— to find and activate domestic sources of demand to prevent the growth momentum from weakening. At the very least, a tail risk event would require Indian monetary and fiscal policy not to add to the deflationary impulses from abroad. The consolation would be that weaker oil and commodity prices would help keep inflation and the twin deficits in check. (*Source: Economic Survey 2015-16-Volume-I; [www.indianbudget.nic.in](http://www.indianbudget.nic.in)*)

#### Indian Economy Overview

As per the Advance Estimates released by the Central Statistics Office (CSO), the growth rate of the gross domestic product (GDP) at constant market prices has been estimated at 7.6 per cent in 2015-16, which is higher than the growth of 7.2 percent growth recorded in the previous year. The growth of the gross value added (GVA) at constant basic prices has been estimated at 7.3 per cent in 2015-16 —as opposed to 7.1 per cent in 2014-15—, with agriculture and allied sectors, industrial sector and services sector growing at 1.1 per cent, 7.3 per cent and 9.2 per cent respectively. The growth of GDP at constant basic prices for the first, second and third quarters of 2015-16 has been estimated at 7.6 per cent, 7.7 per cent and 7.3 per cent respectively.

On the demand side, the growth in final consumption expenditure at constant (2011-12) prices is estimated to have remained strong at 6.9 percent in 2015- 16, as compared to 7.2 percent in 2014-15. The growth in gross fixed capital formation at constant prices increased from 4.9 percent in 2014-15 to 5.3 percent in 2015-16. Exports and imports of goods and non-factor services declined (at constant prices) by 6.3 percent each in 2015-16; the former mainly on account of the sluggishness in the global economy and the latter on account of decline in international petroleum and other commodity prices (*Source - <http://finmin.nic.in/reports/AnnualReport2015-16.pdf>*)

As per the quarterly estimates of Gross Domestic Product (GDP) released by the Central Statistics Office (CSO) on 30th November 2015, the growth rate of GDP at constant (2011-12) market prices for the second quarter (Q2) (July-September) of 2015-16 is estimated at 7.4 percent as compared to the growth of 7.0 percent in Q1 of 2015-16, and 7.5 percent in Q4 of 2014- 15. Growth in the first half (H1) of 2015-16 works out to 7.2 percent.

The growth of Gross Value Added (GVA) at constant (2011-12) basic prices for agriculture & allied sectors, industry sector and services sector are estimated at 2.2 percent, 6.8 percent and 8.8 percent respectively in Q2 of 2015-16 as compared to the corresponding rates of 2.1 percent, 7.6 percent and 10.4 percent respectively in Q2 of 2014-15.

Stocks of food grains (rice and wheat) held by FCI as on September 1, 2015 were 50.8 million tonnes, compared to 57.3 million tonnes as on September 1, 2014.

Overall growth in the Index of Industrial Production (IIP) was 3.6 percent in September 2015 as compared to 2.6 percent in September 2014. On a cumulative basis, for the period April-September 2015-16, the IIP growth was 4.0 percent as compared to the growth of 2.9 percent during the same period of the previous year. Manufacturing sector grew by 2.6 percent in September 2015 and 4.2 percent in April-September 2015.

Eight core infrastructure industries grew by 3.2 percent in September 2015 as compared to growth of 2.6 percent in September 2014. The cumulative growth of core industries during April-September 2015-16 is 2.3 percent as compared to growth of 5.1 percent during April-September 2014-15.

The growth of money Supply (YoY) in October 2015 was 11.0 percent, lower than 11.7 percent recorded in the corresponding period a year ago.

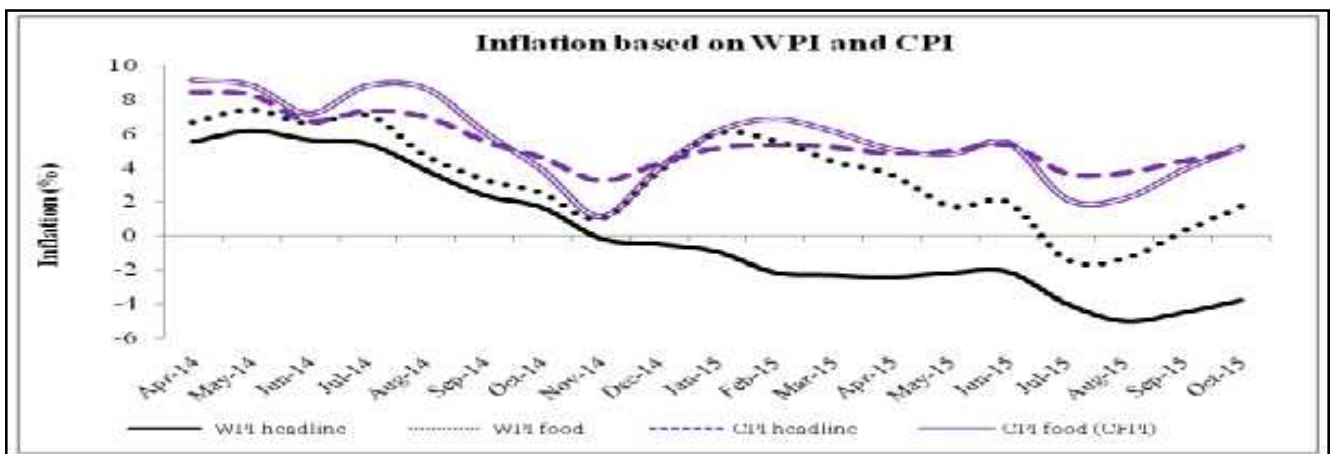
Merchandise exports and imports declined by 17.5 percent and 21.2 percent (in US\$ terms) in October 2015 over October 2014. During April-October 2015, merchandise exports and imports declined by 17.6 percent and 15.2 percent respectively.

Foreign exchange reserves stood at US\$ 353.6 billion in 30th October 2015 as compared to US\$ 350.3 billion in end-September 2015 and US\$ 341.6 billion in end-March 2015.

The rupee appreciated against the US dollar, Pound sterling, Japanese yen and Euro by 1.8 percent, 1.9 percent, 1.8 percent and 1.8 percent respectively in October 2015 over the previous month of September 2015.

The WPI inflation for all commodities reached to (-) 3.8 percent in October 2015 from (-) 4.5 percent in September 2015. The all India CPI inflation (New Series- Combined) increased to 5.0 per cent in October 2015 from 4.4 percent in September 2015. The WPI inflation during April-October 2015 averaged (-) 3.5 percent while inflation as per CPI (Combined) averaged 4.6 percent during the period.

Gross tax revenue during April-September 2015-16 was Rs. 5,96,884 crore, recorded growth of 21.7 percent over April-September 2014-15.



(Source: [http://finmin.nic.in/stats\\_data/monthly\\_economic\\_report/2015/indoct15.pdf](http://finmin.nic.in/stats_data/monthly_economic_report/2015/indoct15.pdf))

## The Indian Economy

With 1.2 billion people and the world's fourth-largest economy, India's recent growth and development has been one of the most significant achievements of our times. Over the six and half decades since independence, the country has brought about a landmark agricultural revolution that has transformed the nation from chronic dependence on grain imports into a global agricultural powerhouse that is now a net exporter of food. Life expectancy has more than doubled, literacy rates have quadrupled, health conditions have improved, and a sizeable middle class has emerged. India is now home to globally recognized companies in pharmaceuticals and steel and information and space technologies, and a growing voice on the international stage that is more in keeping with its enormous size and potential.

Historic changes are unfolding, unleashing a host of new opportunities to forge a 21<sup>st</sup>-century nation. India will soon have the largest and youngest workforce the world has ever seen. At the same time, the country is in the midst of a massive wave of urbanization as some 10 million people move to towns and cities each year in search of jobs and opportunity. It is the largest rural-urban migration of this century.

The historic changes unfolding have placed the country at a unique juncture. How India develops its significant human potential and lays down new models for the growth of its burgeoning towns and cities will largely determine the shape of the future for the country and its people in the years to come.

Massive investments will be needed to create the jobs, housing, and infrastructure to meet soaring aspirations and make towns and cities more livable and green. Generating growth that lifts all boats will be key, for more than 400 million of India's people—or one-third of the world's poor—still live in poverty. And, many of those who have recently escaped poverty (53 million people between 2005-10 alone) are still highly vulnerable to falling back into it. In fact, due to population growth, the absolute number of poor people in some of India's poorest states actually increased during the last decade.

Inequity in all dimensions, including region, caste and gender, will need to be addressed. Poverty rates in India's poorest states are three to four times higher than those in the more advanced states. While India's average annual per capita income was \$1,410 in 2011—placing it among the poorest of the world's middle-income countries— it was just \$436 in Uttar Pradesh (which has more people than Brazil) and only \$294 in Bihar, one of India's poorest states. Disadvantaged groups will need to be brought into the mainstream to reap the benefits of economic growth, and women—who “hold up half the sky”—empowered to take their rightful place in the socioeconomic fabric of the country.

Fostering greater levels of education and skills will be critical to promote prosperity in a rapidly globalizing world. However, while primary education has largely been universalized, learning outcomes remain low. Less than 10 percent of the working-age population has completed a secondary education, and too many secondary graduates do not have the knowledge and skills to compete in today's changing job market.

Improving health care will be equally important. Although India's health indicators have improved, maternal and child mortality rates remain very low and, in some states, are comparable to those in the world's poorest countries. Of particular concern is the nutrition of India's children whose well-being will determine the extent of India's much-awaited demographic dividend; at present, an overwhelming 40 percent (217 million) of the world's malnourished children are in India.

The country's infrastructure needs are massive. One in three rural people lack access to an all-weather road, and only one in five national highways is four-lane. Ports and airports have inadequate capacity, and trains move very slowly. An estimated 300 million people are not connected to the national electrical grid, and those who are face frequent disruptions. And, the manufacturing sector—vital for job creation—remains small and underdeveloped.

Nonetheless, a number of India's states are pioneering bold new initiatives to tackle many of India's long-standing challenges and are making great strides towards inclusive growth. Their successes are leading the way forward for the rest of the country, indicating what can be achieved if the poorer states were to learn from their more prosperous counterparts.

India now has that rare window of opportunity to improve the quality of life for its 1.2 billion citizens and lay the foundations for a truly prosperous future—a future that will impact the country and its people for generations to come.

(Source: <http://www.worldbank.org/en/country/india/overview#1>)

For further details, please refer to section titled "Industry Overview" beginning on page 68 of this Draft Prospectus.

## SUMMARY OF OUR BUSINESS

### Business Overview

We are engaged in trading and retail ship of diamonds in Surat. Our operations include sourcing of Diamonds from primary and secondary source suppliers in the domestic market and sale of diamond to the retail and wholesale operations in India. We primarily sell diamonds to a customer base spread across domestic markets that includes various jewellery manufacturers, large department store chains, retail stores and wholesalers.

We have independent sales and distribution networks for our products. A substantial majority of our cut and polished diamonds are sold to diamond wholesalers and the jewellery manufacturers in the domestic markets. We procure diamond from suppliers at domestic level and we believe that we have good business association with suppliers. We have a centralised procurement policy and generally purchase in large volumes in order to stock and facilitate online sales of diamonds from our web stores from Surat. We believe that by purchasing in large volumes, we are able to purchase inventory at lower prices than our competitors, which enables us to sell our products at competitive prices.

We receive many enquiries from our portal starlineps.com to fulfill the clients' requirement on satisfactory basis.

Our total revenue increased from Rs. 422.82 Lakh in Fiscal 2012-2013 to Rs.4539.31 Lakh in Fiscal 2015-2016, representing a CAGR of 120.60%. Our EBIDTA increased from Rs. (2.56) Lakh in Fiscal 2012-2013 to Rs. 26.72 Lakhs in Fiscal 2015-2016, representing a CAGR of 118.54%.

### Our Competitive Strengths

The following are the key strengths which our Company believes enable it to be competitive in its business:

#### 1. *Our established brand*

We believe that our brand i.e starline is a recognizable brand in our region and is differentiating factor for the Customers, which helps establish customer confidence and influences buying decisions. We believe that our reputation as to offer the most reasonable price for diamonds. We offer our authentic product range, customer support, and business understanding grew and we are receiving good response from our customers to offer high quality within their budget. We offer end to end customer service and support. We also believe that our established brand and reputation will enable us to obtain more clientele list, pursuant to which we may build our brand.

#### 2. *Management and Employee expertise*

Our Chairman cum Managing Director, Mr. Shwet Koradiya has been actively involved in the field of Diamond wholesale trading. Pursuant to understanding the business he has developed wholesale trading business in diamond and successfully launched business ventures in diamond. Our management has adequate and rich experience in our business. The team comprises of personnel having operational and business development experience. We believe that our management experience and their understanding of our industry will enable us to continue to take advantage of both current and future market opportunities. Our Company is having a number of experienced staff. There is a good communication system between all the levels of management level i.e. from top level management to bottom level. Our Company is having highly skilled and motivated employees. Their skills can be used for the growth of the Company. Our Management's experience and knowledge enables us in addressing and mitigating various risks inherent in our business, including competition, reliance on independent contractors, the global economic crisis related effects and fluctuations in the prices.

#### 3. *Understand Customers Needs*

We carefully cover the study of each customer's needs. We make them aware of all available options and provide them with a competent advice enabling them to take an informed business decision. Our aim is to earn customer's trust and confidence through personal attention, passion for what we do and commitment to long-lasting relationship. We will go an extra mile to deliver customers' a measurable business value and help them adopt and succeed in the Diamond industry.

#### 4. *Existing distribution and sales networks in domestic market and our geographical benefit*

Our Company is having good channel for distribution to the retailers as well as end use customers. We believe that India is the largest hub for diamond processing in the world and Surat is the heart of our thriving Diamond industry.

Therefore most of the rough stones polished in Surat. Further majority of active Diamond and Jewellery exporters are based in Mumbai and Surat, which provides a very good platform for trading business. We have excellent domestic market within the state of Gujarat and Company is looking forward for expansion of its geographical market as there is lots of opportunities in India region.

#### **5. *Quality products***

Our Company believes in providing quality products to our customers. We are devoted to quality assurance. The defective pieces found after undergoing the quality check process are discarded. The quality checks ensure that no defective diamond reached the customer and ensure reduced process rejection. We believe that our quality products have earned us a goodwill from our customers, which has resulted in customer retention and order repetition also new addition to the customer base.

#### **6. *Offer special discounts to new Customers***

We are providing one-time discount to new customers, whether the customer is a retailer or a consumer. Also, we offer discounts to customers who buy multiple product types.

### **Our Strategies**

The following are the key strategies of our Company for its business:

#### **1. *Go Direct***

Our Company envisages to provide the direct selling facility to end user Customers.

#### **2. *Work with our Existing Suppliers***

Instead of finding new suppliers, we support our existing suppliers to boost their sourcing power to help them actively market our products or services.

#### **3. *Providing customised service***

We always treat our customers with courtesy and radiate professionalism. Be willing to go the extra mile for a retailer who purchases our products, and never be afraid to lose an occasional "battle" in order to win the wholesaling "war." Treat every Customer with empathy and understanding even if occasionally you have to refuse a request. This sort of treatment will go a long way toward creating loyal, higher-volume wholesale customers.

#### **4. *Marketing Strategy***

We believing in traditional marketing, which is the process of planning and executing conception, pricing, promotion and distribution of ideas, goods, and services to create exchanges that satisfy the Company's objectives. Marketing does not necessarily mean forms of advertising of products, but fully utilizing all of the Company's resources into getting the customers to buy our products. We will explore the three marketing strategies that are involved in marketing strategy, including posting and positioning and traditional marketing including advertising and the combination of all.

#### **5. *Sales promotion***

These activities include special deals to stimulate demand. Sales promotion is proven effective in changing the short-term behaviour of our buyers.

#### **6. *Go digital***

Our Company is already having one online portal to reach clients directly and in view to achieve the goal our company is heftily investing in technologies and plans to come up with new portal which will cater to low budget real jewellery customers for gifting purpose.

**For further details, please refer to section titled "Our Business" beginning on page 74 of this Draft Prospectus.**

## SUMMARY OF FINANCIAL INFORMATION

The following tables set forth the Restated Financial Statements as at and for the period ended September 2016, March 31, 2016, 2015, 2014, 2013 and 2012 and are presented under section titled "Financial Statements" beginning on page 106 of this Draft Prospectus. The summary financial statements presented below should be read in conjunction with the Restated Financial Statements, the notes and annexures thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on page 120 of this Draft Prospectus.

### STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(Rs. In Lacs)

Particulars	30.09.16	31.03.16	31.03.15	31.03.14	31.03.13	31.03.12
<b>Equity &amp; Liabilities</b>						
<b>Shareholders' Funds</b>						
Share Capital	1,588.50	1,588.50	6.00	6.00	6.00	6.00
Reserve & Surplus	17.29	5.70	(1.87)	(4.00)	(3.18)	(0.14)
<b>Total (A)</b>	<b>1,605.79</b>	<b>1,594.20</b>	<b>4.13</b>	<b>2.00</b>	<b>2.82</b>	<b>5.86</b>
<b>Non Current Liabilities</b>						
Share Application Money	-	-	-	-	-	-
Long Term Borrowings	-	-	4.08	4.08	4.08	4.08
Deferred Tax Liabilities (Net)	-	-	-	0.94	-	-
Other Long Term Liabilities	-	-	-	-	-	-
<b>Total (B)</b>	<b>-</b>	<b>-</b>	<b>4.08</b>	<b>5.02</b>	<b>4.08</b>	<b>4.08</b>
<b>Current Liabilities</b>						
Short Term Borrowings	-	-	-	-	-	-
Trade Payables	144.07	183.44	-	12.04	114.24	-
Other Current Liabilities	4,710.53	5.27	0.25	0.40	0.40	0.30
Short Term Provisions	2.47	2.47	0.10	0.03	-	-
<b>Total (C)</b>	<b>4,857.07</b>	<b>191.18</b>	<b>0.35</b>	<b>12.47</b>	<b>114.64</b>	<b>0.30</b>
<b>Total (D=A+B+C)</b>	<b>6,462.86</b>	<b>1,785.38</b>	<b>8.56</b>	<b>19.49</b>	<b>121.54</b>	<b>10.24</b>
<b>Assets</b>						
<b>Fixed Assets:</b>						
Tangible Assets	4.40	5.05	-	-	-	-
Intangible Assets	529.36	529.36	-	-	-	-
Deferred Tax Asset (Net)	0.79	0.79	0.78	-	-	-
Long Term Loans & Advances	-	-	-	-	-	-
Non Current Investments	-	-	-	-	-	-
Other Non Current Assets	-	-	-	-	-	-
<b>Total (E)</b>	<b>534.55</b>	<b>535.20</b>	<b>0.78</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Current Assets</b>						
Current Investments	-	-	-	-	-	-
Inventories	5,221.79	342.47	-	9.65	4.78	4.76
Trade Receivables	334.68	385.74	-	-	108.00	-
Cash & Bank Balances	16.84	521.46	7.30	8.89	7.34	3.59
Short Term Loans & Advances	355.00	0.51	-	-	-	-
Other Current Assets	-	-	0.48	0.95	1.42	1.89
<b>Total (F)</b>	<b>5,928.31</b>	<b>1,250.18</b>	<b>7.78</b>	<b>19.49</b>	<b>121.54</b>	<b>10.24</b>
<b>Total (G=E+F)</b>	<b>6,462.86</b>	<b>1,785.38</b>	<b>8.56</b>	<b>19.49</b>	<b>121.54</b>	<b>10.24</b>

**STATEMENT OF PROFIT AND LOSS, AS RESTATED**

(Rs. In Lacs)

<b>Particulars</b>	<b>30.09.16</b>	<b>31.03.16</b>	<b>31.03.15</b>	<b>31.03.14</b>	<b>31.03.13</b>	<b>31.03.12</b>
<b>Income</b>						
Sale of Traded Goods	5,071.41	4,539.31	50.56	157.49	422.82	925.20
Other Income	-	-	-	-	-	-
<b>Total</b>	<b>5,071.41</b>	<b>4,539.31</b>	<b>50.56</b>	<b>157.49</b>	<b>422.82</b>	<b>925.20</b>
<b>Expenditure</b>						
Purchase of Traded Goods	9,906.27	4,850.00	38.93	160.37	424.23	927.67
Change in inventories of Finished Goods	(4,879.3)	(342.47)	9.65	(4.87)	(0.02)	(4.75)
Employees Costs	31.42	4.02	0.05	0.53	0.62	0.90
Other Administrative & Selling Expenses	0.81	1.04	0.96	0.84	0.55	1.05
<b>Total</b>	<b>5,059.18</b>	<b>4,512.59</b>	<b>49.59</b>	<b>156.87</b>	<b>425.38</b>	<b>924.87</b>
<b>Profit before Depreciation, Interest and Tax</b>	<b>12.23</b>	<b>26.72</b>	<b>0.98</b>	<b>0.62</b>	<b>(2.56)</b>	<b>0.33</b>
Depreciation	0.65	0.30	-	-	-	-
Preliminary Expenses Written Off		0.47	0.47	0.47	0.47	0.47
<b>Profit before Interest &amp; Tax</b>	<b>11.58</b>	<b>25.95</b>	<b>0.51</b>	<b>0.15</b>	<b>(3.03)</b>	<b>(0.14)</b>
Interest & Finance Charges	-	-	-	-	-	-
Exceptional Items	-	15.92	-			
<b>Net Profit before Tax</b>	<b>11.58</b>	<b>10.03</b>	<b>0.51</b>	<b>0.15</b>	<b>(3.03)</b>	<b>(0.14)</b>
<b>Less: Provision for Taxes:</b>						
Current Tax	-	2.47	0.10	0.03	-	-
Deferred Tax	-	(0.01)	(1.72)	0.94	-	-
Dividend Distribution Tax	-	-	-	-	-	-
<b>Net Profit After Tax &amp; Before Extraordinary Items</b>	<b>11.58</b>	<b>7.57</b>	<b>2.13</b>	<b>(0.82)</b>	<b>(3.03)</b>	<b>(0.14)</b>
Extra Ordinary Items	-	-	-	-	-	-
<b>Net Profit</b>	<b>11.58</b>	<b>7.57</b>	<b>2.13</b>	<b>(0.82)</b>	<b>(3.03)</b>	<b>(0.14)</b>



**STATEMENT OF CASH FLOW, AS RESTATED**

(Rs. In Lacs)

<b>Particulars</b>	<b>30.09.16</b>	<b>31.03.16</b>	<b>31.03.15</b>	<b>31.03.14</b>	<b>31.03.13</b>	<b>31.03.12</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>						
Net profit before taxes	11.58	10.03	0.51	0.15	(3.03)	(0.14)
Adjustment for:						
Add: Depreciation	0.65	0.30	-	-	-	-
Add: Preliminary Expenses Written Off	-	0.47	0.47	0.47	0.47	0.47
Add: Interest & Finance Charges	-	-	-	-	-	-
Operating Profit before Working capital changes	<b>12.23</b>	<b>10.80</b>	<b>0.98</b>	<b>0.62</b>	<b>(2.56)</b>	<b>0.33</b>
<b>Adjustments for:</b>						
Decrease (Increase) in Trade & Other Receivables	51.06	(385.74)	-	108.00	(108.00)	-
Decrease (Increase) in Short Term Loans & Advances	(354.49)	(0.51)	-	-	-	-
Decrease (Increase) in Inventories	(4,879.32)	(342.47)	9.65	(4.87)	(0.02)	(4.76)
Increase (Decrease) in Trade Payables	(39.37)	183.44	(12.04)	(102.20)	114.24	-
Increase (Decrease) in Other Current Liabilities	4,705.26	5.02	(0.15)	-	0.10	0.30
Net Changes in Working Capital	<b>(516.86)</b>	<b>(540.26)</b>	<b>(2.54)</b>	<b>0.93</b>	<b>6.32</b>	<b>(4.46)</b>
Cash Generated from Operations	(504.63)	(529.46)	(1.57)	1.55	3.76	(4.13)
Less Taxes	-	0.10	0.03	-	-	-
<b>Net Cash Flow from Operating Activities (A)</b>	<b>(504.63)</b>	<b>(529.56)</b>	<b>(1.60)</b>	<b>1.55</b>	<b>3.76</b>	<b>(4.13)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>						
Sale /(Purchase) of Fixed Assets	-	(534.71)	-	-	-	-
Decrease (Increase) in Investments	-	-	-	-	-	-
Decrease (Increase) in Other Non Current Assets	-	-	-	-	-	-
<b>Net Cash Flow from Investing Activities (B)</b>	<b>-</b>	<b>(534.71)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>						
Issue of share capital and Proceeds / (Refund) from Share Application Money	-	1,582.50	-	-	-	6.00
Interest & Finance Charges	-	-	-	-	-	-
Increase / (Repayment) of Long Term Borrowings	-	(4.08)	-	-	-	4.08
Increase / (Repayment) of Short Term Borrowings	-	-	-	-	-	-
Decrease (Increase) in Long Term Loans & Advances	-	-	-	-	-	-
Preliminary Expenses Incurred	-	-	-	-	-	(2.36)
<b>Net Cash Flow from Financing Activities (C)</b>	<b>-</b>	<b>1,578.42</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7.72</b>
<b>Net Increase / (Decrease) in Cash &amp; Cash Equivalents</b>	<b>(504.63)</b>	<b>514.15</b>	<b>(1.60)</b>	<b>1.55</b>	<b>3.76</b>	<b>3.59</b>
<b>Cash and cash equivalents at the beginning of the year / Period</b>	<b>521.46</b>	<b>7.30</b>	<b>8.89</b>	<b>7.34</b>	<b>3.59</b>	<b>-</b>
<b>Cash and cash equivalents at the end of the year/ Period</b>	<b>16.84</b>	<b>521.46</b>	<b>7.30</b>	<b>8.89</b>	<b>7.34</b>	<b>3.59</b>

## THE ISSUE

The following is the summary of the Issue.

<b>A. Issue of Equity Shares <sup>(1)</sup></b>	57,30,000 Equity Shares of Rs.10 each fully paid-up of our Company for cash at a price of Rs.13 per Equity Share aggregating to Rs.744.90 Lakh.
<b>Out of which:</b>	
<b>Market Maker Reservation Portion</b>	2,90,000 Equity Shares of Rs.10 each fully paid-up of our Company for cash at a price of Rs.13 per Equity Share aggregating to Rs.37.70 Lakh.
<b>Net Issue to the Public <sup>(3)</sup></b>	54,40,000 Equity Shares of Rs.10 each fully paid-up of our Company for cash at a price of Rs.13 per Equity Share aggregating to Rs.707.20 Lakh.
<b>Out of which:</b>	
<b>Allocation to Retail Individual Investors for upto Rs.2.00 lakh</b>	27,20,000 Equity Shares of Rs.10 each fully paid-up of our Company for cash at a price of Rs.13 per Equity Share aggregating to Rs.353.60 Lakh.
<b>Allocation to other investors for above Rs.2.00 lakh</b>	27,20,000 Equity Shares of Rs.10 each fully paid-up of our Company for cash at a price of Rs. 13 per Equity Share aggregating to Rs.353.60 Lakh.
<b>Pre and Post-Issue Equity Shares</b>	
Equity Shares outstanding prior to the Issue	1,58,85,000 Equity Shares of Rs.10/- each
Equity Shares outstanding after the Issue	2,16,15,000 Equity Shares of Rs.10/- each
<b>Objects of the Issue</b>	Please refer to the section titled " <b>Objects of the Issue</b> " beginning on page 59 of this Draft Prospectus.

- (1) *This Issue is being made in terms of Chapter XB of the SEBI (ICDR) Regulations. For further details, please refer to section titled "Issue Information" beginning on page 143 of this Draft Prospectus.*
- (2) *The present Issue of 57,30,000 Equity Shares in terms of Draft Prospectus has been authorized pursuant to a resolution of our Board of Directors dated November 18, 2016 and by special resolution passed under Section 62(1) (c) of the Companies Act, 2013 at the Extra ordinary general meeting of the members held on December 24, 2016.*
- (3) *As per Regulation 43 (4) of the SEBI (ICDR) Regulations, as amended, as the present issue is a fixed price issue 'the allocation' in the net issue to the public category shall be made as follows:*
  - (a) *Minimum fifty percent to Retail Individual Investors; and*
  - (b) *Remaining to:*
    - (i) *individual applicants other than Retail Individual Investors and*
    - (ii) *other investors including corporate bodies or institutions, irrespective of the number of specified securities applied for.*
    - (c) *The unsubscribed portion in either of the categories specified in (a) or (b) above may be allocated to the applicants in the other category.*

***If the Retail Individual Investor category is entitled to more than fifty per cent on proportionate basis, the Retail Individual Investors shall be allocated that higher percentage.***

## GENERAL INFORMATION

Our Company was incorporated on April 26, 2011 as L'avance Dirays Limited under the provisions of the Companies Act, 1956 with Certificate of Incorporation issued by the Registrar of Companies, Gujarat, Dadra and Nagar Havelli on April 26, 2011 with Registration Number U36910GJ2011PLC065141. Subsequently, the name of our Company was changed to Pure Giftcarat Limited and a Fresh Certificate of Incorporation dated September 16, 2015 was issued by the Registrar of Companies, Gujarat, Dadra and Nagar Havelli now bearing CIN U36910GJ2011PLC065141. For details of changes in name and registered office of our Company, please refer to the section titled "*History and Certain Corporate Matters*" beginning on page 87 of this Draft Prospectus.

### Registered Office of our Company

#### Pure Giftcarat Limited

Plot-828/829, 3rd Floor, Office-3,  
Shree Kuberji Complex, Athugar Street,  
Nanpura Main Road,  
Surat – 395001, Gujarat.

**Telephone:** 0261-2473233

**CIN:** U36910GJ2011PLC065141

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

Email id: [info@puregiftcarat.com](mailto:info@puregiftcarat.com),

### Registrar of Companies

Our Company is registered at the Registrar of Companies, ROC Bhavan, Opp. Rupal Park Society, Behind Ankur Bus Stop, Naranpura, Ahmedabad-380013, Gujarat

### Designated Stock Exchange

SME Platform of BSE  
Phiroze Jeejeebhoy Towers  
Dalal Street  
Mumbai- 400001, Maharashtra

For details in relation to the changes to the name of our Company, please refer to section titled "History and Certain Corporate Matters" beginning on page 87 of this Draft Prospectus.

### Board of Directors

Our Company's Board comprises of the following Directors:

Name, Nature of Directorship and DIN	Age	Residential Address
<b>Mr. Shwet Dhirajbhai Koradiya</b> Managing Director DIN No: 03489858	28 years	A-404, Simandhar Heights, Near Regent Residency, Near RTO Road, Pal, Surat-395009, Gujarat
<b>Ms. Shweta Priyalkumar Gandhi</b> Non Executive and Independent Director DIN No: 07378981	24 years	304, Western Avenue Apartment, Adajan Road, Surat-395009. Gujarat
<b>Mr. Brijeshkumar Champaklal Mali</b> Non Executive and Independent Director DIN No: 07385024	36 years	8/763 Opp. SBI, Hanuman Char Rasta, Gopipura, Surat- 395001 Gujarat
<b>Mr. Paresh Manjibhai Lathiya</b> Non-Executive and Independent Director DIN No: 07551263	41 years	B- 404 Opera House, Near Golden City, Chorasi, Utran Power House, Surat-394105. Gujarat

For further details of the Board of Directors, please refer to the section titled "*Our Management*" beginning on page 90 of this Draft Prospectus.

**Mr. Ankitkumar Tank**  
**Company Secretary and Compliance Officer**  
**Pure Giftcarat Limited**

Plot-828/829, 3rd Floor, Office-3,  
Shree Kuberji Complex, Athugar Street,  
Nanpura Main Road,  
Surat – 395001, Gujarat.

**Telephone:** 0261-2473233

**Email id:** [compliance@puregiftcarat.com](mailto:compliance@puregiftcarat.com),

Investors may contact the Company Secretary and Compliance Officer or the Registrar to the Issue in case of any pre-Issue or post- Issue related problems, such as non-receipt of Allotment Advice, credit of Allotted Equity Shares in the respective beneficiary account, or Refund Orders.

**Chief Financial Officer of our Company**

Our Company has appointed Mr. Bhavin Mahasukhlal Chandura, as the Chief Financial Officer (CFO). His contact details are set forth hereunder:

**Mr. Bhavin Mahasukhlal Chandura**  
**Pure Giftcarat Limited**

Plot-828/829, 3rd Floor, Office-3,  
Shree Kuberji Complex, Athugar Street,  
Nanpura Main Road,  
Surat – 395001, Gujarat.

Telephone: 0261-2473233

Email id: [cfo@puregiftcarat.com](mailto:cfo@puregiftcarat.com),

<p><b>LEAD MANAGER</b> <b>Navigant Corporate Advisors Limited</b> 423, A Wing, Bonanza, Sahar Plaza Complex, J. B. Nagar, Andheri-Kurla Road, Andheri (East), Mumbai - 400 059, Maharashtra <b>Telephone:</b> +91 22 6565 4402; +91 22 6560 5550 <b>Email:</b> <a href="mailto:sarthak@navigantgroup.com">sarthak@navigantgroup.com</a> <b>Contact Person:</b> Mr. Sarthak Vijlani <b>Website:</b> www.navigantcorp.com <b>SEBI Registration Number:</b> INM000012243</p>	<p><b>LEGAL COUNSEL TO THE ISSUE</b> <b>Sunil Shukla</b> 4, Shanti Sadan, Opp. Haweli Poddar Road, Malad (E), Mumbai – 400 097, Maharashtra <b>Email:</b> <a href="mailto:advsshukla@rediffmail.com">advsshukla@rediffmail.com</a></p>
<p><b>REGISTRAR TO THE ISSUE</b> <b>Bigshare Services Private Limited</b> E-2 &amp; 3, Ansa Industrial Estate, Saki-Vihar Road., Sakinaka, Andheri(E), Mumbai, Maharashtra 400072 <b>Telephone:</b>+ 91-22-4043 0200 <b>Fax:</b> +91-22-2847 5207 <b>Email:</b> <a href="mailto:ipo@bigshareonline.com">ipo@bigshareonline.com</a> <b>Contact Person:</b> Mr. Vipin Gupta <b>Website:</b> www.bigshareonline.com <b>SEBI Registration Number:</b> INR000001385</p>	<p><b>STATUTORY AUDITORS</b> <b>M/s. Kansaliwala &amp; Chevli</b> 2/1447, “Utkrash”, 1<sup>st</sup> Floor, Opp. Sanghvi Hospital Behind Center Point, Sagrampura, Surat-395002 Gujarat <b>Telephone:</b> 0261-2364640/41 <b>Email:</b> <a href="mailto:kansaliwala_chevli@hotmail.com">kansaliwala_chevli@hotmail.com</a> <b>Contact Person:</b> Mr. Harivadan Kansaliwala <b>Firm Registration No.:</b> 123689W <b>Membership No.:</b> 032429</p>
<p><b>PEER REVIEW AUDITORS</b> <b>M/s. Ramanand &amp; Associates,</b> Chartered Accountants 6/C, Ostwal Park, Building No. 4 CHSL, Near Jesal Park, Jain Temple, Bhayander (East), Thane – 401105, Maharashtra <b>Tel :</b> +91-22-2817 1199 <b>Telefax:</b> +91-22-2817 1199 <b>E-mail:</b> <a href="mailto:rg@ramanandassociates.com">rg@ramanandassociates.com</a> <b>Firm Registration No.-</b>117776W <b>Contact Person:</b> Mr. Ramanand Gupta <b>Membership No.:</b> 103975</p>	<p><b>ADVISOR TO THE ISSUE</b> <b>Apna Muneem Private Limited,</b> Office No. 3, Param Jyot CHS Ltd., Opp. J B Khot High School, Dattapada Road Borivali (E),Mumbai- 400066, Maharashtra <b>Telephone:</b> 022-65200300 <b>Email:</b> <a href="mailto:anshul@apnamuneem.com">anshul@apnamuneem.com</a> <b>Contact Person:</b> Mr. Anshul Baser</p>

*M/s Ramanand & Associates is appointed as peer review auditors of our Company in compliance with section IX of part A of Schedule VIII of SEBI (ICDR) and holds a valid peer reviewed certificate issued by the Institute of Chartered Accountants of India.*

Investors may contact our Company Secretary and Compliance Officer and / or the Registrar to the Issue and/ or the Lead Manager, in case of any pre-issue or post-issue related problems such as non-receipt of letters of Allotment, credit of allotted Equity Shares in the respective beneficiary account.

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

#### **Principal Banker to the Company**

Axis Bank Limited

Bhagal, Surat India.

**Telephone:** +91-8758026433

**Facsimile:** 0261-0222592022

**Email:** dhavalsinh.parmar@axisbank.com

**Contact Person:** Mr. Dhaval

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

#### **Statement of *inter se* allocation of Responsibilities for the Issue**

Navigant Corporate Advisors Limited is the sole Lead Manager to the Issue and all the responsibilities relating to co-ordination and other activities in relation to the Issue shall be performed by them and hence a statement of inter-se allocation of responsibilities is not required.

#### **Self Certified Syndicate Banks (SCSBs)**

The list of Designated Branches that have been notified by SEBI to act as SCSB for the ASBA process is provided on <http://www.sebi.gov.in/sebiweb/home/detail/32906/yes/List-of-Self-Certified-Syndicate-Banks-SCSBs-for-Syndicate-ASBA> . For more information on the Designated Branches collecting ASBA Forms, see the above mentioned SEBI link.

#### **Registered Brokers**

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, [www.bseindia.com](http://www.bseindia.com), as updated from time to time.

#### **Registrar to the Issue and Share Transfer Agents**

The list of the RTAs eligible to accept application forms at the Designated RTA Locations, including details such as address, telephone number and e-mail address, are provided on the websites of Stock Exchange [www.bseindia.com](http://www.bseindia.com), as updated from time to time.

#### **Collecting Depository Participants**

The list of the CDPs eligible to accept application forms at the Designated CDP Locations, including details such as name and contact details, are provided on the websites of Stock Exchange [www.bseindia.com](http://www.bseindia.com), as updated from time to time.

The list of branches of the SCSBs named by the respective SCSBs to receive deposits of the application forms from the Designated Intermediaries will be available on the website of the SEBI [www.sebi.gov.in](http://www.sebi.gov.in) and updated from time to time.

#### **Experts**

Except for the Reports in the section "**Financial Information**" and the "**Statement of Tax Benefits**" Available to our Company and its shareholders beginning on pages 106 and 66 respectively of this Draft Prospectus, our Company has not

obtained any expert opinions under the Companies Act. The term expert as used in the Draft Prospectus is not intended to be considered "expert" within the meaning of Section 11 of the U.S. Securities Act.

### **Brokers to the Issue**

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

### **Credit Rating**

As the Issue is of Equity Shares, credit rating is not required.

### **Trustees**

As the Issue is of Equity Shares, the appointment of trustees is not required.

### **Debenture Trustees**

As the Issue is of Equity Shares, the appointment of Debenture trustees is not required.

### **IPO Grading**

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

### **Monitoring Agency**

As per Regulation 16(1) of the SEBI (ICDR) Regulations, 2009 as amended, the requirement of Monitoring Agency is not Mandatory if the Issue size is below Rs. 50,000.00 Lakh. Since the Issue size is only Rs.744.90 lakhs of, our Company has not appointed any monitoring agency for this Issue.

However, as per the Regulation 18 (3) read with part C of schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Audit Committee of our Company would be monitoring the utilization of the proceeds of the Issue.

### **Appraising Entity**

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

### **Withdrawal of the Issue**

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

If our Company withdraws the Issue anytime after the Issue Opening Date but before the allotment of Equity Shares, a public notice within two (2) Working Days of the Issue Closing Date, providing reasons for not proceeding with the Issue shall be issued by our Company. The notice of withdrawal will be issued in the same newspapers where the pre- Issue advertisements have appeared and the Stock Exchange will also be informed promptly.

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

### **Underwriting**

The Company and the Lead Manager to the Issue hereby confirm that the Issue is 100% Underwritten.

The Issue is 100% underwritten by the Lead Manager – Navigant Corporate Advisors Limited in the capacity of Underwriter to the Issue. Pursuant to the terms of the Underwriting Agreement dated February 22, 2017 entered into by us with Underwriter Navigant Corporate Advisors Limited, the obligations of the Underwriter are subject to certain conditions specified therein. The Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the BSE. The Details of the Underwriting commitments are as under:

(Rs. in Lakhs)

Name, Address, Telephone, Fax, and Email of the Underwriters	Indicated number of Equity Shares to be Underwritten	Amount Underwritten	% of the total Issue size Underwritten
<b>Navigant Corporate Advisors Limited</b> 423, A Wing, Bonanza, Sahar Plaza Complex, J. B. Nagar, Andheri-Kurla Road, Andheri (East), Mumbai - 400059, Maharashtra <b>Telephone:</b> +91 22 6565 4402; +91 22 6560 5550 <b>Email:</b> sarthak@navigantgroup.com <b>Contact Person:</b> Mr. Sarthak Vijlani	57,30,000* Equity Shares of Rs.10 being issued at Rs. 13 each	Rs. 744.90	100

\*Includes 2,90,000 Equity shares of the Market Maker Reservation Portion which are to be subscribed by the Market Maker in its own account in order to claim compliance with the requirements of Regulation 106 V (4) of the SEBI (ICDR) Regulations.

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

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

Our Company has entered into Market Making Agreement dated February 22, 2017 with the following Market Maker fulfil the obligations of Market Making for this Issue:

<b>Name</b>	Alacrity Securities Limited
<b>Address</b>	101, 1st Floor, Hari Darshan, B Wing, Bhogilal Fadia Road, Kandivali (West), Mumbai-400 067
<b>Telephone</b>	+91-22-2807 3882/2807 3982
<b>Facsimile</b>	+91 22 2807 3967
<b>E-mail</b>	alacritysec@gmail.com
<b>Website</b>	http://www.alacritysec.com/
<b>Contact Person</b>	Mr. Hiten Mehta
<b>SEBI Registration No.</b>	INB010909837
<b>Market Maker Registration No. (SME Segment of BSE)</b>	06361

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

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

- The Market Maker(s) (*individually or jointly*) shall be required to provide a 2-way quote for 75% of the time in a day. The same shall be monitored by the stock exchange. Further, the Market Maker(s) shall inform the exchange in advance for each and every black out period when the quotes are not being offered by the Market Maker(s).
- The prices quoted by Market Maker shall be in compliance with the Market Maker Spread Requirements and other particulars as specified or as per the requirements of SME Platform of BSE and SEBI from time to time.
- 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.
- The Market Maker shall not sell in lots less than the minimum contract size allowed for trading on the SME Platform (in this case currently the minimum trading lot size is 10000 equity shares; however the same may be changed by the SME Platform of BSE from time to time).

5. After a period of three (3) months from the market making period, the Market Maker would be exempted to provide quote if the Shares of Market Maker in our Company reaches to 25% of Issue Size. Any Equity Shares allotted to Market Maker under this Issue over and above 25% of Issue Size would not be taken in to consideration of computing the threshold of 25% of Issue Size. As soon as the Shares of Market Maker in our Company reduces to 24% of Issue Size, the Market Maker will resume providing two (2) way quotes.
6. 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.
7. Execution of the order at the quoted price and quantity must be guaranteed by the Market Maker(s), for the quotes given by him.
8. There would not be more than five (5) Market Makers for a script at any point of time and the Market Makers may compete with other Market Makers for better quotes to the investors.
9. **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.**
10. 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.
11. The Market Maker(s) shall have the right to terminate said arrangement by giving a three (3) months notice or on mutually acceptable terms to the Lead Manager, who shall then be responsible to appoint a replacement Market Maker(s). In case of termination of the above mentioned Market Making agreement prior to the completion of the compulsory Market Making period, it shall be the responsibility of the Lead Manager to arrange for another Market Maker in replacement during the term of the notice period being served by the Market Maker but prior to the date of releasing the existing Market Maker from its duties in order to ensure compliance with the requirements of regulation 106V of the SEBI (ICDR) Regulations. Further our Company and the Lead Manager reserve the right to appoint other Market Makers either as a replacement of the current Market Maker or as an additional Market Maker subject to the total number of Designated Market Makers does not exceed five (5) or as specified by the relevant laws and regulations applicable at that particulars point of time. The Market Making Agreement is available for inspection at our registered office from 11.00 a.m. to 5.00 p.m. on Working Days.

12. **Risk containment measures and monitoring for Market Makers:**

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.

13. **Price Band and Spreads:**

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

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

Additionally, the trading shall take place in TFT segment for first 10 days from commencement of trading. The following spread will be applicable on the BSE SME Exchange/ Platform.

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



**14. Punitive Action in case of default by Market Makers:**

BSE SME Exchange will monitor the obligations on a real time basis and punitive action will be initiated for any exceptions and/or non-compliances. Penalties / fines may be imposed by the Exchange on the Market Maker, in case he is not able to provide the desired liquidity in a particular security as per the specified guidelines. These penalties / fines will be set by the Exchange from time to time. The Exchange will impose a penalty on the Market Maker in case he is not present in the market (offering two way quotes) for at least 75% of the time. The nature of the penalty will be monetary as well as suspension in market making activities / trading membership. The Department of Surveillance and Supervision of the Exchange would decide and publish the penalties / fines / suspension for any type of misconduct/ manipulation/ other irregularities by the Market Maker from time to time.

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

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

16. *All the above mentioned conditions and systems regarding the Market Making Arrangement are subject to change based on changes or additional regulations and guidelines from SEBI and Stock Exchange from time to time.*

## CAPITAL STRUCTURE

Our Equity Share capital before the Issue and after giving effect to the Issue, as at the date of this Draft Prospectus, is set forth below:

(Rs.in Lakh)

No.	Particulars	Aggregate Nominal Value (Rs.)	Aggregate Value at Issue Price (Rs.)
A.	<b>Authorized Share Capital</b>		
	2,20,00,000 Equity Shares of Rs.10/- each	2,200.00	--
B.	<b>Issued, Subscribed &amp; Paid-up Share Capital prior to the Issue</b>		
	1,58,85,000 Equity Shares of Rs.10/- each	1,588.50	--
C.	<b>Present Issue in terms of the Draft Prospectus <sup>(1)</sup></b>		
	57,30,000 Equity Shares of Rs.10/- each for cash at a price of Rs.13 per share	573.00	744.90
<b>Which Comprises</b>			
D.	<b>Reservation for Market Maker portion</b>		
	2,90,000 Equity Shares of Rs.10/- each at a premium of Rs.13 per Equity Share	29.00	37.70
E.	<b>Net Issue to the Public</b>		
	54,40,000 Equity Shares of Rs.10/- each at a premium of Rs.13 per Equity Share of which:	544.00	707.20
	27,20,000 Equity Shares of Rs.10/- each at a premium of Rs.13 per Equity Share will be available for allocation for allotment to Retail Individual Investors of up to Rs. 2.00 lakhs	272.00	353.60
	27,20,000 Equity Shares of Rs.10/- each at a premium of Rs.13 per Equity Share will be available for allocation for allotment to Other Investors of above Rs. 2.00 lakhs	272.00	353.60
F.	<b>Paid up Equity capital after the Issue</b>		
	2,16,15,000 Equity Shares of Rs.10/- each	2,161.50	2161.50
G.	<b>Securities Premium Account</b>		
	Before the Issue	Nil	
	After the Issue	171.90	

<sup>(1)</sup> The present Issue of 57,30,000 Equity Shares in terms of Draft Prospectus has been authorized pursuant to a resolution of our Board of Directors dated November 18, 2016 and by special resolution passed under Section 62(1) (c) of the Companies Act, 2013 at the Extra ordinary general meeting of the members held on December 24, 2016.

### Details of changes in Authorized Share Capital of our Company since incorporation

No.	Date of Shareholders approval	EGM/AGM/ Postal Ballot	Authorised Share Capital (Rs.)	Details of change
1.	On Incorporation	--	1,00,00,000	Incorporated with an Authorised Share Capital of Rs.1,00,00,000 comprising of 10,00,000 Equity Shares of Rs.10 each.
2.	February 08, 2016	EGM	16,00,00,000	Increase in Authorised Share Capital from Rs.1,00,00,000 comprising of 10,00,000 Equity Shares of Rs.10 each to Rs.16,00,00,000 comprising of 1,60,00,000 Equity Shares of Rs.10 each.
3.	December 24, 2016	EGM	22,00,00,000	Increase in Authorised Share Capital from Rs.16,00,00,000 comprising of 1,60,00,000 Equity Shares of Rs.10 each to Rs. 22,00,00,000 comprising of 2,20,00,000 Equity Shares of Rs.10 each.

## Notes to Capital Structure

### 1. Share capital history of our Company

#### (a) Equity share capital history of our Company

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

Date of Allotment	Number of Equity Shares	Face Value per Equity Share (Rs.)	Issue Price per Equity Share (Rs.)	Nature of Consideration (Cash/ Other than Cash)	Nature of allotment	Cumulative Number of Equity Shares	Cumulative Share Capital (Rs.)	Cumulative Share Premium (Rs.)
On Incorporation	60,000	10.00	10.00	Cash	Subscription to the MoA <sup>(1)</sup>	60,000	6,00,000	--
March 08, 2016	70,00,000	10.00	10.00	Cash	Private Placement <sup>(2)</sup>	70,60,000	7,06,00,000	--
March 31, 2016	88,25,000	10.00	10.00	Cash	Rights Issue <sup>(3)</sup>	1,58,85,000	15,88,50,000	--

#### Notes:

(1) Allotment on subscription to the Memorandum of Association

No.	Name of the allottee	Number of Equity Shares allotted
1.	Mr. Shwet Dhirajbhai Koradiya	10000
2.	Ms. Varshaben Dhirajbhai Koradiya	10000
3.	Mr. Jinaykumar Navinchandra Koradiya	10000
4.	Mr. Vidhit Mehta	10000
5.	Mr. Ankit Mehta	10000
6.	Mr. Rahulkumar Bariya	5000
7.	Mr. Somchand Bariya	5000
<b>Total</b>		<b>60,000</b>

(2) Further allotment through Private Placement

No.	Name of the allottee	Number of Equity Shares allotted
1.	Mr. Shwet Dhirajbhai Koradiya	200000
2.	Ms. Varshaben Dhirajbhai Koradiya	3100000
3.	M/s. Synergy Bizcon Ltd.	700000
4.	Mr. Vaghajibhai Nathabhai	135000
5.	Mr. Kamlesh Bhai Nathabhai	140000
6.	Mr. Krunal Kirtibhai	140000
7.	Mr. Sunilbhai Kanubhai	125000
8.	Mr. Dixit Dhirajlal	125000
9.	Mr. Jayesh Hasmukhlal	105000
10.	Mr. Sanjay Kumar Rasiklal	120000
11.	Mr. Limbuji Gambhirji	145000
12.	Mr. Jamabhai Maganbhai	120000
13.	Mr. Kamlesh Gokaldas	125000
14.	Mr. Babarabhai Balabhai	100000
15.	Mr. Gordhanbhai Savijbhai	50000
16.	Mr. Radheshyam Kalidas	60000
17.	Mr. Manish Chhotlal	60000
18.	Mr. Harsh Manishkumar	45000

<b>No.</b>	<b>Name of the allottee</b>	<b>Number of Equity Shares allotted</b>
19.	Mr. Vipul Gordhanbhai	60000
20.	Mr. Batukbhai Kalidas	70000
21.	Mr. Mohanbhai Manilal	60000
22.	Mr. Kanaiyalal Hargovandas	50000
23.	Mr. Jamabhai Bababhai	65000
24.	Mr. Ajaykumar Jayantilal	50000
25.	Mr. Sanghavi Ashok Kumar	70000
26.	Mr. Sakariya Bharat	55000
27.	Mr. Suresh Kumar Mafatlal	65000
28.	Mr. Asharam Jayantibhai	60000
29.	Mr. Jigarkumar Vaikuthbhai	50000
30.	Mr. Prakash Vaikuthbhai	70000
31.	Mr. Lalubhai Kanubhai	75000
32.	Mr. Rahul Atulkumar	75000
33.	Ms. Bhanuben Atulbhai	75000
34.	Mr. Atulbhai Mahasukhlal	50000
35.	Ms. Sonal Tejaskumar	70000
36.	Ms. Madhuben Kirtilal	65000
37.	Mr. Krunal Atulkumar	75000
38.	Mr. Hetal Samkit	65000
39.	Mr. Tejaskumar Kirtilal	65000
40.	Mr. Samkit Kirtilal	65000
<b>Total</b>		<b>70,00,000</b>

(3) *Rights Issue*

<b>No.</b>	<b>Name of the allottee</b>	<b>Number of Equity Shares allotted</b>
1.	Mr. Shwet Dhirajbhai Koradiya	262500
2.	Ms. Varshaben Dhirajbhai Koradiya	3900000
3.	Ms. Vidhi Jayantilal Mehta	12500
4.	Mr. Ankit Premchand	12500
5.	Mr. Rahulkumar Ramanbhai	6250
6.	Mr. Somchand Ranchhodhbhai	6250
7.	M/s. synergy Bizcon Ltd.	875000
8.	Mr. Vaghajibhai Nathabhai	168750
9.	Mr. Kamlesh Bhai Nathabhai	175000
10.	Mr. Krunal Kirtibhai	175000
11.	Mr. Sunilbhai Kanubhai	156250
12.	Mr. Dixit Dhirajlal	156250
13.	Mr. Jayesh Hasmukhlal	131250
14.	Mr. Sanjay Kumar Rasiklal	150000
15.	Mr. Limbuji Gambhirji	181250
16.	Mr. Jamabhai Maganbhai	150000
17.	Mr. Kamlesh Gokaldas	156250
18.	Mr. Babarbai Balabhai	125000
19.	Mr. Gordhanbhai Savijbhai	62500
20.	Mr. Radheshyam Kalidas	75000
21.	Mr. Manish Chhotlal	75000
22.	Mr. Harsh Manishkumar	56250
23.	Mr. Vipul Gordhanbhai	75000
24.	Mr. Batukbhai Kalidas	87500
25.	Mr. Mohanbhai Manilal	75000
26.	Mr. Kanaiyalal Hargovandas	62500
27.	Mr. Jamabhai Bababhai	81250
28.	Mr. Ajaykumar Jayantilal	62500
29.	Mr. Sanghavi Ashok Kumar	87500
30.	Mr. Sakariya Bharat	68750

No.	Name of the allottee	Number of Equity Shares allotted
31.	Mr. Suresh Kumar Mafatlal	81250
32.	Mr. Asharam Jayantibhai	75000
33.	Mr. Jigarkumar Vaikuthbhai	62500
34.	Mr. Prakash Vaikuthbhai	87500
35.	Mr. Dharmendra Rampravesh	93750
36.	Mr. Ajitkumar Kishun	93750
37.	Mr. Anuj Ramji Patel	93750
38.	Mr. Sudhakar Apartti	62500
39.	Mr. Tisukumar Devkumar	87500
40.	Mr. Gangasagar Ramasankar	81250
41.	Ms. Jashiben Babubhai	93750
42.	Ms. Ashakumari Ajay Prasad	81250
43.	Mr. Ranjit Kumar Harinarayan	81250
44.	Mr. Santosh Kumar	81250
<b>Total</b>		<b>88,25,000</b>

(b) As on the date of this Draft Prospectus, our Company does not have any preference share capital.

(c) Issue of Equity Shares for Consideration other than cash and bonus issues.

Our Company has not issued Equity shares for consideration other than cash as on the date of this Draft Prospectus.

3. We have not revalued our assets since inception and have not issued any Equity Shares (including bonus shares) by capitalizing any revaluation reserves.

4. Build-up of our Promoter's Shareholding, Promoter's Contribution and Lock-in

(a) **Build-up of our Promoter's shareholding in our Company**

The current promoter of our Company is (i) Mrs. Varshaben Koradiya.

As on the date of this Draft Prospectus, our Promoter hold 1,20,75,000 Equity Shares, which constitutes approximately 76.02% of the issued, subscribed and paid-up Equity Share capital of our Company.

None of the Equity Shares held by our Promoter is subject to any pledge.

Set forth below is the build-up of the equity shareholding of our Promoters, since the incorporation of our Company.

i) Mrs. Varshaben Koradiya

Date of Allotment/ Acquisition/ Sale	Number of Equity Shares	Face Value (Rs.)	Issue/ Acquisition/ Sale Price per Equity Share (Rs.)	Nature of Consideration (Cash/ Other than Cash)	Nature of transaction	% of pre issue equity share capital	% of post issue equity share capital	Lock in Period	Sources of funds
Upon Incorporation	10000	10/-	10/-	Cash	Subscriber to MOA	0.06	0.05	3 year	Owned Funds
March 08, 2016	2675000	10/-	10/-	Cash	Private Placement	16.84	12.38	3 year	Owned Funds
March 08, 2016	425000	10/-	10/-	Cash	Private Placement	2.68	1.97	3 year	Owned Funds
March 31, 2016	3900000	10/-	10/-	Cash	Rights Issue	24.55	18.04	1 year	Owned Funds
November 18, 2016	472500	10/-	13/-	Cash	Transfer from Shwet Dhirajbhai Koradiya	2.97	2.19	3 year	Owned Funds

Date of Allotment/ Acquisition/ Sale	Number of Equity Shares	Face Value (Rs.)	Issue/ Acquisition/ Sale Price per Equity Share (Rs.)	Nature of Consideration (Cash/ Other than Cash)	Nature of transaction	% of pre issue equity share capital	% of post issue equity share capital	Lock in Period	Sources of funds
November 18,2016	10000	10/-	13/-	Cash	Transfer from Jinaykumar Navinchandra Koradiya	0.06	0.05	1 year	Owned Funds
November 18,2016	303750	10/-	13/-	Cash	Transfer from Vaghajibhai Nathabhai Rabari	1.91	1.41	3 year	Owned Funds
November 18,2016	315000	10/-	13/-	Cash	Transfer from Kamleshbhai Nathabhai Desai	1.98	1.46	3 year	Owned Funds
November 18,2016	315000	10/-	13/-	Cash	Transfer from Krunal Kiritbhai Shah	1.98	1.46	3 year	Owned Funds
November 18,2016	281250	10/-	13/-	Cash	Transfer from Sunilbhai Kanubhai Desai	1.77	1.30	1 year	Owned Funds
November 18,2016	281250	10/-	13/-	Cash	Transfer from Dixit Dhirajlal Shah	1.77	1.30	1 year	Owned Funds
November 18,2016	236250	10/-	13/-	Cash	Transfer from Jayesh Hasmukhlal Shah	1.49	1.09	1 year	Owned Funds
November 18,2016	270000	10/-	13/-	Cash	Transfer from Sanjaykumar Rasiklal Shah	1.70	1.25	1 year	Owned Funds
November 18,2016	326250	10/-	13/-	Cash	Transfer from Limbuji Ghambhirji Thakor	2.05	1.51	1 year	Owned Funds
November 18,2016	270000	10/-	13/-	Cash	Transfer from Jamabhai Maganbhai Rabari	1.70	1.25	1 year	Owned Funds
November 18,2016	281250	10/-	13/-	Cash	Transfer from Kamlesh Gokaldas Shah	1.77	1.30	1 year	Owned Funds
November 18,2016	225000	10/-	13/-	Cash	Transfer from Babarabhai Balabhai Desai	1.42	1.04	1 year	Owned Funds
November 18,2016	75000	10/-	13/-	Cash	Transfer from Rahul Atulkumar Doshi	0.47	0.35	1 year	Owned Funds
November 18,2016	75000	10/-	13/-	Cash	Transfer from Bhanuben Atulbhai Doshi	0.47	0.35	1 year	Owned Funds
November 18,2016	50000	10/-	13/-	Cash	Transfer from Atulbhai Mahasukhlal Doshi	0.31	0.23	1 year	Owned Funds
November 18,2016	70000	10/-	13/-	Cash	Transfer from Sonal Tejaskumar Doshi	0.44	0.32	1 year	Owned Funds

Date of Allotment/ Acquisition/ Sale	Number of Equity Shares	Face Value (Rs.)	Issue/ Acquisition/ Sale Price per Equity Share (Rs.)	Nature of Consideration (Cash/ Other than Cash)	Nature of transaction	% of pre issue equity share capital	% of post issue equity share capital	Lock in Period	Sources of funds
November 18,2016	65000	10/-	13/-	Cash	Transfer from Madhuben Kirtilal Doshi	0.41	0.30	1 year	Owened Funds
November 18,2016	75000	10/-	13/-	Cash	Transfer from Krunal Atulkumar Doshi	0.47	0.35	1 year	Owened Funds
November 18,2016	65000	10/-	13/-	Cash	Transfer from Hetal Samkit Doshi	0.41	0.30	1 year	Owened Funds
November 18,2016	65000	10/-	13/-	Cash	Transfer from Tejashkumar Kirtilal Doshi	0.41	0.30	1 year	Owened Funds
November 18,2016	65000	10/-	13/-	Cash	Transfer from Samkit Kirtilal Doshi	0.41	0.30	1 year	Owened Funds
November 18,2016	93750	10/-	13/-	Cash	Transfer from Dhamendrakumar Ramprवेश Patel	0.59	0.43	1 year	Owened Funds
November 18,2016	93750	10/-	13/-	Cash	Transfer from Ajitkumar Kishun Parsad	0.59	0.43	1 year	Owened Funds
November 18,2016	93750	10/-	13/-	Cash	Transfer from Anuj Ramji Patel	0.59	0.43	1 year	Owened Funds
November 18,2016	62500	10/-	13/-	Cash	Transfer from Sudhakar Apartti Behera	0.39	0.29	1 year	Owened Funds
November 18,2016	87500	10/-	13/-	Cash	Transfer from Tisukumar Devkumar Prasa Khiru	0.55	0.40	1 year	Owened Funds
November 18,2016	81250	10/-	13/-	Cash	Transfer from Gangasagar Ramasankar Kohar	0.51	0.38	1 year	Owened Funds
November 18,2016	93750	10/-	13/-	Cash	Transfer from Jashiben Babubhai Baria	0.59	0.43	1 year	Owened Funds
November 18,2016	81250	10/-	13/-	Cash	Transfer from Ashakumari Ajay Prasad	0.51	0.38	1 year	Owened Funds
November 18,2016	81250	10/-	13/-	Cash	Transfer from Ranjitkumar Harinarayan Prasad	0.51	0.38	1 year	Owened Funds
November 18,2016	81250	10/-	13/-	Cash	Transfer from Santoshkumar Mathura Prasad	0.51	0.38	1 year	Owened Funds
November 18,2016	22500	10/-	13/-	Cash	Transfer from Devmanti Umesh Devi	0.14	0.10	1 year	Owened Funds
Total	<b>12075000</b>					76.02	55.86		

All the Equity Shares held by our Promoter was fully paid up as on the respective dates of acquisition of such Equity Shares. Our Promoter has confirmed to our Company and the Lead Manager that the Equity Shares held by her has been financed from her personal funds, as the case may be, and no loans or financial assistance from any bank or financial institution has been availed of by her for such purpose.

As on the date of this Draft Prospectus, our Promoter do not hold any preference shares in our Company.

(b) **Details of Promoter’s Contribution Locked-in for Three (3) Years**

Pursuant to Regulation 32 of the SEBI (ICDR) Regulations, an aggregate of at least 20% of the post-issue Equity Share capital of our Company held by our Promoters shall be locked for a period of three (3) years from the date of Allotment.

All Equity Shares held by our Promoters are eligible for Promoters’ contribution, pursuant to Regulation 33 of the SEBI (ICDR) Regulations.

All the Equity Shares of our Company held by our Promoters and the Promoter Group shall be held in dematerialized form prior to filing of the Prospectus with the RoC.

Our Promoters have consented to the inclusion of such number of the Equity Shares held by them, in aggregate, as may constitute 20% of the post-issue capital of our Company as Promoters’ contribution and the Equity Shares proposed to form part of Promoters’ contribution subject to lock-in shall not be disposed of/ sold/ transferred by our Promoters during the period starting from the date of filing this Draft Prospectus with the Stock Exchange until the date of commencement of the lock-in period.

Accordingly, Equity Shares aggregating to 20% of the post-issue capital of our Company, held by our Promoters shall be locked-in for a period of three (3) years from the date of Allotment in the Issue as follows:

<b>Details of Promoter’s Contribution</b>						
<b>Date on which the Equity Shares were Allotted/ Acquired</b>	<b>Nature of Consideration (Cash/Other than Cash)</b>	<b>Number of Equity Shares</b>	<b>Face Value ( )</b>	<b>Issue Price ( )</b>	<b>% of post-Issue share capital</b>	<b>Period of Lock-in</b>
<b>Mrs. Varshaben Koradiya</b>						
Upon Incorporation	Cash	10000	10	10	0.05	Three (3) years
March 08, 2016	Cash (Private Placement)	2675000	10	10	12.38	Three (3) years
March 08, 2016	Cash (Private Placement)	425000	10/-	10/-	1.97	Three (3) years
November 18, 2016	Cash	472500	10/-	13/-	2.19	Three (3) years
November 18, 2016	Cash	303750	10/-	13/-	1.41	Three (3) years
November 18, 2016	Cash	315000	10/-	13/-	1.46	Three (3) years
November 18, 2016	Cash	315000	10/-	13/-	1.46	Three (3) years
<b>Total</b>		<b>4516250</b>			<b>20.92</b>	

The Promoters’ contribution has been brought in to the extent of not less than the specified minimum lot and from the persons defined as ‘promoters’ under the SEBI (ICDR) Regulations.

The Equity Shares that are being locked-in are not ineligible for computation of Promoters’ contribution under Regulation 33 of the SEBI (ICDR) Regulations. In this respect, we confirm the following:

- (i) the Equity Shares offered for minimum Promoters’ contribution have not been acquired in the three (3) years immediately preceding the date of this Draft Prospectus for consideration other than cash and revaluation of assets or capitalization of intangible assets, nor have resulted from a bonus issue out of revaluation reserves or



unrealized profits of our Company or against Equity Shares which are otherwise ineligible for computation of Promoters' contribution; the minimum Promoters' contribution does not include any Equity Shares acquired during the one (1) year immediately preceding the date of this Draft Prospectus at a price lower than the price at which the Equity Shares are being offered to the public in the Issue;

- (ii) no Equity Shares have been issued to our Promoters in the last one (1) year preceding the date of this Draft Prospectus no Equity Shares have been issued to our Promoters in the last one (1) year preceding the date of this Draft Prospectus at a price less than the issue price, against funds brought in by them during that period, in case of an issuer formed by conversion of one or more partnership firms, where the partners of the erstwhile partnership firms are the promoters of the issuer and there is no change in the management.

Provided that specified securities, allotted to promoters against capital existing in such firms for a period of more than one year on a continuous basis, shall be eligible.

- (iii) the Equity Shares held by our Promoters which are offered for minimum Promoters' contribution are not subject to any pledge or any other form of encumbrance whatsoever; and all the Equity Shares of our Company held by the Promoters and the Promoter Group shall be held in dematerialized form prior to the filing of the Prospectus.

(c) **Details of Equity Shares Locked-in for one (1) year**

In terms of Regulation 36 and 37 of the SEBI (ICDR) Regulations, other than the Equity Shares offered by the Promoters for the Minimum Promoter's Contribution, which will be locked-in as minimum Promoters' contribution for three (3) years, all the pre-Issue Equity Shares shall be subject to lock-in for a period of one (1) year from the date of Allotment.

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

(d) **Other requirements in respect of lock-in**

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

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

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

- (e) We further confirm that our Promoter's Contribution of 20 % of the post-Issue Equity Share capital does not include any contribution from Alternative Investment Fund.

(f) **Shareholding of our Promoters & Promoter Group**

The table below presents the shareholding of our Promoter and Promoter Group and the director of our corporate promoter, who hold Equity Shares as on the date of filing of this Draft Prospectus:

Particulars	Pre-Issue		Post-Issue	
	Number of Shares	Percentage (%) holding	Number of Shares	Percentage (%) holding
<b>Promoters</b>				
Varshaben Koradiya	1,20,75,000	76.02	1,20,75,000	55.86
<b>Total (A)</b>	<b>1,20,75,000</b>	<b>76.02</b>	<b>1,20,75,000</b>	<b>55.86</b>
<b>Promoter Group</b>				
Synergy Bizcon Ltd.	15,75,000	9.92	15,75,000	7.29
<b>Total (B)</b>	<b>15,75,000</b>	<b>9.92</b>	<b>15,85,000</b>	<b>7.29</b>
<b>Grand Total (A+B)</b>	<b>1,36,50,000</b>	<b>85.94</b>	<b>1,36,50,000</b>	<b>63.15</b>

As on the date of filing of this Draft Prospectus, our Promoters and members of the Promoter Group do not hold any preference shares in our Company.

**5. Acquisition and sale/transfer of Equity Shares by our Promoters in last one (1) year**

There has been no acquisition, sale or transfer of Equity Shares by our Promoters in the last one (1) year preceding the date of filing of this Draft Prospectus, except as follows.

Sr. No.	Type of Acquisition	Date	No. of Shares	Price
1.	Private Placement	March 08, 2016	31,00,000	Rs. 10
2.	Right Issue	March 31, 2016	39,00,000	Rs. 10
3.	Share Transfer by other shareholders	November 18, 2016	50,65,000	Rs. 13

**6. Shareholding Pattern of our Company**

The table below presents the current shareholding pattern of our Company as on the date of this Draft Prospectus.

Category (I)	Category of shareholder (II)	Nos. of shareholders (III)	No. of fully paid up equity shares held (IV)	No. of Partly paid-up equity shares held (V)	No. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII) = (IV)+(V)+(VI)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C 2)	Number of Voting Rights held in each class of securities (IX)				No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI) = (VII)+(X) As a % of (A+B+C 2)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
								No of Voting Rights			Total as a % of (A+B+C)			No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (Sb)	
								Class eg: X	Class eg: Y	Total								
A	Promoter & Promoter Group	2	1,36,50,000	-	-	1,36,50,000	85.93	1,36,50,000	Nil	1,36,50,000	85.93	Nil	85.93	-	-	-	2	[ ]
B	Public	20	22,35,000	-	-	22,35,000	14.07	22,35,000	Nil	22,35,000	14.07	Nil	14.07	-	-	-	20	[ ]
C	Non Promoter- Non Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
C1	Shares underlying DRs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
C2	Shares held by Employee Trusts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Category (I)	Category of shareholder (II)	Nos. of shareholders (III)	No. of fully paid up equity shares held (IV)	No. of Partly paid-up equity shares held (V)	No. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII) = (IV)+(V)+(VI)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C 2)	Number of Voting Rights held in each class of securities (IX)			No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI) = (VII)+(X) As a % of (A+B+C 2)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)	
								No of Voting Rights					Total as a % of (A+B+C)	No. (a)	As a % of total Shares held (b)	No. (a)		As a % of total Shares held (Sb)
								Class eg: X	Class eg: y	Total								
	Total	22	1,58,85,000	Nil	Nil	1,58,85,000	100.00	1,58,85,000	Nil	1,58,85,000	Nil	Nil	100.00	-	-	-	-	[ ]

I - Our Shareholding Pattern:-

Category	Category of shareholder	Nos. of shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)	Number of Voting Rights held in each class of securities*		No. of Shares Underlying Outstanding convertible securities (including	Shareholding, as a % assuming full conversion of convertible securities (	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			No. (a)	As a % of total	No. (a)	As a % of total	

				share s held			As a % of (A+B+C2)	Class Equity Shares of Rs.10/- each^	Clas s eg: y	Tot al	(A+B + C)	Warrants)	as a percentage of diluted share capital)  As a % of (A+B+C2)	Share s held (b)	Share s held (b)	
I	II	III	IV	V	VI	VII = IV+V+VI	VIII	IX				X	XI=VII+X	XII	XIII	XIV
(A)	Promoter & Promoter Group	2	1,36,50,00 0	-	-	1,36,50,00 0	85.93	1,36,50,00 0	Nil	1,36,50,00 0	Nil	Nil	85.93	-	-	-
(B)	Public	20	22,35,000	-	-	22,35,000	14.07	22,35,000	Nil	22,35,000	Nil	Nil	14.07	-	-	-
(C)	Non Promoter- Non Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C1)	Shares underlying DRs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C2)	Shares held by Emp. Trusts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	22	1,58,85,00 0	Nil	Nil	1,58,85,00 0	100.00	1,58,85,00 0	Nil	1,58,85,00 0	Nil	Nil	100.00	-	-	-

\*As on date of this Draft Red Herring Prospectus 1 Equity share holds 1 vote.

^ We have only one class of Equity Shares of face value of Rs. 10/- each.

II - Shareholding pattern of the Promoter and Promoter Group

S.No.	Category & Name of the Shareholders	PAN	No. of shares held	No. of fully paid up equity shares held	Partly paid-up equity shares held	Nos. of shares underlying Depository Receipts	Total nos. shares held	Shareholding (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		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 (b)	No.	As a % of total shares held (b)	
									Class Equity Shares of Rs.10/- each	Class Y	Total								
I	II	III	IV	V	VI	VII=IV+V+VI	VIII	IX				X	XI = VII+X	XII	XIII	XIV			
(1)	Indian																		
(a)	Individuals/ Hindu undivided Family																		
	Mrs.Varshaben Koradiya		1	1,20,75,000	-	-	1,20,75,000	76.02	1,20,75,000	1,20,75,000	76.02	-	76.02	-	-	-	-	-	[ ]
(b)	Central Government/ State Government(s)		0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

(c)	Financial Institutions/ Banks	-	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(d)	Any Other	-	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Body Corporate																
	Synergy Bizcon Limited		1	15,75,000	-	-	15,75,000	9.92	15,75,000	-	15,75,000	9.92	-	9.92	-	-	[ ]
	Sub-Total (A)(1)		2	1,36,50,000	-	-	1,36,50,000	85.93	1,36,50,000	-	1,36,50,000	85.93	-	85.93	-	-	[ ]
(2)	Foreign	-	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(b)	Government	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(c)	Institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(d)	Foreign Portfolio Investor	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(f)	Any Other (specify)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Sub-Total (A)(2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)		2	1,36,50,000	-	-	1,36,50,000	85.93	1,36,50,000	Nil	1,36,50,000	Nil	Nil	85.93	-	-	-

\*As on date of this draft prospectus 1 Equity share holds 1 vote.

III - Shareholding pattern of the Public shareholder

S.No.	Category & Name of the Shareholders	PAN	No. of shares held	No. of fully paid up equity shares held	Partly paid-up equity shares held	Nos. of shares underlying Depository Receipts	Total nos. shares held	Shareholding % (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)	Total Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	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. (a)	As a % of total 52ha re s held (b)	No. (not applicable) (a)		As a % of total share s held (not applicable)(b)
									Class Equity Shares of Rs.10/- each	Class Y	Total	Other								
	I	II	III	IV	V	VI	VII=IV+V+VI	VIII	IX				X	XI= VII+ X	XII		XIII		XIV	
(1)	Institutions																			
(a)	Mutual Funds	-	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
(b)	Venture Capital Funds	-	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
(c)	Alternate Investment Funds	-	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
(d)	Foreign Venture Capital Investors	-	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
(e)	Foreign Portfolio Investors	-	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
(f)	Financial Institutions/ Banks	-	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	



(g)	Insurance Companies	-	0	-	-	-	-	-	-	-	-	-	-	-	-	-
(h)	Provident Funds/ Pension Funds	-	0	-	-	-	-	-	-	-	-	-	-	-	-	-
(i)	Any Other (specify)	-	0	-	-	-	-	-	-	-	-	-	-	-	-	-
	Sub-Total (B)(1)	-	0	-	-	-	-	-	-	-	-	-	-	-	-	-
(2)	Central Government/ State Government(s)/ President of India	-	0	-	-	-	-	-	-	-	-	-	-	-	-	-
	Sub-Total (B)(2)	-	0	-	-	-	-	-	-	-	-	-	-	-	-	-
(3)	Non-institutions															
(a)	Individuals	-	20	22,35,000	-	20	14.07	20	-	20	14.07	-	14.07	-	-	[ ]
	i. Individual shareholders holding nominal share capital up to Rs. 2 lakhs.	-	2	22,500	-	2	0.14	2	-	2	0.14	-	0.14	-	-	[ ]
	ii. Individual shareholders holding nominal share capital in excess of Rs. 2 lakhs.	-	18	22,12,500	-	18	13.93	18	-	18	13.93	-	13.93	-	-	-

(b)	NBFCs registered with RBI	-	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(c)	Employee Trusts	-	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(d)	Overseas Depositories (holding DRs) (balancing figure)	-	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(e)	Any Other Body Corporate (specify)	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Sub-Total (B)(3)	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total Public Shareholding (B)= (B)(1)+(B)(2)+(B)(3)	-	20	22,35,000	-	-	20	14.07	20	-	20	14.07	-	14.07	-	-	[ ]

IV - Shareholding pattern of the Non Promoter- Non Public shareholder

S.No.	Category & Name of the Shareholders	PAN	No. of shareholders	No. of fully paid up equity shares held	Partly paid-up equity shares held	Nos. of shares underlying Depository Receipts	Total nos. shares held	Shareholding (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)	Total Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in Share dematerialized form (Not applicable)
									No of Voting Rights	Total as a % of			No.	As a % of total	No. (not applicable)	As a % of total shares	

									Class Equity Shares of Rs.10/ - each	Clas s Y	To t al	Total Votin g rights	share capital)	Shar e s held	held (not applicable )	
	I	II	III	IV	V	VI	VII=IV+V+ VI	VIII	IX			X	XI= VII+ X	XII	XIII	XIV
(1)	Custodian/D R															
(a)	Name of DR Holder (if available)	-	0	-	-	-	-	-	-	-	-	-	-	-	-	-
	Sub Total (c	-	0	-	-	-	-	-	-	-	-	-	-	-	-	-
(2)	Employee Benefit Trust (under SEBI (Share based Employee	-	0	-	-	-	-	-	-	-	-	-	-	-	-	-
	Sub Total (C	-	0	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total Non- Promoter Non- Public shareholding (C )= (C ) (1)+ (C ) (2)	-	0	-	-	-	-	-	-	-	-	-	-	-	-	-

We are in the process of entering into tripartite agreement with both depositories.

In terms of SEBI circular bearing no. Cir/ISD/3/2011 dated June 17, 2011 and SEBI circular bearings no. SEBI/Cir/ISD/05/2011 dated September 30, 2011, our Company shall ensure that the Equity Shares held by the Promoters and Promoter Group shall be in dematerialised prior to the filing of Prospectus with the RoC.

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

7. None of the directors of our Company are holding any Equity Shares in our Company.
8. None of the Equity Shares of our Company are subject to any pledge as on the date of this Draft Prospectus.
9. None of the shareholding of the Promoters & Promoter Group is subject to lock-in as on date of this Draft Prospectus.
10. None of the persons belonging to the category Public are holding more than 1% of the total number of shares (including shares, warrants, convertible securities) as on the date of this Draft Prospectus.
11. None of the Key Managerial Personnel holds Equity Shares in our Company as on the date of this Draft Prospectus.
12. **Top Ten Shareholders of our Company.**

- a. The top ten (10) shareholders of our Company as of the date of the filing of the Draft Prospectus with the Stock Exchange are as follows:

No.	Name of the Shareholder	Number of Equity Shares	Shareholding (%)
1.	Mrs. Varshaben Dhirajbhai Koradiya	1,20,75,000	76.02
2.	M/s. Synergy Bizcon Limited	15,75,000	9.92
3.	Mr. Batukbhai Kalidasbhai Dudharejia	1,57,500	0.99
4.	Mr. Prakash Vaikuthbhai Joshi	1,57,500	0.99
5.	M/s. Sanghavi Ashokkumar Rupchand – HUF	1,57,500	0.99
6.	Mr. Sureshkumar Mafatlal Joshi	1,46,250	0.92
7.	Mr. Jamabhai Bababhai Desai	1,46,250	0.92
8.	Mr. Radheshyam Kalidash Dudhrejiya	1,35,000	0.85
9.	Mr. Manish Chhotalal Sanghvi	1,35,000	0.85
10.	Mr. Vipul Gordhanbhai Sakariya	1,35,000	0.85
11.	Mr. Mohanbhai Manilal Joshi	1,35,000	0.85
12.	Mr. Asharam Jayantibhai Joshi	1,35,000	0.85
<b>Total</b>		<b>1,50,90,000</b>	<b>95.00</b>

- b. The top ten (10) shareholders of our Company as of ten (10) days prior to the filing of the Draft Prospectus with the Stock Exchange are as follows:

No.	Name of the Shareholder	Number of Equity Shares	Shareholding (%)
1.	Mrs. Varshaben Dhirajbhai Koradiya	1,20,75,000	76.02
2.	M/s. Synergy Bizcon Limited	15,75,000	9.92
3.	Mr. Batukbhai Kalidasbhai Dudharejia	1,57,500	0.99
4.	Mr. Prakash Vaikuthbhai Joshi	1,57,500	0.99
5.	M/s. Sanghavi Ashokkumar Rupchand – HUF	1,57,500	0.99
6.	Mr. Sureshkumar Mafatlal Joshi	1,46,250	0.92
7.	Mr. Jamabhai Bababhai Desai	1,46,250	0.92
8.	Mr. Radheshyam Kalidash Dudhrejiya	1,35,000	0.85
9.	Mr. Manish Chhotalal Sanghvi	1,35,000	0.85
10.	Mr. Vipul Gordhanbhai Sakariya	1,35,000	0.85
11.	Mr. Mohanbhai Manilal Joshi	1,35,000	0.85
12.	Mr. Asharam Jayantibhai Joshi	1,35,000	0.85
<b>Total</b>		<b>1,50,90,000</b>	<b>95.00</b>

- c. The top ten (10) shareholders of our Company as of two (2) years prior to the filing of the Draft Prospectus with the Stock Exchange are as follows:

No.	Name of the Shareholder	Number of Equity Shares	Shareholding (%)
1.	Mr. Shwet Dhirajbhai Koradiya	10,000	16.67
2.	Mrs. Varshaben Dhirajbhai Koradiya	10,000	16.67
3.	Mr. Jinaykumar Navinchandra Koradiya	10,000	16.67
4.	Mr. Vidhit Mehta	10,000	16.67
5.	Mr. Ankit Mehta	10,000	16.66
6.	Mr. Rahulkumar Bariya	5,000	8.33
7.	Mr. Somchand Bariya	5,000	8.33
<b>Total</b>		<b>60,000</b>	<b>100.00</b>

13. None of our public shareholders are holding more than 1% of the pre-Issue share capital of our Company:
14. There has been subscription to or sale or purchase of our Equity Shares, within the three (3) years immediately preceding the date of this Draft Prospectus by further allotment through Private Placement on March 08, 2016 and through Rights Issue on March 31, 2016, by our Promoters, Directors or Promoter Group which in aggregate equals or exceeds 1% of the Pre-issue Equity Share capital of our Company.
15. Our Company has not granted any options or allotted any Equity Shares under the ESOP Scheme as on the date of this Draft Prospectus.
16. Our Company has not issued and allotted Equity Shares in terms of scheme(s) approved under Section 391-394 of the Companies Act, 1956.
17. None of our Promoters, Promoter Group, our Directors and their relatives has entered into any financing arrangements or financed the purchase of the Equity shares of our Company by any other person during the period of six (6) months immediately preceding the date of filing of the Draft Prospectus.
18. We hereby confirm that there will be no further issue of capital whether by the 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 offered have been listed or application money unblocked on account of failure of issue.
19. Our Company, its Directors, Promoters or the Lead Manager have not entered into any buy-back or standby arrangements for the purchase of the Equity Shares of our Company.
20. Our Promoter and The Promoter Group, Directors of the Promoter(s), the Directors and their relatives have purchased or sold any Equity Shares during the period of six (6) months immediately preceding the date of filing of this Draft Prospectus with the Stock Exchange.
21. Our Company undertakes that there shall be only one (1) denomination for the Equity Shares of our Company, unless otherwise permitted by law. Our Company shall comply with such disclosure and accounting norms as specified by SEBI from time to time.
22. There are no outstanding warrants, options or rights to convert debentures, loans or other instruments into Equity Shares as on the date of this Draft Prospectus.
23. The Equity Shares are fully paid up and there are no partly paid-up Equity Shares as on the date of filing of this Draft Prospectus.
24. Our Company has not issued Equity Shares out of Revaluation Reserves.
25. Our Company shall comply with such disclosures and accounting norms as may be specified by BSE, SEBI and other regulatory authorities from time to time.
26. The Equity Shares issued pursuant to this Issue shall be fully paid-up.
27. Our Company has not made any public issue of any kind or class of securities of our Company within the immediately preceding two (2) years prior to filing this Draft Prospectus.
28. As on date of this Draft Prospectus, our Company has 22 shareholders.

29. Our Company has not raised any bridge loans from any bank or financial institution as on the date of this Draft Prospectus, which are proposed to be repaid from the Net Proceeds. However, depending on its business requirements, our Company may consider raising bridge financing facilities, pending receipt of the Net Proceeds of the Issue.
30. Our Company, Directors, Promoters or members of our Promoter Group shall not make any payments, direct or indirect, discounts, commissions, allowances or otherwise under this Issue except as disclosed in this Draft Prospectus.
31. Our Company does not have any proposal or intention to alter the equity capital structure by way of split/consolidation of the denomination of the Equity Shares, or the issue of securities on a preferential basis or issue of bonus or rights or further public issue of securities or qualified institutions placement within a period of six (6) months from the date of opening of the Issue. However, if business needs of our Company so require, our Company may alter the capital structure by way of split / consolidation of the denomination of the Equity Shares / issue of Equity Shares on a preferential basis or issue of bonus or rights or public or preferential issue of Equity Shares or any other securities during the period of six (6) months from the date of opening of the Issue or from the date the application moneys are refunded on account of failure of the Issue, after seeking and obtaining all the approvals which may be required.
32. Our Company has not revalued its assets during the last five (5) financial years.
33. An over-subscription to the extent of 10% of the Issue can be retained for the purpose of rounding off to the nearest integer during finalizing the allotment, subject to minimum allotment, which is the minimum application size in this Issue. Consequently, the actual allotment may go up by a maximum of 10% of the Issue, as a result of which, the post-issue paid up capital after the Issue would also increase by the excess amount of allotment so made. In such an event, the Equity Shares held by the Promoter and subject to three (3) years lock- in shall be suitably increased; so as to ensure that 20% of the post Issue paid-up capital is locked in.
34. Under subscription, if any, in any of the categories, would be allowed to be met with spill-over from any of the other categories or a combination of categories at the discretion of our Company in consultation with the Lead Manager and Designated Stock Exchange i.e. BSE Limited (SME Platform). Such inter-se spill over, if any, would be affected in accordance with applicable laws, rules, regulations and guidelines.
35. In case of over-subscription in all categories the allocation in the issue shall be as per the requirements of Regulation 43(4) of SEBI (ICDR) Regulations.
36. The unsubscribed portion in any reserved category (if any) may be added to any other reserved category.
37. 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.
38. There are no Equity Shares against which depository receipts have been issued.
39. Other than the Equity Shares, there is no other class of securities issued by our Company.
40. This issue is being made through Fixed Price method.
41. In terms of Rule 19(2)(b)(i) of the Securities Contracts (Regulation) Rules, 1957, as amended, (the SCRR) the Issue is being made for at least 25% of the post-Issue paid-up Equity Share capital of our Company. Further, this Issue is being made in terms of Chapter XB of the SEBI (ICDR) Regulations. As per Regulation 43(4) of the SEBI (ICDR) Regulations, since our is a fixed price Issue 'the allocation' is the Net Issue to the public category shall be made as follows:
- Minimum fifty percent (50%) to retail individual investors; and
  - Remaining to other than retail individual investors.
- The unsubscribed portion in either of the categories specified in (a) or (b) above may be allocated to the applicants in the other category. If the retail individual investor category is entitled to more than fifty percent (50%) on proportionate basis, accordingly the retail individual investors shall be allocated that higher percentage.
42. Our Promoters and members of our Promoter Group will not participate in the Issue.
43. The Lead Manager and its associates do not hold any Equity Shares in our Company as on the date of filing this Draft Prospectus.

## SECTION IV: PARTICULARS OF THE ISSUE

### OBJECTS OF THE ISSUE

The Issue includes a fresh Issue of 57,30,000 Equity Shares of our Company at an Issue Price of Rs. 13/- per Equity Share.

Our Company proposes to utilize the funds which are being raised through this Issue towards the below mentioned objects and gain benefits of listing on SME platform of BSE:

The Net Proceeds from the Fresh Issue will be utilised towards the following objects:

- (a) To Meet Working Capital Requirement;
- (b) General Corporate Purpose
- (c) To meet the Issue Expenses

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

The main objects clause of our Memorandum enables our Company to undertake its existing activities and these activities which have been carried out until now by our Company are valid in terms of the objects clause of our Memorandum of Association.

#### **Requirement of Funds**

Our funding requirement is depend on a number of factors which may not be in the control of our management, changes in our financial condition and current commercial condition. Such factors may entail rescheduling and / or revising the planned expenditure and funding requirement and increasing or decreasing the expenditure for a particular purpose from the planned expenditure.

The following table summarizes the requirement of funds:

Sr. No.	Particulars	Amount (in Rs. Lacs)
1	To Meet Working Capital Requirement	535.00
2	Public Issue Expenses	24.00
3	General Corporate Purpose	185.90
	<b>Total-Gross Issue Proceeds</b>	744.90

**Utilisation of Net Issue Proceeds:** The Net Issue proceeds will be utilised to finance Working Capital Requirement and General Corporate purpose in tune of Rs. 720.90 Lacs.

**Means of Finance:** The above-mentioned fund requirement will be met from the proceeds of the Issue. We intend to fund the shortfall, if any, from internal accruals and/ or debt. Set forth below are the means of finance for the above-mentioned fund requirement:

Sr. No.	Particulars	Amount (in Rs. Lacs)
1	Net Issue Proceeds	720.90
	<b>Total</b>	720.90

*Since the entire fund requirements are to be funded from the proceeds of the Issue. Accordingly, there is no requirement to make firm arrangements of finance under Regulation 4(2)(g) of the SEBI (ICDR) Regulations through verifiable means towards at least 75% of the stated means of finance, excluding the amounts to be raised through the proposed Issue.*

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

In case of any increase in the actual utilization of funds earmarked for the Objects, such additional funds for a particular activity will be met by way of means available to our Company, including from internal accruals. If the actual utilization towards any of the Objects is lower than the proposed deployment such balance will be used for future growth

opportunities including funding existing objects, if required. In case of delays in raising funds from the Issue, our company may deploy certain amounts towards any of the above mentioned Objects through a combination of Internal Accruals or Unsecured Loans.

As we operate in competitive environment, our Company may have to revise its business plan from time to time and consequently our fund requirements may also change. Our Company's historical expenditure may not be reflective of our future expenditure plans. Our Company may have to revise its estimated costs, fund allocation and fund requirements owing to various factors such as economic and business conditions, increased competition and other external factors which may not be within the control of our management. This may entail rescheduling or revising the planned expenditure and funding requirements, including the expenditure for a particular purpose at the discretion of the Company's management.

For further details on the risks involved in our business plans and executing our business strategies, please see the section titled "**Risk Factors**" beginning on page no. 13 of this Draft Prospectus.

### **Details of the use of the proceeds**

#### **1. To Meet Working Capital Requirement**

Our business is working capital intensive. We finance our working capital requirement from our internal accruals. Considering the existing and future growth, the total working capital needs of our Company, as assessed based on the internal workings of our Company is expected to reach Rs. 1426.88 Lacs for FY 2016- 2017. On the basis of our existing working capital requirements and the incremental working capital requirements our Board pursuant to their resolution dated November 18, 2016 has approved the business plan for Fiscal 2017 and the projected working capital requirements for Fiscal 2017 as stated below. We intend to meet our working capital requirements to the extent of Rs. 535.00 Lacs from the Net Proceeds of this Issue and the balance will be met from internal accruals and borrowings at an appropriate time as per the requirement.

Basis of estimation of working capital requirement and estimated working capital requirement:

Particulars	31.03.2016	31.03.2017	31.03.2018
	Restated	Provisional	Estimated
<b>A: Current Assets</b>			
Current Investments	0.00	0.00	0.00
Inventories	342.47	900.00	1200.00
Trade Receivables	0.00	0.00	200.00
Cash and Cash Equivalents	521.47	16.00	52.00
Short-term Loans and Advances	0.00	0.00	0.00
Other Current Assets	0.00	60.00	102.00
<b>Total (A)</b>	<b>863.92</b>	<b>976.00</b>	<b>1554.00</b>
<b>B: Current Liabilities</b>			
Short-term Borrowings	0.00	0.00	0.00
Trade Payables	183.44	0.00	0.00
Other Current Liabilities	0.00	25.00	25.12
Short-term Provisions	7.74	60.00	102.00
<b>Total (B)</b>	<b>191.17</b>	<b>85.00</b>	<b>127.12</b>
<b>Working Capital</b>	<b>672.70</b>	<b>891.00</b>	<b>1426.88</b>
<b>Working Capital Requirement</b>		<b>891.00</b>	<b>1426.88</b>
<b>Funding Pattern</b>			
<b>Internal Accruals</b>			891.88
<b>IPO Proceeds</b>			535.00

#### **Justification:**

S. No.	Particulars
<b>Debtors</b>	We expect Debtors Holding level to be 7 Days for FY 2017-18 in comparison to Nil for FY 2016-17.
<b>Creditors</b>	Our products is high value products hence we pays to the creditors against the delivery.
<b>Inventories</b>	We expect Inventory level to be 35 Days for FY 2017-18 in comparison to 32 Days for FY 2016-17.



## 2. Public Issue Expense

The estimated Issue related expenses includes Issue Management Fee, Underwriting and Selling Commissions, Printing and Distribution Expenses, Legal Fee, Advertisement Expenses, Registrar's Fees, Depository Fee and Listing Fee. The total expenses for this Issue are estimated to be approximately Rs. 24.00 Lacs which is 3.22 % of the Issue Size. All the Issue related expenses shall be met out of the proceeds of the Issue and the break-up of the same is as follows:

Activity	(Rs. In Lacs) Expenses
Fees payable to Merchant Banker , Registrar Fees, Legal Fees & Misc. Expenditure	18.75
Fees payable to Marketing Maker	2.00
Advertising and Marketing Expenses	1.25
Statutory Expenses	2.00
<b>Total Estimated Issue Expenses</b>	<b>24.00</b>

## 3. General Corporate Purpose

Our management, in accordance with the policies of our Board, will have flexibility in utilizing the proceeds earmarked for general corporate purposes. We intend to deploy the balance Fresh Issue proceeds aggregating Rs. 185.90 towards the general corporate purposes to drive our business growth. In accordance with the policies set up by our Board, we have flexibility in applying the remaining Net Proceeds, for general corporate purpose including but not restricted to, meeting operating expenses, initial development costs for projects other than the identified projects, and the strengthening of our business development and marketing capabilities, meeting exigencies, which the Company in the ordinary course of business may not foresee or any other purposes as approved by our Board of Directors, subject to compliance with the necessary provisions of the Companies Act.

We confirm that any issue related expenses shall not be considered as a part of General Corporate Purpose. Further, we confirm that the amount for general corporate purposes, as mentioned in this Draft Prospectus, shall not exceed 25% of the amount raised by our Company through this Issue.

## 4. Proposed year-wise Deployment of Funds and Schedule of Implementation:

The proposed year wise break up of deployment of funds and Schedule of Implementation of Net Issue Proceeds is as under:

S. No.	Particulars	Amount already Incurred	Amount to be deployed in F.Y. 2017-18
1	Working Capital Requirement	Nil	535.00
2.	Public Issue Expenses	3.50	20.50
3.	General Corporate Purpose	Nil	185.90
	<b>Total</b>	<b>3.50</b>	<b>741.40</b>

## 5. Funds Deployed and Sources of Funds Deployed:

Our Statutory Auditor, Kansariwala & Chevli, Chartered Accountants vide their certificate dated March 06, 2017 have confirmed that as on February 28, 2017, the following funds have been deployed for the proposed object of the Issue:

Sr. No.	Particulars	(Rs. In Lacs) Amount deployed
1	Issue Expenses	3.50
	<b>Total</b>	<b>3.50</b>

## 6. Sources of Financing for the Funds Deployed

Our Statutory Auditor, Kansariwala & Chevli., Chartered Accountants. vide their certificate dated March 06, 2017 have also confirmed the amount deployed so far towards part of the Issue expenses has been financed through internal sources.

Sr. No.	Particulars	(Rs. In Lacs) Amount deployed
1	Internal Accruals	3.50
	<b>Total</b>	<b>3.50</b>

## **Appraisal**

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

## **Shortfall of Funds**

Any shortfall in meeting the fund requirements will be met by way of internal accruals and or unsecured Loans.

## **Bridge Financing Facilities**

As on the date of this Draft Prospectus, we have not raised any bridge loans which are proposed to be repaid from the Net Proceeds.

## **Monitoring Utilization of Funds**

The Audit committee & the Board of Directors of our Company will monitor the utilization of funds raised through this public issue. Pursuant to Regulation 32 of the Sebi Listing Regulations, 2015, our Company shall on half yearly basis disclose to the Audit Committee the appropriate recommendations to the Board to take up steps in this matter. On an annual basis, our Company shall prepare a statement of funds utilized for purposes other than stated in this Draft Red-Herring Prospectus and place it before the Audit Committee. Such disclosures shall be made only until such time that all the proceeds of the Issue have been utilized in full. The statement of funds utilized will be certified by the Statutory Auditors of our Company.

## **Interim Use of Proceeds**

Our management, in accordance with the policies established by our Board of Directors, will have flexibility in deploying the proceeds received from the Issue. Pending utilization of the proceeds of the Issue for the purposes described above, our Company will temporarily invest the Net Proceeds in deposits with schedule commercial banks included in second schedule of Reserve Bank of India Act, 1934.

## **Variation in Objects**

In accordance with Section 27 of the Companies Act, 2013, our Company shall not vary the objects of the Issue without our Company being authorised to do so by the Shareholders by way of a special resolution. In addition, the notice issued to the Shareholders in relation to the passing of such special resolution shall specify the prescribed details as required under the Companies Act and shall be published in accordance with the Companies Act and the rules thereunder. As per the current provisions of the Companies Act, our Promoters or controlling Shareholders would be required to provide an exit opportunity to such shareholders who do not agree to the proposal to vary the objects, at such price, and in such manner, as may be prescribed by SEBI, in this regard.

## **Other Confirmations**

There is no material existing or anticipated transactions with our Promoter, our Directors, our Company's Key Managerial Personnel and Group Entities, in relation to the utilisation of the Net Proceeds. No part of the Net Proceeds will be paid by us as consideration to our Promoter, our Directors or Key Managerial Personnel or our Group Entities, except in the normal course of business and in compliance with the applicable laws.

## BASIC TERMS OF THE ISSUE

### Authority for the Issue

The present Issue of 57,30,000 Equity Shares in terms of Draft Prospectus has been authorized pursuant to a resolution of our Board of Directors dated November 18, 2016 and by special resolution passed under Section 62(1)(c) of the Companies Act, 2013 at the Extra Ordinary General Meeting of the members held on December 24, 2016.

### Ranking of Equity Shares

The Equity Shares being offered under the Issue shall be subject to the provisions of our Memorandum and Articles and shall rank pari-passu with the existing Equity Shares of our Company including rights in respect of dividends. The Allottees in receipt of Allotment of Equity Shares under this Issue will be entitled to dividends or any other corporate benefits, if any, declared by the Company after the date of Allotment. For further details, please refer to the chapter “**Main Provisions of the Articles of Association**” beginning on page 188 of this Draft Prospectus.

### Terms of the Issue

The Equity Shares, now being offered, are subject to the terms and conditions of this Draft Prospectus, Prospectus, Application form, Confirmation of Allocation Note (“CAN”), the Memorandum and Articles of Association of our Company, the guidelines for listing of securities issued by the Government of India and SEBI (ICDR) Regulations, 2009, the Depositories Act, Stock Exchange, RBI, RoC and/or other authorities as in force on the date of the Issue and to the extent applicable.

In addition, the Equity Shares shall also be subject to such other conditions as may be incorporated in the Share Certificates, as per the SEBI (ICDR) Regulations, 2009, notifications and other regulations for the issue of capital and listing of securities laid down from time to time by the Government of India and/or other authorities and other documents that may be executed in respect of the Equity Shares.

<b>Face Value</b>	Each Equity Share shall have the face value of Rs.10.00 each.
<b>Issue Price</b>	Each Equity Share is being issued at a price of Rs. 13 each and is at par of Face Value.
<b>Market Lot and Trading Lot</b>	The Market lot and Trading lot for the Equity Share is 10000 and the multiple of 10000; subject to a minimum allotment of 10000 Equity Shares to the successful applicants.
<b>Terms of Payment</b>	100% of the issue price of Rs. 13 each shall be payable on Application. For more details please refer “ <b>Issue Procedure</b> ” on page 150 of this Draft Prospectus.
<b>Ranking of the Equity Shares</b>	The Equity Shares shall be subject to the Memorandum and Articles of Association of the Company and shall rank pari-passu in all respects including dividends with the existing Equity Shares of the Company. The Allottees in receipt of Allotment of Equity Shares under this Issue will be entitled to dividends and other corporate benefits, if any, declared by the Company after the date of Allotment. For further details, please see “ <b>Main Provisions of Articles of Association</b> ” on page 188 of this Draft Prospectus.

### Minimum Subscription

In accordance with Regulation 106P (1) of SEBI ICDR Regulations, this Issue is 100% underwritten. Also, in accordance with explanation to Regulation 106P (1) of SEBI ICDR Regulations the underwriting shall not be restricted up to the minimum subscription level.

If our Company does not receive the subscription of 100% of the Issue including devolvement on Underwriters within 60 (Sixty) days from the date of closure of the issue, our Company shall forthwith unblock the entire subscription amount received. If there is a delay beyond 8 (eight) days after our Company becomes liable to pay the amount, our Company shall pay interest prescribed in the Companies Act.

Further, in accordance with Regulation 106R of SEBI ICDR Regulations, no allotment shall be made pursuant to the Issue, if the number of prospective allottees is less than 50 (fifty). For further details, please refer to section titled "Terms of the Issue" beginning on page 143 of this Draft Prospectus.

## BASIS FOR ISSUE PRICE

Investors should read the following summary with the section titled "Risk Factors", the details about our Company under the section titled "Our Business" and its financial statements under the section titled "Financial Information" beginning on pages 13, 74 and page 106 respectively of the Draft Prospectus. The trading price of the Equity Shares of our Company could decline due to these risks and the investor may lose all or part of his investment.

The Issue Price has been determined by the Company in consultation with the LM on the basis of the key business strengths of our Company. The face value of the Equity Shares is Rs. 10.00 each and the Issue Price is Rs. 13 which is 1.3 times of the face value.

### QUALITATIVE FACTORS

- ❖ Established marketing set-up: Our Company's products are sold principally by our own internal sales organizations.
- ❖ Our established brand
- ❖ Management and Employee expertise
- ❖ Understand Customers Needs
- ❖ Existing distribution and sales networks in domestic market and our geographical benefit
- ❖ Quality products
- ❖ Offer special discounts to new Customers

Marketing is an important function of our organisation. We avail both direct and indirect channels of sales for selling and marketing our products.

For a detailed discussion on the qualitative factors which form the basis for computing the price, please refer to section titled "Our Business" beginning on page 74 of this Draft Prospectus.

### QUANTITATIVE FACTORS

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

#### 1. Basic & Diluted Earnings per share (EPS), as adjusted:

S. No	Period	Basic & Diluted (Rs.)	Weights
1.	FY 2013-14	(1.37)*	0
2.	FY 2014-15	3.54	1
3.	FY 2015-16	0.05	2
	<b>Weighted Average</b>	1.21	
	Six Month ended September 30, 2016 (Not Annualized)	0.07	

\*In case of negative EPS weights has been taken zero.

Notes:

- i. The figures disclosed above are based on the restated financial statements of the Company.
- ii. The face value of each Equity Share is Rs. 10.00.
- iii. Earnings per Share has been calculated in accordance with **Accounting Standard 20 – "Earnings per Share"** issued by the Institute of Chartered Accountants of India.
- iv. The above statement should be read with **Significant Accounting Policies and the Notes to the Restated Financial Statements as appearing in Annexure IV.**

#### 2. Price Earning (P/E) Ratio in relation to the Issue Price of Rs. 13 per share:

S. No	Particulars	P/E
1	P/E ratio based on the Basic & Diluted EPS, as restated for FY 2015-16	260
2	P/E ratio based on the Weighted Average EPS, as restated for FY 2015-16	10.74

**3. Peer Group P/ E\*- our company does not have any peers listed on the stock exchange.** Currently there are no peers listed on the stock exchange.

#### 4. Return on Net worth (RoNW)\*

S. No	Period	RONW (%)	Weights
1.	FY 2013-14	(78.10)%	0 <sup>#</sup>
2.	FY 2014-15	74.04%	1
3.	FY 2015-16	0.47%	2
	<b>Weighted Average</b>	<b>24.84%</b>	
	Six Month ended September 30, 2016 (Not Annualized)	<b>0.72%</b>	

\*Restated Profit after tax/Net Worth

#\*In case of negative RONW weights has been taken zero

#### 5. Minimum Return on Net Worth after Issue to maintain Pre-Issue basic & diluted EPS for the FY 2015-16

Basic and Diluted EPS is 0.05 as per restated financials.

Minimum return on post Offer Net Worth to maintain the Pre-Offer EPS at 31st March, 2016 is 0.46%.

#### 6. Net Asset Value (NAV) per Equity Share :

Sr. No.	As at	*Adjusted NAV (Rs.)
1.	March 31, 2014	1.75
2.	March 31, 2015	4.78
3.	March 31, 2016	10.03
4.	NAV after Issue	10.88
	<b>Issue Price</b>	<b>13.00</b>

7. The face value of our shares is Rs. 10.00 per share and the Issue Price is of Rs. 13 per share is 1.3 times of the face value.

8. Our Company in consultation with the Lead Manager believes that the Issue Price of Rs. 13 per share for the Public Issue is justified in view of the above parameters. The investors may also want to peruse the risk factors and financials of the Company including important profitability and return ratios, as set out in the Auditors' Report in the offer Document to have more informed view about the investment.

Investors should read the above mentioned information along with sections titled "Our Business", "Risk Factors" and "Financial Information" beginning on pages 74, 13 and 106 respectively including important profitability and return ratios, as set out in "Annexure 06" to the Financial Information of our Company beginning on page 106 of this Draft Prospectus to have a more informed view.

## STATEMENT OF TAX BENEFITS

The Board of Directors  
**Pure Giftcarat Limited**  
Plot-828/829, 3rd Floor, Office-3,  
Shree Kuberji Complex,  
Athugar Street, Nanpura Main Road,  
Surat-395001, Gujarat, India

Dear Sirs,

**Sub: Statement of possible Special tax benefit ('the Statement') available to Pure Giftcarat Limited and its shareholders prepared in accordance with the requirements under Schedule VIII Part A Clause (VII) (L) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended (the 'Regulations')**

We hereby confirm that the enclosed annexure, prepared by Pure Giftcarat Limited ('the Company') states the possible special tax benefits available to the Company and the shareholders of the Company under the Income – tax Act, 1961 ('Act'), the Wealth Tax Act, 1957 and the Gift Tax Act, 1958, 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 tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the company may or may not choose to fulfill.

The amendments in Finance Act 2016 have been incorporated to the extent relevant in the enclosed annexure.

The benefits discussed in the enclosed Annexure cover only special tax benefits available to the Company and do not cover any general tax benefits available to the Company. Further, these benefits are not exhaustive and the preparation of the contents stated 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 hence is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

Our views are based on the existing provisions of the Act and its interpretations, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions. Any such change, which could also be retroactive, 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 issue, which may have a material effect on the discussions herein.

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

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

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

For KANSARIWALA & CHEVLI  
Chartered Accountants

HARIVADAN KANSARIWALA  
Partner  
Membership No.: 32429  
FRN: 123689W  
Place: Surat

### **Annexure to the statement of possible Tax Benefits**

Outlined below are the possible special tax benefits available to the Company and its shareholders under the Income Tax Act, 1961 ('the Act')

- Special Tax Benefits available to the Company & its Subsidiaries under the Act:

There are no special Tax benefits available to the Company & its subsidiaries under the Act.

- Special Tax Benefits available to the shareholders of the Company under the Act:

There are no special Tax Benefits available to the shareholders of the Company.

#### **Notes:**

The above Statement of Possible Special Tax Benefits sets out the possible tax benefits available to the Company and its shareholders under the current tax laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws.

## SECTION V: ABOUT THE COMPANY AND THE INDUSTRY

### INDUSTRY OVERVIEW

*The information in this section has been extracted from various websites and publicly available documents from various industry sources. The data may have been re-classified by us for the purpose of presentation. Neither we nor any other person connected with the Issue has independently verified the information provided in this section. Industry sources and publications, referred to in this section, generally state that the information contained therein has been obtained from sources generally believed to be reliable but 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.*

#### Introduction

#### Global Economic Overview

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

At the same time, the upcoming Budget and 2016-17 (FY2017) economic policy more broadly, will have to contend with an unusually challenging and weak external environment. Although the major international institutions are yet again predicting that global growth will increase from its current subdued level, they assess that risks remain tilted to the downside. This uncertain and fragile outlook will complicate the task of economic management for India.

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

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

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

In either case, foreign demand is likely to be weak, forcing India—in the short run— to find and activate domestic sources of demand to prevent the growth momentum from weakening. At the very least, a tail risk event would require Indian monetary and fiscal policy not to add to the deflationary impulses from abroad. The consolation would be that weaker oil and commodity prices would help keep inflation and the twin deficits in check. (*Source: Economic Survey 2015-16-Volume-I; [www.indianbudget.nic.in](http://www.indianbudget.nic.in)*)

#### Indian Economy Overview

As per the Advance Estimates released by the Central Statistics Office (CSO), the growth rate of the gross domestic product (GDP) at constant market prices has been estimated at 7.6 percent in 2015-16, which is higher than the growth of 7.2 percent growth recorded in the previous year. The growth of the gross value added (GVA) at constant basic prices has been estimated at 7.3 percent in 2015-16 —as opposed to 7.1 percent in 2014-15—, with agriculture and allied sectors, industrial sector and services sector growing at 1.1 percent, 7.3 percent and 9.2 percent respectively. The growth of GDP at constant basic prices for the first, second and third quarters of 2015-16 has been estimated at 7.6 percent, 7.7 percent and 7.3 percent respectively.

On the demand side, the growth in final consumption expenditure at constant (2011-12) prices is estimated to have remained strong at 6.9 percent in 2015- 16, as compared to 7.2 percent in 2014-15. The growth in gross fixed capital formation at constant prices increased from 4.9 percent in 2014-15 to 5.3 percent in 2015-16. Exports and imports of goods and non-factor services declined (at constant prices) by 6.3 percent each in 2015-16; the former mainly on account of the



sluggishness in the global economy and the latter on account of decline in international petroleum and other commodity prices. (*Source - <http://finmin.nic.in/reports/AnnualReport2015-16.pdf>*)

As per the quarterly estimates of Gross Domestic Product (GDP) released by the Central Statistics Office (CSO) on 30th November 2015, the growth rate of GDP at constant (2011-12) market prices for the second quarter (Q2) (July-September) of 2015-16 is estimated at 7.4 percent as compared to the growth of 7.0 percent in Q1 of 2015-16, and 7.5 percent in Q4 of 2014-15. Growth in the first half (H1) of 2015-16 works out to 7.2 percent.

The growth of Gross Value Added (GVA) at constant (2011-12) basic prices for agriculture & allied sectors, industry sector and services sector are estimated at 2.2 percent, 6.8 percent and 8.8 percent respectively in Q2 of 2015-16 as compared to the corresponding rates of 2.1 percent, 7.6 percent and 10.4 percent respectively in Q2 of 2014-15.

Stocks of food grains (rice and wheat) held by FCI as on September 1, 2015 were 50.8 million tonnes, compared to 57.3 million tonnes as on September 1, 2014.

Overall growth in the Index of Industrial Production (IIP) was 3.6 percent in September 2015 as compared to 2.6 percent in September 2014. On a cumulative basis, for the period April-September 2015-16, the IIP growth was 4.0 percent as compared to the growth of 2.9 percent during the same period of the previous year. Manufacturing sector grew by 2.6 percent in September 2015 and 4.2 percent in April-September 2015.

Eight core infrastructure industries grew by 3.2 percent in September 2015 as compared to growth of 2.6 percent in September 2014. The cumulative growth of core industries during April-September 2015-16 is 2.3 percent as compared to growth of 5.1 percent during April-September 2014-15.

The growth of money Supply (YoY) in October 2015 was 11.0 percent, lower than 11.7 percent recorded in the corresponding period a year ago.

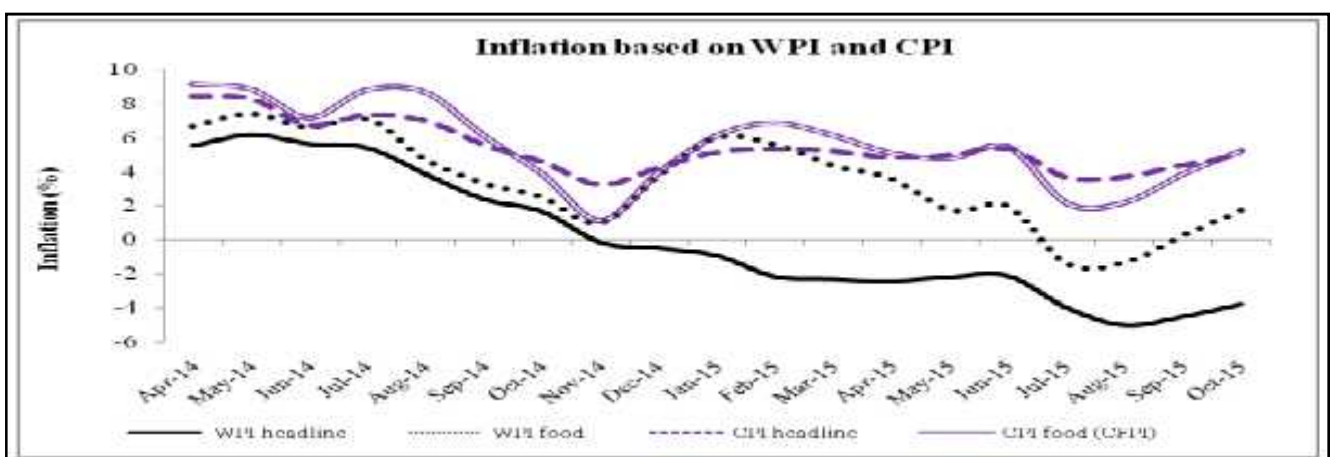
Merchandise exports and imports declined by 17.5 percent and 21.2 percent (in US\$ terms) in October 2015 over October 2014. During April-October 2015, merchandise exports and imports declined by 17.6 percent and 15.2 percent respectively.

Foreign exchange reserves stood at US\$ 353.6 billion in 30th October 2015 as compared to US\$ 350.3 billion in end-September 2015 and US\$ 341.6 billion in end-March 2015.

The rupee appreciated against the US dollar, Pound sterling, Japanese yen and Euro by 1.8 percent, 1.9 percent, 1.8 percent and 1.8 percent respectively in October 2015 over the previous month of September 2015.

The WPI inflation for all commodities reached to (-) 3.8 percent in October 2015 from (-) 4.5 percent in September 2015. The all India CPI inflation (New Series- Combined) increased to 5.0 percent in October 2015 from 4.4 percent in September 2015. The WPI inflation during April-October 2015 averaged (-) 3.5 percent while inflation as per CPI (Combined) averaged 4.6 percent during the period.

Gross tax revenue during April-September 2015-16 was Rs. 5,96,884 crore, recorded growth of 21.7 percent over April-September 2014-15.



(*Source: [http://finmin.nic.in/stats\\_data/monthly\\_economic\\_report/2015/indoct15.pdf](http://finmin.nic.in/stats_data/monthly_economic_report/2015/indoct15.pdf)*)

### The Indian Economy

With 1.2 billion people and the world’s fourth-largest economy, India’s recent growth and development has been one of the most significant achievements of our times. Over the six and half decades since independence, the country has brought about a landmark agricultural revolution that has transformed the nation from chronic dependence on grain imports into a global agricultural powerhouse that is now a net exporter of food. Life expectancy has more than doubled, literacy rates

have quadrupled, health conditions have improved, and a sizeable middle class has emerged. India is now home to globally recognized companies in pharmaceuticals and steel and information and space technologies, and a growing voice on the international stage that is more in keeping with its enormous size and potential.

Historic changes are unfolding, unleashing a host of new opportunities to forge a 21<sup>st</sup>-century nation. India will soon have the largest and youngest workforce the world has ever seen. At the same time, the country is in the midst of a massive wave of urbanization as some 10 million people move to towns and cities each year in search of jobs and opportunity. It is the largest rural-urban migration of this century.

The historic changes unfolding have placed the country at a unique juncture. How India develops its significant human potential and lays down new models for the growth of its burgeoning towns and cities will largely determine the shape of the future for the country and its people in the years to come.

Massive investments will be needed to create the jobs, housing, and infrastructure to meet soaring aspirations and make towns and cities more livable and green. Generating growth that lifts all boats will be key, for more than 400 million of India's people—or one-third of the world's poor—still live in poverty. And, many of those who have recently escaped poverty (53 million people between 2005-10 alone) are still highly vulnerable to falling back into it. In fact, due to population growth, the absolute number of poor people in some of India's poorest states actually increased during the last decade.

Inequity in all dimensions, including region, caste and gender, will need to be addressed. Poverty rates in India's poorest states are three to four times higher than those in the more advanced states. While India's average annual per capita income was \$1,410 in 2011—placing it among the poorest of the world's middle-income countries—it was just \$436 in Uttar Pradesh (which has more people than Brazil) and only \$294 in Bihar, one of India's poorest states. Disadvantaged groups will need to be brought into the mainstream to reap the benefits of economic growth, and women—who “hold up half the sky”—empowered to take their rightful place in the socioeconomic fabric of the country.

Fostering greater levels of education and skills will be critical to promote prosperity in a rapidly globalizing world. However, while primary education has largely been universalized, learning outcomes remain low. Less than 10 percent of the working-age population has completed a secondary education, and too many secondary graduates do not have the knowledge and skills to compete in today's changing job market.

Improving health care will be equally important. Although India's health indicators have improved, maternal and child mortality rates remain very low and, in some states, are comparable to those in the world's poorest countries. Of particular concern is the nutrition of India's children whose well-being will determine the extent of India's much-awaited demographic dividend; at present, an overwhelming 40 percent (217 million) of the world's malnourished children are in India.

The country's infrastructure needs are massive. One in three rural people lack access to an all-weather road, and only one in five national highways is four-lane. Ports and airports have inadequate capacity, and trains move very slowly. An estimated 300 million people are not connected to the national electrical grid, and those who are face frequent disruptions. And, the manufacturing sector—vital for job creation—remains small and underdeveloped.

Nonetheless, a number of India's states are pioneering bold new initiatives to tackle many of India's long-standing challenges and are making great strides towards inclusive growth. Their successes are leading the way forward for the rest of the country, indicating what can be achieved if the poorer states were to learn from their more prosperous counterparts.

India now has that rare window of opportunity to improve the quality of life for its 1.2 billion citizens and lay the foundations for a truly prosperous future—a future that will impact the country and its people for generations to come.

(Source: <http://www.worldbank.org/en/country/india/overview#1>)

### **Growth in Electronic Commerce**

The proliferation of digital internet technology in India coupled with wide scale ownership of devices such as smart phones, laptops and tablets that support internet usage, have resulted in an unprecedented growth of Electronic Commerce (e-commerce). As incomes are rising and lifestyles are changing, people have little time to spare. E-commerce has leveraged this opportunity and is providing consumers with what they want, with just a few simple clicks, making their shopping experience easier, faster and convenient.

The major Indian e-commerce players have ventured in different verticals like Gems & Imitation Jewellery, companies like Flipkart, Amazon & Snapdeal have ventured into this segment targeting the masses and online jewellery stores like Caratlane, Wear your Shine and Bluestone are more niched, targeting savvy customers from mid to upper level classes.

Buoyed by the success of e-commerce, Indian Jewellery companies like Gitanjali Gems Ltd. and Tanishq etc. are exploring the online market through their own e-commerce platforms (eg: [www.gitanjalishop.com](http://www.gitanjalishop.com)).

### **Review of Major Developments in Indian Economy**

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

Even as real growth has been accelerating, nominal growth has been falling, to historically low levels, an unusual trend highlighted in the Mid-Year Economic Analysis (MYEA), 2015-16. According to the Advance Estimates, nominal GDP (GVA) is likely to increase by just 8.6 (6.8) percent in 2015-16. In nominal terms, construction is expected to stagnate, while even the dynamic sectors of trade and finance are projected to grow by only 7 to 73/4 percent.

Inflation remains under control. The CPI-New Series inflation has fluctuated around 51/2 percent, while measures of underlying trends core inflation, rural wage growth and minimum support price increases have similarly remained muted. Meanwhile, the WPI has been in negative territory since November 2014, the result of the large falls in international commodity prices, especially oil. As low inflation has taken hold and confidence in price stability has improved, gold imports have largely stabilized, notwithstanding the end of a period of import controls.

Similarly, the external position appears robust. The current account deficit has declined and is at comfortable levels foreign exchange reserves have risen to US\$351.5 billion in early February 2016, and are well above standard norms for reserve adequacy net FDI inflows have grown from US\$21.9 billion in April-December 2014-15 to US\$27.7 billion in the same period of 2015-16; and the nominal value of the rupee, measured against a basket of currencies, has been steady. India was consequently well-positioned to absorb the volatility from the U.S. Federal Reserve actions to normalize monetary policy that occurred in December 2015. Although the rupee has declined against the dollar, it has strengthened against the currencies of its other trading partners.

The fiscal sector registered three striking successes ongoing fiscal consolidation, improved indirect tax collection efficiency; and an improvement in the quality of spending at all levels of government. Despite the decline in nominal GDP growth relative to the Budget assumption (11.5 percent in Budget 2015-16 vis-à-vis 8.6 percent in the Advance Estimates), the central government will meet its fiscal deficit target of 3.9 per cent of GDP, continuing the commitment to fiscal consolidation. Even on the IMF's definition, the fiscal deficit is expected to decline from 4.2 percent of GDP in 2014-15 to 4.0 percent of GDP in 2015-16. Moreover, the consolidated revenue deficit has also declined in the first 8 months by about 0.8 percentage points of GDP.

Government tax revenues are expected to be higher than budgeted levels. Direct taxes grew by 10.7 percent in the first 9 months (9M) of 2015-16. Indirect taxes were also buoyant. In part, this reflected excise taxes on diesel and petrol and an increase in the Swachh Bharat cess. The central excise duty collection from petroleum products during April to December 2015-16 recorded a growth of 90.5 percent and stood at Rs. 1.3 lakh crore as against Rs. 0.7 lakh crore in the same period last year. Tax performance also reflected an improvement in tax administration because revenues increased even after stripping out the additional revenue measures (ARMs).

The main findings are that a welcome shift in the quality of spending has occurred from revenue to investment, and towards social sectors. Aggregate public investment has increased by about 0.6 percent of GDP in the first 8 months of this fiscal year, with contributions from both the Centre (54 percent) and states (46 percent). (*Source: Economic Survey 2015-16*)

### **Introduction to Gems & Jewellery Industry**

The Gems and Jewellery sector plays a significant role in the Indian economy, contributing around 6-7 percent of the country's GDP. One of the fastest growing sectors, it is extremely export oriented and labour intensive. Based on its potential for growth and value addition, the Government of India has declared the Gems and Jewellery sector as a focus area for export promotion. The Government has recently undertaken various measures to promote investments and to upgrade technology and skills to promote 'Brand India' in the international market.

India is deemed to be the hub of the global jewellery market because of its low costs and availability of high-skilled labour. India is the world's largest cutting and polishing centre for diamonds, with the cutting and polishing industry being well supported by government policies. Moreover, India exports 95 per cent of the world's diamonds, as per statistics from the Gems and Jewellery Export promotion Council (GJEPC). The industry has generated US\$ 38.6 billion of revenue from exports in 2015-16, making it the second largest exporter after petrochemicals.

India's Gems and Jewellery sector has been contributing in a big way to the country's foreign exchange earnings (FEEs). The Government of India has viewed the sector as a thrust area for export promotion. The Indian government presently allows 100 per cent Foreign Direct Investment (FDI) in the sector through the automatic route.

### **Market size**

The gems and jewellery market in India is home to more than 500,000 players, with the majority being small players. India is one of the largest exporters of gems and jewellery and the industry is considered to play a vital role in the Indian economy as it contributes a major chunk to the total foreign reserves of the country. UAE, US, Russia, Singapore, Hong Kong, Latin America and China are the biggest importers of Indian jewellery.

The overall gross exports of Gems & Jewellery in April 2016 stood at US\$ 3.23 billion, whereas exports of cut and polished diamonds stood at US\$ 1.78 billion. Exports of gold coins and medallions stood at US\$ 302.67 million and silver jewellery export stood at US\$ 299.69 million in April 2016. The overall gross imports of Gems & Jewellery in April 2016 stood at US\$ 2.90 billion.

According to a report by Research and Markets, the jewellery market in India is expected to grow at a Compound Annual Growth Rate (CAGR) of 15.95 percent over the period 2014-2019.

The cumulative Foreign Direct Investment (FDI) inflows in diamond and gold ornaments in the period April 2000-December 2015 were US\$ 751.37 million, according to Department of Industrial Policy and Promotion (DIPP).

During April-December 2015, India imported US\$ 17.33 billion worth of raw material for gems and jewellery. With an 8 per cent share in polished diamonds, India has become the world's third largest diamond consumer.

### **Investments/Developments**

The Gems and Jewellery sector is witnessing changes in consumer preferences due to adoption of western lifestyle. Consumers are demanding new designs and varieties in jewellery, and branded jewellers are able to fulfil their changing demands better than the local unorganised players. Moreover, increase in per capita income has led to an increase in sales of jewellery, as jewellery is a status symbol in India.

### **Government Initiatives**

The Reserve Bank of India has announced norms for gold monetisation scheme, which allows individuals, trusts and mutual funds to deposit gold with banks in return for interest, to help reduce gold imports and alleviate pressure on trade balance.

The Reserve Bank of India (RBI) has liberalised gold import norms. With this, star and premier export houses can import the commodity, while banks and nominated agencies can offer gold for domestic use as loans to bullion traders and jewellers. Also, India has signed a Memorandum of Understanding (MoU) with Russia to source data on diamond trade between the two countries. India is the top global processor of diamonds, while Russia is the largest rough diamond producer. The Government of India is planning to establish a special zone with tax benefits for diamond import and trading in Mumbai, in an effort to develop the city as a rival to Antwerp and Dubai, which are currently the top trading hubs for diamond.

Due to shortage of skilled manpower, the Gems and Jewellery Skill Council of India is planning to train over four million people till 2022. The council aims to train, skill and enhance 4.07 million people by 2022. The council plans to tie-up with the existing training institutes including Gemological Institute of America (GIA) and Indian Gemological Institute (IGI), along with setting up of new institutes in major diamond cutting and processing centers, Gems & Jewellery Export Promotion Council (GJEPC) said in a statement here. The GJEPC has also proposed to develop a jewellery park on Thane-Belapur Road which is around five kilometers from Mumbai with a view to boost the Mumbai-based jewellery industry by providing modern facilities and services.

Indian Institute of Gems & Jewellery (IIGJ) Mumbai, a project of the Gem & Jewellery Export Promotion Council of India (GJEPC), has come-up with three-year Graduate Program in Jewellery Design & Manufacturing Techniques with an introduction to Management studies in collaboration with Welingkar Institute of Management.

In September 2015, the Government of India approved the gold monetisation plan in the form of revamped Gold Deposit Scheme (GDS) and the Gold Metal Loan (GML) Scheme to mobilise tonnes of gold stored in households and temples across the country. The Union Cabinet also approved the introduction of Sovereign Gold Bond Scheme, under which gold bonds denominated in grams of gold will be issued to individuals by the Reserve Bank of India (RBI), in consultation with Ministry of Finance.

### **Road Ahead**

In the coming years, growth in Gems and Jewellery sector would be largely contributed by the development of large retailers/brands. Established brands are guiding the organised market and are opening opportunities to grow. Increasing penetration of organised players provides variety in terms of products and designs.

*(Source: <http://indiainbusiness.nic.in>)*

## OUR BUSINESS

### Business Overview

We are engaged in trading and retail ship of diamonds in Surat. Our operations include sourcing of Diamonds from primary and secondary source suppliers in the domestic market and sale of diamond to the retail and wholesale operations in India. We primarily sell diamonds to a customer base spread across domestic markets that includes various jewellery manufacturers, large department store chains, retail stores and wholesalers.

We have independent sales and distribution networks for our products. A substantial majority of our cut and polished diamonds are sold to diamond wholesalers and the jewellery manufacturers in the domestic markets. We procure diamond from suppliers at domestic level and we believe that we have good business association with suppliers. We have a centralised procurement policy and generally purchase in large volumes in order to stock. We believe that by purchasing in large volumes, we are able to purchase inventory at lower prices than our competitors, which enables us to sell our products at competitive prices.

We receive many enquiries from our portal starlineps.com to fulfill the clients requirement on satisfactory basis.

Our total revenue increased from Rs. 422.82 Lakh in Fiscal 2012-2013 to Rs. 4539.31 Lakh in Fiscal 2015-16, representing a CAGR of 120.60%. Our EBIDTA increased from Rs. (2.56) Lakh in Fiscal 2012-2013 to Rs. 26.72 Lakhs in Fiscal 2015-2016, representing a CAGR of 118.54%.

### Our Competitive Strengths

The following are the key strengths which our Company believes enable it to be competitive in its business:

#### 1. *Our established brand*

We believe that our brand i.e starline is a recognizable brand in our region and is differentiating factor for the Customers, which helps establish customer confidence and influences buying decisions. We believe that our reputation as to offer the most reasonable price for diamonds. We offer our authentic product range, customer support, and business understanding grew and we are receiving good response from our customers to offer high quality within their budget. We offer end to end customer service and support. We also believe that our established brand and reputation will enable us to obtain more clientele list, pursuant to which we may build our brand.

#### 2. *Management and Employee expertise*

Our Chairman cum Managing Director, Mr. Shwet Koradiya has been actively involved in the field of Diamond wholesale trading. Pursuant to understanding the business he has developed wholesale trading business in diamond and successfully launched business ventures in diamond. Our management has adequate and rich experience in our business. The team comprises of personnel having operational and business development experience. We believe that our management experience and their understanding of our industry will enable us to continue to take advantage of both current and future market opportunities. Our Company is having a number of experienced staff. There is a good communication system between all the levels of management level i.e. from top level management to bottom level. Our Company is having highly skilled and motivated employees. Their skills can be used for the growth of the Company. Our Management's experience and knowledge enables us in addressing and mitigating various risks inherent in our business, including competition, reliance on independent contractors, the global economic crisis related effects and fluctuations in the prices.

#### 3. *Understand Customers Needs*

We carefully cover the study of each customer's needs. We make them aware of all available options and provide them with a competent advice enabling them to take an informed business decision. Our aim is to earn customer's trust and confidence through personal attention, passion for what we do and commitment to long-lasting relationship. We will go an extra mile to deliver customers' a measurable business value and help them adopt and succeed in the Diamond industry.

#### **4. Existing distribution and sales networks in domestic market and our geographical benefit**

Our Company is having good channel for distribution to the retailers as well as end use customers. We believe that India is the largest hub for diamond processing in the world and Surat is the heart of our thriving Diamond industry. Therefore most of the rough stones polished in Surat. Further majority of active Diamond and Jewellery exporters are based in Mumbai and Surat, which provides a very good platform for trading business. We have excellent domestic market within the state of Gujarat and Company is looking forward for expansion of its geographical market as there is lots of opportunities in India region.

#### **5. Quality products**

Our Company believes in providing quality products to our customers. We are devoted to quality assurance. The defective pieces found after undergoing the quality check process are discarded. The quality checks ensure that no defective diamond reached the customer and ensure reduced process rejection. We believe that our quality products have earned us a goodwill from our customers, which has resulted in customer retention and order repetition also new addition to the customer base.

#### **6. Offer special discounts to new Customers**

We are providing one-time discount to new customers, whether the customer is a retailer or a consumer. Also, we offer discounts to customers who buy multiple product types.

### **Our Strategies**

The following are the key strategies of our Company for its business:

#### **1. Go Direct**

Our Company envisages to provide the direct selling facility to end user Customers.

#### **2. Work with our Existing Suppliers**

Instead of finding new suppliers, we support our existing suppliers to boost their sourcing power to help them actively market our products or services.

#### **3. Providing customised service**

We always treat our customers with courtesy and radiate professionalism. Be willing to go the extra mile for a retailer who purchases our products, and never be afraid to lose an occasional "battle" in order to win the wholesaling "war." Treat every Customer with empathy and understanding even if occasionally you have to refuse a request. This sort of treatment will go a long way toward creating loyal, higher-volume wholesale customers.

#### **4. Marketing Strategy**

We believing in traditional marketing, which is the process of planning and executing conception, pricing, promotion and distribution of ideas, goods, and services to create exchanges that satisfy the Company's objectives. Marketing does not necessarily mean forms of advertising of products, but fully utilizing all of the Company's resources into getting the customers to buy our products. We will explore the three marketing strategies that are involved in marketing strategy, including posting and positioning and traditional marketing including advertising and the combination of all.

#### **5. Sales promotion**

These activities include special deals to stimulate demand. Sales promotion is proven effective in changing the short-term behaviour of our buyers.

#### **6. Go digital**

Our Company is already having one online portal to reach clients directly and in view to achieve the goal our company is heftily investing in technologies and plans to come up with new portal which will cater to low budget real jewellery customers for gifting purpose.

## **Our Product Portfolio:**

### **1. Diamond:**

We are currently engaged in the business of trading of diamonds. Currently we trade in the diamond sector. We procure from Local vendors of Gujarat especially in Surat.

### **2. Jewellery:**

We are also engaged in the trading of real jewellery and catering to low budget customer.

Brief descriptions of those products along with their functionalities are given as stated below:

### **Business Process**

1. Procurement
  - a. Diamonds are procured from the Vendor, directly.
2. Receiving goods / Unloading
  - a. Preparing to receive goods
  - b. Unload the good
3. Arrival quality check
  - a. Check the product quality, mainly damage, etc.
  - b. Intimating the client about the receipt of the goods along with the condition of the goods
4. Sorting and grading
  - a. Diamonds are sorted based on the 4C i.e. Cut, Colour, Clarity and Carat
5. Storage
  - a. Maintaining stock register
6. Sales
  - a. The products are sold either directly in the customers at their premises.
  - b. Based on the quality of the product and through negotiations, the rates are finalised.
  - c. Mostly in all cases, the transport responsibility is borne by the Company.

### **Collaborations/tie ups/ joint ventures**

Our Company does not have Collaboration/Tie Ups/ Joint Ventures as on the date of this Draft Prospectus.

### **Sales and marketing**

Our Company's products are sold principally by our own internal sales organizations. Marketing is an important function of our organisation. We avail both direct and indirect channels of sales for selling and marketing our products. Apart from this, our Managing Director also participates in trade fairs, exhibitions to promote our products and understand our customer's needs.

### **Future Prospects:**

The future plans of our Company are in line with the way the industry is thinking and planning ahead. Our Company is trying to increase the geographical areas of operations to cater to the growing market.

Our Industry is fragmented consisting of large established players and small niche players. We compete with organized as well as unorganized sector on the basis of availability of product, product quality and product range. Further, there are no entry barriers in this industry and any expansion in capacity of existing traders would further intensify competition. Industry is very competitive and we expect competition to continue and likely to increase in the future.



## Marketing Strategy

We intend to focus on following marketing strategies:

1. Focus on existing markets;
2. Continuously holding markets Trends;
3. Supply of Quality Products;
4. Fulfillment of Order Quantity; and
5. Online marketing through search engines, SMSs, Emails and tele marketing and efficient and profitable operations through the IT backbone.

## Competition

We face substantial competition for our products from other manufacturers in domestic market. Our competition varies for our products and regions.

## Details of major Customers:

Since our company has wholesale and retail Sales, there are no Major customers identified.

## Plant & Machinery

Since we are a trading company, we do not own any major plant and machinery.

## Export Obligation

As on the date, we do not have any export obligation.

## Human Resource

We have experienced Promoter and management whom we rely on to anticipate industry trends and capitalize on new business opportunities that may emerge. We believe that a combination of our reputation in the market, our working environment and competitive compensation programs allow us to attract and retain these talented people. Our senior management team consists of experienced individuals with diverse skills. We believe that our employees are the key to the success of our business. We focus on hiring and retaining employees. We view this process as a necessary tool to maximize the performance of our employees.

As on December 31, 2016, we have the total strength of 12 (Twelve) (on pay roll) in various departments. The details of which is given below:

No.	Particular	Employees
1.	Key Managerial Personnel	3
2.	Skilled Employee	2
3.	Staff	6
4.	Accounts and HR	1
<b>Total</b>		<b>12</b>

## Insurance

Our Company has maintained following insurance policies.

S. No	Policy No.	Name of the Insurer	Description of Policy	Assets Insured /Sum Insured (in Rs.)	Address of the Properties where the insured assets are situated	Sum Insured /IDV (Rs)	Date of Expiry of Policy	Premium Paid (Rs)
1.	1813001116P1 15754117	United India Insurance	Standard Fire and Special Perils Policy	Office Furniture and Glasses 4.50 Lacs	Plot-828/829, 3rd Floor, Office-3, Shree Kuberji Complex, Athugar Street, Nanpura Main Road, Surat-395001, Gujarat, India	4.50 Lacs	February 19, 2018	1052.00

## Immovable Properties of our Company:

### Note 1: Interest in Property by our Promoters and Promoter Group

Our Company's Registered office is situated at Plot-828/829, 3rd Floor, Office-3, Shree Kuberji Complex, Athugar Street, Nanpura Main Road, Surat-395001, Gujarat, India. Our Registered office is occupied by our Company, currently under a 3 (three) years lease with effect from February 08, 2016. The office is taken on lease from Mr. Hemant Sureshbhai Patel, none of the our promoter or promoter group is having interest in the said lease.

### Note 2: Purchase of Property

We have not entered into any agreement to buy/sell any property with the promoters or director or a proposed director who had any interest direct or indirect during the preceding two years.

#### 1. Details of our owned/ leasehold / licensed Property:

S. No	Details of the Property	Licensor/Lessor/Vendor	Owned/ Leased/ License	Term of Lease, Stamp Duty, Registration	Consideration/ Lease Rental/ License Fees (in Rs.)	Use
1.	Plot-828/829, 3rd Floor, Office-3, Shree Kuberji Complex, Athugar Street, Nanpura Main Road, Surat-395001, Gujarat, India	Leave and License Agreement dated February 08, 2016 executed between Mr. Hemant Sureshbhai Patel R/o Flat No. 402, Shivam Complex, Hira Manek Street, Nanpura, Surat-395001, Gujarat, India and Company through its Authorized Signatory.	Licensed	36 Months from February 08, 2016 to February 07, 2019	Rs. 3,000 per month for the entire period.	Registered Office

## Trademarks

We maintain trademark, trade names and service marks in India. We believe that our trademark has significant value and is materially important to our business. In addition, we maintain other intangible property rights. The trademarks have been assigned an indefinite life based on our expectation of renewing the trademarks, as required, without material modifications and at a minimal cost, and our expectation of positive cash flows beyond the foreseeable future.

## Intellectual Property Rights under development (IPR)

A specialist will prepare code for Giftcarat Android applications / Giftcarat IOS applications / Website design. The code will be developed for the function specification for website and mobile application. Website and its related APIs will be developed under target language CORE PHP 5.5 or updated mobile application for android and IOS platform are developed in native language. The database of the product is MySQL.

For further details, please see the section titled "Government and other Approvals" on page 128 of this Draft Prospectus.

## KEY REGULATIONS AND POLICIES

*The following description is a summary of the relevant regulations and policies as prescribed by the Government of India, and other regulatory bodies that are applicable to our business. The information detailed in this Chapter has been obtained from the various legislations, including rules and regulations promulgated by the regulatory bodies and the bye laws of the respective local authorities that are available in the public domain. The regulations and policies set out below may not be exhaustive and are only intended to provide general information to the investors and are neither designed nor intended to be a substitute for professional advice. The Company is primarily engaged in the business of real estate development and undertakes the development of residential, commercial, office use, retail and mixed-use projects. Additionally, the projects require, at various stages, the sanction of the concerned authorities under the relevant Central and State legislations and local byelaws. The following is an overview of some of the important laws and regulations, which are relevant to our business.*

*For details of Government and Other Approvals obtained by the Company in compliance with these regulations, see section titled “Government and Other Approvals” beginning on the page 128 of the Draft Prospectus.*

### **Legislations related to the Industry:**

#### **Gem and Jewellery Export Promotion Council**

The Gem & Jewellery Export Promotion Council (GJEPC) was set up by the Ministry of Commerce, Government of India (GoI) in 1966. It was one of several Export Promotion Councils (EPCs) launched by the Indian Government, to boost the country's export thrust, when India's post-Independence economy began making forays in the international markets. Since 1998, the GJEPC has been granted autonomous status. The GJEPC is the apex body of the gems & jewellery industry and today it represents almost 6,000 exporters in the sector. With headquarters in Mumbai, the GJEPC has Regional Offices in New Delhi, Kolkata, Chennai, Surat and Jaipur, all of which are major centers for the industry. It thus has a wide reach and is able to have a closer interaction with members to serve them in a direct and more meaningful manner. Over the past decades, the GJEPC has emerged as one of the most active EPCs, and has continuously strived to both expand its reach and depth in its promotional activities as well as widen and increase services to its members.

#### **Bureau of Indian Standards (BIS)**

Government of India has identified BIS a sole agency in India to operate this scheme. BIS hallmarking Scheme is voluntary in nature and is operating under BIS Act, Rules and Regulations. It operates on the basis of trust and thus it is desirable that aspect of quality control are in built in the system responsible for managing quality.

The BIS Hallmarking Scheme has been aligned with International criteria on hallmarking (Vienna Convention 1972). As per this scheme, license is granted to the jewellers by BIS under Hallmarking Scheme. The BIS certified jewellers can get their jewellery hallmarked from any of the BIS recognized Assaying and Hallmarking Centre. The recognition to an Assaying and Hallmarking Centre is given against BIS criteria Doc: HMS/RAHC/GO1 which is in line with International criteria on Marking and Control of Precious metals.

#### **Export Scheme for Gems and Jewellery**

Under Foreign Trade Policy 2015-2020 the various schemes for export of Gems and Jewellery are as follows:

- (i) Advance Procurement / Replenishment of Precious Metals from Nominated Agencies;
- (ii) Replenishment Authorisation for Gems;
- (iii) Replenishment Authorisation for Consumables;
- (iv) Advance Authorisation for Precious Metals.

#### **Importer Exporter Code**

Under the Indian Foreign Trade Policy, 2015-2020, no export or import can be made by a person or company without an Importer Exporter Code number unless such person/company is specifically exempted. Importer Exporter Code (IEC) is mandatory for export/import from/to India as detailed in paragraph 2.05 of the Foreign Trade Policy. DGFT has recently introduced the facility of issuing Importer Exporter Code in electronic form (e-IEC). For issuance of e-IEC an application can be made online on DGFT website (<http://dgft.gov.in>). Applicants can upload the documents and pay the required fee through Net banking. An Importer Exporter Code number allotted to an applicant is valid for all its branches/divisions/units/factories.

### **Laws relating to Specific State where establishment is situated**

#### **The Bombay Stamp Act 1958 as amended by Gujarat Stamp (Amendment) Act (“Gujarat Stamp Act”) and Gujarat Stamp Rules, 1978**

Stamp duty is payable on all instruments/ documents evidencing a transfer or creation or extinguishment of any right, title or interest in immovable property. The Stamp Act provides for the imposition of stamp duty at the specified rates on instruments listed in Schedule I of the Stamp Act. However, under the Constitution of India, the states are also empowered to prescribe or alter the stamp duty payable on such documents executed within the state. Instruments chargeable to duty under the Stamp Act but which have not been duly stamped, are incapable of being admitted in court as evidence of the transaction contained therein. The Stamp Act also provides for impounding of instruments by certain specified authorities and bodies and imposition of penalties, for instruments which are not sufficiently stamped or not stamped at all. Instruments which have not been properly stamped instruments can be validated by paying a penalty of up to 10 times of the total duty payable on such instruments.

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

VAT is the most progressive way of taxing consumption rather than business. Gujarat Value Added Tax Act, 2003 has come into effect from 25th January 2005. VAT is a multi-stage tax on goods that is levied across various stages of production and supply with credit given for tax paid at each stage of Value addition. VAT is a system of multi-point levy on each of the entities in the supply chain with the facility of set-off input tax whereby tax is 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. VAT is based on the value addition of goods, and the related VAT liability of the dealer is calculated by deducting input tax credit for tax collected on the sales during a particular period. VAT is essentially a consumption tax applicable to all commercial activities involving the production and distribution of goods, and each State that has introduced VAT has its own VAT Act, under which, persons liable to pay VAT must register themselves and obtain a registration number.

#### **The Bombay Shops and Establishments Act, 1948 (“The Bombay Shops Act”)**

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

#### **Gujarat State Tax on Professional, Trade & calling and Employment Act, 1976**

The Professional Tax Act aims to provide for the levy and collection of a tax on professions for the benefit of the State. The tax payable under the Professional Tax Act by any person earning a salary or wage, shall be deducted by his employer from the salary or wage payable to such person, before such salary or wage is paid to him, and such employer shall, irrespective of whether such deduction has been made or not, when the salary or wage is paid to such person, be liable to pay tax on behalf of all such persons. The Professional Tax Act inter-alia requires every employer liable to pay tax under the Professional Tax Act to obtain a certificate of registration from the prescribed authority. The Professional Tax Act also inter-alia requires every person liable to pay tax under the Professional Tax Act (other than a person earning salary or wages, in respect of whom the tax is payable by the employer), to obtain a certificate of enrolment from the prescribed authority.

### **Laws relating to Employment and labour**

#### **Contract Labour Regulation and Abolition) Act, 1970 (CLRA) and Contract Labour (Regulation and Abolition) Central Rules, 1971 (Contract Labour Rules)**

CLRA prevents exploitation of contract labour and also to introduce better conditions of work. A workman is deemed to be employed as Contract Labour when he is hired in connection with the work of an establishment by or through a Contractor. CLRA applies to the Principal Employer of an Establishment and the Contractor where in 20 or more workmen are employed or were employed even for one day during preceding 12 months as Contract Labour. CLRA does not apply to the Establishments where work performed is of intermittent or seasonal nature. If a Principal Employer or the Contractor falls within the vicinity of this Act then, such Principal Employer and the Contractor have to apply for Registration of the Establishment and License respectively.

### **The Payment of Bonus Act, 1965 (POB Act)**

The POB Act provides for payment of minimum bonus to factory employees and every other establishment in which 20 or more persons are employed and requires maintenance of certain books and registers and filing of monthly returns showing computation of allocable surplus, set on and set off of allocable surplus and bonus due.

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

The Minimum Wages Act, 1948 came into force with an objective to provide for the fixation of a minimum wage payable by the employer to the employee. Every employer is mandated to pay the minimum wages to all employees engaged to do any work skilled, unskilled, and manual or clerical (including out-workers) in any employment listed in the schedule

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

This statute prohibits employment of children below 14 years of age in certain occupations and processes and provides for regulation of employment of children in all other occupations and processes. Under this Act the employment of child labour in the building and construction industry is prohibited.

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

The IDRA has been liberalized under the New Industrial Policy dated July 24, 1991, and all industrial undertakings are exempt from licensing except for certain industries such as distillation and brewing of alcoholic drinks, cigars and cigarettes of tobacco and manufactured tobacco substitutes, all types of electronic aerospace and defense equipment, industrial explosives including detonating fuses, safety fuses, gun powder, nitrocellulose and matches and hazardous chemicals and those reserved for the small scale sector. An industrial undertaking which is exempt from licensing is required to file an Industrial Entrepreneurs Memorandum ("IEM") with the Secretariat for Industrial Assistance, Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, and no further approvals are required.

### **The Industrial Disputes Act, 1947 (ID Act)**

The ID Act provides the procedure for investigation and settlement of industrial disputes. When a dispute exists or is apprehended, the appropriate Government may refer the dispute to a labor court, tribunal or arbitrator, to prevent the occurrence or continuance of the dispute, or a strike or lock-out while a proceeding is pending. The labor courts and tribunals may grant appropriate relief including ordering modification of contracts of employment or reinstatement of workmen.

### **The Workmen Compensation Act, 1923 (WCA)**

The WCA 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 WCA makes every employer liable to pay compensation in accordance with the WCA 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 WCA within one month from the date it falls due, the commissioner appointed under the WCA may direct the employer to pay the compensation amount along with interest and may also impose a penalty.

### **The Employees Provident Fund and Miscellaneous Provisions Act, 1952 ("Act") and the schemes formulated there under ("Schemes")**

This Act provides for the institution of provident funds, family pension funds and deposit linked insurance fund for the employees in the factories and other establishments. Accordingly, the following schemes are formulated for the benefit of such employees:

i. *The Employees Provident Fund Scheme*: as per this Scheme, a provident fund is constituted and both the employees and employer contribute to the fund at the rate of 12% (or 10% in certain cases) of the basic wages, dearness allowance and retaining allowance, if any, payable to employees per month.

ii. *The Employees Pension Scheme*: Employees' Pension Scheme is Pension Scheme for survivors, old aged and disabled persons. This Scheme derives its financial resource by partial diversion from the Provident Fund contribution, the rate

being 8.33%. Thus, a part of contribution representing 8.33 per cent of the employee's pay shall be remitted by the employer to the Employees' Pension fund within 15 days of the close of every month by a separate bank draft or cheque on account of the Employees' Pension Fund contribution in such manner as may be specified in this behalf by the appropriate authority constituted under the Act. The Central Government shall also contribute at the rate of 1.16 per cent of the pay of the members of the Employees' Pension Scheme and credit the contribution to the Employees' Pension Fund.

iii. *The Employees Deposit Linked Insurance Scheme:* As per this Scheme, the contribution by the employer shall be remitted by him together with administrative charges at such rate as the Central Government may fix from time to time under Section 6C (4) of the Act, to the Insurance Fund within 15 days of the close of every month by a separate bank draft or cheque or by remittance in cash in such manner as may be specified in this behalf by the appropriate authority constituted under the Act.

### **The Equal Remuneration Act, 1976 and Equal Remuneration Rules, 1976**

The Constitution of India provides for equal pay for equal work for both men and women. To give effect to this provision, the Equal Remuneration Act, 1976 was implemented. The Act provides for payment of equal wages for equal work of equal nature to male or female workers and for not making discrimination against female employees in the matters of transfers, training and promotion etc.

### **The Employees State Insurance Act, 1948 (ESI Act)**

The ESI Act, provides for certain benefits to employees in case of sickness, maternity and employment injury. All employees in establishments covered by the ESI Act are required to be insured, with an obligation imposed on the employer to make certain contributions in relation thereto. In addition, the employer is also required to register itself under the ESI Act and maintain prescribed records and registers.

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

The Payment of Gratuity Act, 1972 was enacted with the objective to regulate the payment of gratuity, to an employee who has rendered for his long and meritorious service, at the time of termination of his services. Gratuity is payable to an employee on the termination of his employment after he has rendered continuous service for not less than five years:

- On his/her superannuation; or
- On his/her retirement or resignation; or
- On his/her death or disablement due to accident or disease (in this case the minimum requirement of five years does not apply).

### **Tax Related Legislations**

#### **Central Sales Tax Act, 1956 (CST Act)**

The CST Act formulates principles for determining (a) when a sale or purchase takes place in the course of inter-state trade or commerce; (b) when a sale or purchase takes place outside a State and (c) when a sale or purchase takes place in the course of imports into or export from India. This Act provides for levy, collection and distribution of taxes on sales of goods in the course of inter-state trade or commerce and also declares certain goods to be of special importance in inter-State trade or commerce and specifies 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. Central Sales tax is levied on inter State sale of goods. Sale is considered to be inter-state when (a) sale occasions movement of goods from one State to another or (b) is effected by transfer of documents during their movement from one State to another.

A sale or purchase of goods shall be deemed to take place in the course of inter-state trade or commerce if the sale or purchase is affected by a transfer of documents of title to the goods during their movement from one state to another. When the goods are handed over to the carrier, he hands over a receipt to the seller. The seller sends the receipt to buyer. The buyer gets delivery of goods on submission of the receipt to the carrier at other end. The receipt of carrier is 'document of title of goods'. Such document is usually called Lorry Receipt (LR) in case of transport by Road or Air Way Bill (AWB) in case of transport by air. Though it is called Central Sales Tax Act, the tax collected under the Act in each State is kept by that State only. Central Sales Tax is payable in the State from which movement of goods commences (that is, from which goods are sold). The tax collected is retained by the State in which it is collected. The Central Sales Tax Act is administered by sales tax authorities of each State. The liability to pay tax is on the dealer, who may or may not collect it from the buyer.

### **Income Tax Act, 1961 (IT Act)**

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

### **The Central Excise Act, 1944 (Excise Act)**

Excise Act imposes a liability on a manufacturer to pay excise duty on production or manufacture of goods in India. The Central Excise Act, 1944 is the principal legislation in this respect, which provides for the levy and collection of excise and also prescribes procedures for clearances from factory once the goods have been manufactured etc. Additionally, the Central Excise Tariff Act, 1985 prescribes the rates of excise duties for various goods.

### **Service Tax**

Service tax is charged on taxable services as defined in Chapter V of Finance Act, 1994, (as amended from time to time) which requires a service provider of taxable services to collect service tax from a service recipient and pay such tax to the Government. The finance ministry has made it clear that service tax would not be applicable on outsourced processes, in the gem and jewellery sector, which qualify as Rs. manufacture' under the Central excise law. In accordance with Rule 6 of Service tax Rules the assessee is required to pay Service tax in TR 6 challan by fifth 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 twenty fifth of the month immediately following the half year to which the return relates.

### **Laws relating to Intellectual Property**

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

The TM Act provides for the application and registration of trademarks in India. The purpose of the Trade Marks Act is to grant exclusive rights to marks such as a brand, label and heading and to obtain relief in case of infringement for commercial purposes as a trade description. The registration of a trademark is valid for a period of 10 years, and can be renewed in accordance with the specified procedure.

Application for trademark registry has to be made to Controller-General of Patents, Designs and **TM Act** who is the Registrar of Trademarks for the purposes of the **TM Act**. The **TM Act** prohibits any registration of deceptively similar trademarks or chemical compound among others. It also provides for penalties for infringement, falsifying and falsely applying trademarks.

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

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

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

The remedies available in the event of infringement of a copyright under the Copyright Act include civil proceedings for damages, account of profits, injunction and the delivery of the infringing copies to the copyright owner.

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

The purpose of the Patent Act in India is to protect inventions. Patents provide the exclusive rights for the owner of a patent to make, use, exercise, distribute and sell a patented invention. The patent registration confers on the patentee the exclusive right to use, manufacture and sell his invention for the term of the patent. An application for a patent can be made by (a) person claiming to be the true and first inventor of the invention; (b) person being the assignee of the person

claiming to be the true and first inventor in respect of the right to make such an application; and (c) legal representative of any deceased person who immediately before his death was entitled to make such an application.

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

The objective of Designs Act is to promote and protect the design element of industrial production. It is also intended to promote innovative activity in the field of industries. The Controller General of Patents, Designs and Trade Marks appointed under the Trademarks Act shall be the Controller of Designs for the purposes of the Designs Act. When a design is registered, the proprietor of the design has copyright in the design during ten years from the date of registration.

### **Foreign Investment Regime:**

#### **The Foreign Exchange Management Act, 1999 (FEMA) and Regulations framed thereunder**

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. 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 and Foreign Exchange Management (Export of Goods and Services) Regulations, 2000 for regulation on exports of goods and services.

#### **The Foreign Trade (Development & Regulation) Act, 1992**

The Foreign Trade (Development & Regulation) Act, 1992, provides for the development and regulation of foreign trade by facilitating imports into and augmenting exports from India and for matters connected therewith or incidental thereto.

### **Foreign Investment**

India's current Foreign Direct Investment (FDI) Policy, effective from June 7, 2016, FDI up to 100% through the automatic route is permitted in the gems and jewellery sector, FDI in retail trading is restricted. Subject to certain conditions, FDI up to 100% through the government route, in the retail trading of 'single brand' products is allowed and FDI up to 51% through the government route, in the retail trading of 'multi-brand' products is permitted.

### **Important General laws:**

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

The Companies Act, 1956 dealt with laws relating to companies and certain other associations. It was enacted by the Parliament in 1956. The Act primarily regulated the formation, financing, functioning and winding up of companies. The Act prescribed regulatory mechanism regarding all relevant aspects, including organizational, financial and managerial aspects of companies. Regulation of the financial and management aspects constituted the main focus of the Act. In the functioning of the corporate sector, although freedom of companies was important, protection of the investors and shareholders, on whose funds they flourish, was equally important. The Act played the balancing role between these two competing factors, namely, management autonomy and investor protection

#### **The Companies Act, 2013**

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



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

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

### **The Consumer Protection Act, 1986(COPRA)**

COPRA aims at providing better protection to the interests of consumers and for that purpose makes provisions for the establishment of authorities for the settlement of consumer disputes. The COPRA provides a mechanism for the consumer to file a complaint against a trader or service provider in cases of unfair trade practices, restrictive trade practices, defects in goods, deficiency in services; price charged being unlawful and goods being hazardous to life and safety when used. The COPRA provides for a three tier consumer grievance redressal mechanism at the national, state and district levels.

### **Micro, Small and Medium Enterprises Development Act, 2006 (“MSMED Act”)**

The MSMED Act seeks to facilitate the development of micro, small and medium enterprises. The MSMED Act provides that where an enterprise is engaged in the manufacturing and production of goods pertaining to any industry specified in the first schedule to the Industries (Development and Regulation) Act, 1951, the classification of an enterprise will be as follows:

- a. where the investment in plant and machinery does not exceed twenty-five lakh rupees shall be regarded as a micro enterprise;
- b. where the investment in plant and machinery is more than twenty-five lakh rupees but does not exceed five crore rupees shall be regarded as a small enterprise.
- c. where the investment in plant and machinery is more than five crore rupees but does not exceed ten crore rupees shall be regarded as a medium enterprise.

The MSMED Act provides for the memorandum of micro, small and medium enterprises to be submitted by the relevant enterprises to the prescribed authority. While it is compulsory for medium enterprises engaged in manufacturing to submit the memorandum, the submission of the memorandum by micro and small enterprises engaged in manufacturing is optional. The MSMED Act defines a supplier to mean a micro or small enterprise that has filed a memorandum with the concerned authorities. The MSMED Act ensures that the buyer of goods makes payment for the goods supplied to him immediately or before the date agreed upon between the buyer and supplier. The MSMED Act provides that the agreed period cannot exceed forty five days from the day of acceptance of goods. The MSMED Act also stipulates that in case the buyer fails to make payment to the supplier within the agreed period, then the buyer will be liable to pay compound interest at three times of the bank rate notified by the Reserve Bank of India from the date immediately following the date agreed upon. The MSMED Act also provides for the establishment of the Micro and Small Enterprises Facilitation Council (\*Council\*). The Council has jurisdiction to act as an arbitrator or conciliator in a dispute between the supplier located within its jurisdiction and a buyer located anywhere in India.

### **The Negotiable Instruments Act, 1881(NI Act)**

In India, the laws governing monetary instruments such as cheques are contained in the NI Act, which is largely a codification of the English Law on the subject. To ensure prompt remedy against defaulters and to ensure credibility of the holders of the negotiable instrument a criminal remedy of penalty was inserted in Negotiable Instruments Act, 1881 in form of the Banking, Public Financial Institutions and Negotiable Instruments Laws (Amendment), 1988 which were further modified by the Negotiable Instruments (Amendment and Miscellaneous Provisions) Act, 2002. The Act provides effective legal provision to restrain people from issuing cheques without having sufficient funds in their account or any stringent provision to punish them in the event of such cheque not being honoured by their bankers and returned unpaid.

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

The law relating to the sale of goods is codified in the Sale of Goods Act, 1930. It defines sale and agreement to sell as a contract whereby the seller transfers or agrees to transfer the property in goods to the buyer for a price and provides that there may be a contract of sale between part owner and another and that the contract of sale may be absolute or conditional. According to the provisions of this Act, a contract of sale is made by an offer to buy or sell the goods for a price and the acceptance of such offer. The Act further provides that the contract may provide for the immediate delivery of the goods or immediate payment of the price or both or for the delivery or payment by installments or that the delivery or payment or

both shall be postponed. Provisions are made in this Act for existing or future goods, perishable goods, ascertainment of price, conditions and warranties, effects of the contract, delivery to courier, duties of seller and buyer, buyer's right of examining the goods, liability of buyer for neglecting or refusing the delivery of goods, rights of unpaid seller, suits for breach of the contract, sale, etc.

### **Competition Act, 2002 ("*Competition Act*")**

The Competition Act aims to prevent anti-competitive practices that cause or are likely to cause an appreciable adverse effect on competition in the relevant market in India. The Competition Act regulates anti-competitive agreements, abuse of dominant position and combinations. The Competition Commission of India ("*Competition Commission*") which became operational from May 20, 2009 has been established under the Competition Act to deal with inquiries relating to anti-competitive agreements and abuse of dominant position and regulate combinations. The Competition Act also provides that the Competition Commission has the jurisdiction to inquire into and pass orders in relation to an anti-competitive agreement, abuse of dominant position or a combination, which even though entered into, arising or taking place outside India or signed between one or more non-Indian parties, but causes an appreciable adverse effect in the relevant market in India.

### **The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (SHWW Act)**

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

### **Approvals from Local Authorities**

Setting up of a factory or manufacturing / housing unit entails the requisite planning approvals to be obtained from the relevant Local Panchayat(s) outside the city limits and appropriate Metropolitan Development Authority within the city limits. Consents are also required from the state pollution control board(s), the relevant state electricity board(s), the state excise authorities, sales tax, among others, are required to be obtained before commencing the building of a factory or the start of manufacturing operations.

## HISTORY AND CERTAIN CORPORATE MATTERS

### History and Background

Our Company was incorporated on April 26, 2011 as L'avance Dirays Limited under the provisions of the Companies Act, 1956 with Certificate of Incorporation issued by the Registrar of Companies, Registrar of Companies, Gujarat, Dadra and Nagar Havelli on April 26, 2011 with Registration Number U36910GJ2011PLC065141. Subsequently, the name of our Company was changed to Pure Giftcarat Limited and a Fresh Certificate of Incorporation dated September 16, 2015 was issued by the Registrar of Companies, Gujarat, Dadra and Nagar Havelli.

### Changes in registered office of our Company since incorporation

We set out below the changes in registered office of our Company since inception which has been changed for administrative convenience of our Company.

Date of Board/ Shareholders resolution/ Postal Ballot	From	To	Purpose
On Incorporation	101, Siddh Chambers, Taratiya Hanuman Street, Gurjar Falia, Haripura, Surat-395003, Gujarat		--
February 08, 2016	101, Siddh Chambers, Taratiya Hanuman Street, Gurjar Falia, Haripura, Surat-395003, Gujarat	Plot-828/829, 3rd Floor, Office-3, Shree Kuberji Complex, Athugar Street, Nanpura Main Road, Surat- 395001, Gujarat	To increase operational efficiency

### Major Events and Key Milestones

Year	Key Milestones
2011	Incorporation of our Company
2015	Change of Name from 'L'avance Dirays Limited' to 'Pure Giftcarat Limited'
2016	Alteration of Main Objects of the Memorandum of Association and adoption of new set of Articles & Memorandum of Association of the Company.

### Main Objects

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

- To carry on the Business of the Goldsmiths, Silversmiths, Jewellers, Gem merchants, makers, hires, dealers, stockist, agents, importers and exporters of bullion, diamond, pearls and precious stones, jewels, gold, silver, platinum and precious or semi precious metals, ornaments, jewellery, articles of value made partly or fully of above mentioned materials, stones or metals.

### Amendments to the Memorandum of Association of our Company

Since the incorporation of our Company, the following changes have been made to the Memorandum of Association:

No.	Date of Amendment / Shareholders Resolution	Amendment
1.	February 08, 2016 (EGM)	<u>Increase in authorized share capital:</u> Increase in Authorised Share Capital from Rs.1,00,00,000 comprising of 10,00,000 Equity Shares of Rs.10 each to Rs.16,00,00,000 comprising of 1,60,00,000 Equity Shares of Rs.10 each.
2.	August 31, 2016 (EGM)	<u>Change in name</u> Change in name from L'AVANCE DIRAYS LIMITED to PURE GIFTCARAT LTD. w.e.f. from 16/09/2015
3.	December 24, 2016 (EGM)	<u>Increase in authorized share capital:</u> Increase in Authorised Share Capital from Rs.16,00,00,000 comprising of 1,60,00,000 Equity Shares of Rs.10 each to Rs. 22,00,00,000 comprising of 2,20,00,000 Equity Shares of Rs.10 each.

### **Other Details Regarding our Company**

For information on our activities, services, products, growth, technology, marketing strategy, our standing with reference to our prominent competitors and customers, please refer to sections titled "Our Business", "Industry Overview" and "Management's Discussion and Analysis of Financial Conditions and Results of Operations" beginning on pages 74, 68, and 120, respectively of this Draft Prospectus. For details of our management and managerial competence and for details of shareholding of our Promoters, please refer to sections titled "Our Management" and "Capital Structure" beginning on pages 90 and 38 respectively of this Draft Prospectus.

### **Time and Cost Overrun in setting-up of projects**

Considering the nature of business activities, our Company has not experienced any time or cost overrun in the past.

### **Strikes or Labour Unrest**

Our Company has not lost any time on account of strikes or labour unrest as on the date of this Draft Prospectus.

### **Defaults or Rescheduling of Borrowings with Financial Institutions/ Banks**

There are no defaults or rescheduling of borrowings with financial institutions/ banks, conversion of loans into equity in relation to our Company.

### **Details regarding acquisition of business /undertakings, mergers, amalgamation, revaluation of assets etc**

There are no mergers, amalgamation, revaluation of assets etc. with respect to our Company as on the date of this Draft Prospectus.

### **Injunction or restraining order**

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

### **Capital raising (Debt / Equity)**

Except as set out in the sections titled "Capital Structure" beginning on pages 38 of this Draft Prospectus, our Company has not raised any capital in the form of Equity Shares or debentures.

### **Changes in the activities of our Company during the last five (5) years**

There have been no changes in the activity of our Company during the last five (5) years preceding the date of this Draft Prospectus, which may have had a material effect on the profits or loss, including discontinuance of the lines of business, loss of agencies or markets and similar factors of our Company.

### **Revaluation of Assets**

Our Company has not revalued its assets as on the date of this Draft Prospectus.

### **Shareholders of our Company**

As on the date of this Draft Prospectus, our Company has Twenty Two (22) shareholders. For further details in relation to the current shareholding pattern, please refer to section titled "Capital Structure" beginning on page 38 of this Draft Prospectus.

### **Holding Company**

Our Company does not have a holding company as on the date of this Draft Prospectus.

### **Subsidiary (ies) of our Company**

As on the date of this Draft Prospectus, our Company does not have any subsidiary as on the date of Draft Prospectus.

**Collaboration Agreements**

As on the date of this Draft Prospectus, our Company is not a party to any collaboration agreements.

**Shareholders Agreements**

Our Company has entered into any shareholders agreement as on the date of this Draft Prospectus.

**Material Agreements**

Our Company has not entered into any material agreement, other than the agreements entered into by it in normal course of its business.

**Joint Venture Agreement**

Our Company has not entered into any material joint venture agreements except as disclosed under this section.

**Other Agreements**

Our Company has not entered into any other material agreements, other than in the normal course of its business.

**Non-Compete Agreement**

Our Company has not entered into any Non-competes Agreement as on the date of this Draft Prospectus.

**Strategic Partners**

Our Company does not have any strategic partners as on the date of this Draft Prospectus.

**Financial Partners**

Our Company does not have any financial partners as on the date of this Draft Prospectus.

## OUR MANAGEMENT

### Board of Directors

As per the Articles of Association, our Company is required to have not less than three (3) directors and not more than Fifteen (15) Directors. Currently, our Company has four (4) Directors out of which three (3) are Non-Executive Directors. The following table sets forth details regarding the Board of Directors as on the date of this Draft Prospectus:

Name, Father's Name, Nature of Directorship, Residential Address, Date of Appointment/ Re-appointment, Term, Period of Directorship, Occupation, and DIN	Nationality	Age	Other Directorships as on the date of this Draft Prospectus
<p><b>Mr. Shwet Dhirajbhai Koradiya</b></p> <p><u>Father's Name:</u> Mr. Dhirajbhai Koradiya</p> <p><u>Nature of Directorship:</u> Managing Director</p> <p><u>Residential Address:</u> A-404, Simandhar Heights, Near Regent Residency, Near RTO Road, Pal, Surat-395009, Gujarat.</p> <p><u>Date of Appointment:</u> July 01, 2016</p> <p><u>Term:</u> Three (3) years w.e.f. July 01, 2016</p> <p><u>Occupation:</u> Business</p> <p><u>DIN:</u> 03489858</p>	Indian	28 years	<p><u>Public Limited Entities:</u> Synergy Bizcon Limited Pure Personal Care Limited</p> <p><u>Private Limited Entities:</u>  Vineet Texturisers Private Limited Koradiya Mile Stone Private Limited Pure Resource Management Private Limited Pure Eduplant Private Limited Dtex Multiproject Diamond Private Limited Virvani Trade Private Limited Pure Mozinta Mail Private Limited</p> <p><u>Foreign Entities:</u>  Nil</p>
<p><b>Mr. Brijeshkumar Champaklal Mali</b></p> <p><u>Father's Name:</u> Mr. Champaklal Mali</p> <p><u>Nature of Directorship:</u> Non-Executive and Independent Director</p> <p><u>Residential Address:</u> 8/763 Opp. State Bank, Gopipura, Surat-395001, Gujarat.</p> <p><u>Date of Appointment:</u> July 01, 2016</p> <p><u>Term:</u> Not Liable to retire by rotation</p> <p><u>Occupation:</u> Professional</p> <p><u>DIN:</u> 07385024</p>	Indian	36 years	<p><u>Public Limited Entities:</u>  Pure Weblopment Limited</p> <p><u>Private Limited Entities:</u> Nil</p> <p><u>Foreign Entities:</u>  Nil</p>
<p><b>Mr. Paresh Manjibhai Lathiya</b></p> <p><u>Father's Name:</u> Mr. Manjibhai Lathiya</p> <p><u>Nature of Directorship:</u> Non-Executive and Independent Director</p> <p><u>Residential Address:</u> B-404, Opera House, Near Golden City, Chorasi, Utran Power House, Surat-394105, Gujarat</p>	Indian	41 years	<p><u>Public Limited Entities:</u>  Nil</p> <p><u>Private Limited Entities:</u>  Nil</p> <p><u>Foreign Entities:</u>  Nil</p>

Name, Father's Name, Nature of Directorship, Residential Address, Date of Appointment/ Re-appointment, Term, Period of Directorship, Occupation, and DIN	Nationality	Age	Other Directorships as on the date of this Draft Prospectus
<u>Date of Appointment:</u> July 01, 2016 <u>Term:</u> Not Liable to retire by rotation <u>Occupation:</u> Business DIN: 07551263			Nil
<b>Mrs. Shweta Priyalkumar Gandhi</b> <u>Father's Name:</u> Mr. Pragneshbhai Gandhi <u>Nature of Directorship:</u> Non Executive Director & Independent Director <u>Residential Address:</u> 304, Western Avenue Apartment, Adajan Road, Surat-395009. Gujarat <u>Date of Appointment:</u> July 01 ,2016 <u>Term:</u> Not Liable to retire by rotation <u>Occupation:</u> Business DIN: 07378981	Indian	24 years	<u>Public Limited Entities:</u> Pure Personal Care Limited <u>Private Limited Entities:</u> Nil <u>Foreign Entities:</u> Nil

#### Family Relationships between the Directors

None of the directors of our Company have family relationships.

#### Brief Biographies of the Directors

1. **Mr. Shwet Dhirajbhai Koradiya**, aged 28 years, is the Managing Director of our Company. He started his career in diamond industry in Gujarat. He is very much instrumental in the field of accounts and finance. He has 6 years of experience in the field of Business Administration.
2. **Mr. Brijeshkumar Champaklal Mali**, aged 36 years, is the Non-Executive & Independent Director of our Company. He is associate member of the Institute of Cost and Works Accountants of India. He has experience in costing and pricing, Internal Audit, designing of Cost Accounting System, Cost control, Budget and Budgetary Control, MIS, working capital management and Taxation.
3. **Mr. Paresh Manjibhai Lathiya**, aged 41 years is the Non-Executive & Independent Director of our Company. He has wide knowledge in current scenario of business and involved in various business organization like he is CEO of YOUONE (Intellectual Property Rights Service Provider), founder president of junior chamber international Surat Diamond Glory, Chairman of Narmad Urban Co-Operative Credit Society Limited, Secretary of Handicraft and Cottage Industries Association and Managing Committee Member of the Southern Gujarat Chamber of Commerce & Industries.
4. **Mrs. Shweta Priyalkumar Gandhi**, aged 24 years is Non-Executive & Independent Director of our Company. She has more than 2 years of experience in the industry and is responsible for organizing and planning of our Company. She has good knowledge in the field of jewellery and diamond related works.

## Arrangements with major Shareholders, Customers, Suppliers or Others

There are no arrangements or understanding between major shareholders, customers, suppliers or others pursuant to which any of the Directors were selected as a Director or member of a senior management as on the date of this Draft Prospectus.

## Service Contracts

Our Company has not executed any service contracts with its directors providing for benefits upon termination of their employment.

## Common directorships of the Directors in companies whose shares are/were suspended from trading on the BSE and/ or the BSE for a period beginning from five (5) years prior to the date of this Draft Prospectus

None of the Directors are/ were directors of any company whose shares were suspended from trading by Stock Exchange(s) or under any order or directions issued by the stock exchange(s)/ SEBI/ other regulatory authority in the last five (5) years.

## Director's association with the Securities Market

One of the Directors of our Company is associated with securities market.

## Common directorships of the Directors in listed companies that have been/were delisted from stock exchanges in India

Except for the details mentioned under section titled "Other Regulatory and Statutory Disclosures" beginning on page 130 of this Draft Prospectus, none of the Directors are/ were directors of any entity whose shares were delisted from any Stock Exchange(s).

Further, none of the directors are/ were directors of any entity which has been debarred from accessing the capital markets under any order or directions issued by the Stock Exchange(s), SEBI or any other Regulatory Authority.

## Borrowing Powers of the Board

The Articles, subject to the provisions of Section 180(1)(c) of the Companies Act, 2013 authorize the Board to raise, borrow or secure the payment of any sum or sums of money for the purposes of our Company. The shareholders have, pursuant to a resolution passed at the Extra Ordinary General Meeting held on December 24, 2016, in accordance with Section 180(1)(c) of the Companies Act, 2013 authorized the Board to borrow monies from time to time, such sums of money even though the money so borrowed together with money already borrowed exceeds the aggregate of the paid-up capital and free reserves of the Company provided, however, that the total borrowing (apart from the temporary loans taken from the company's bankers) shall not exceed Rs. 10000 Lakh .

## Remuneration to Executive Directors

The compensation payable to our Managing Director will be governed as per the terms of their appointment and shall be subject to the provisions of Sections 2 (54), 2(94), 188, 196, 197, 198 and 203 and any other applicable provisions of the Companies Act, 2013 read with Schedule V to the Companies Act, 2013 and the rules made there under:-

### 1. Mr. Shwet Dhirajbhai Koradiya

Particulars	Remuneration
Basic Salary	Rs.2,40,000 (Rupees Two Lakhs Forty Thousand Only) per annum with effect from January 02 , 2017.
Designation	Managing Director
Appointment as a Managing Director	Three (3) years with effect from July 01, 2016
Perquisites	Nil
Remuneration paid for F.Y. 2015-2016	Nil



### **Payment or benefit to Non-Executive Directors of our Company**

Apart from the remuneration of our Executive Directors as provided under the heading "Compensation to Managing Director" above, our Non-Executive Directors are entitled to be paid a sitting fee up to the limits prescribed by the Companies Act, 2013 and the Rules made there under and actual travel, boarding and lodging expenses for attending the Board or committee meetings. They may also be paid commissions and any other amounts as may be decided by the Board in accordance with the provisions of the Articles, the Companies Act and any other applicable Indian laws and regulations.

### **Shareholding of Directors in our Company**

The details of the shareholding of our Directors as on the date of this Draft Prospectus are as follows.

Nil

### **Interests of our Directors**

Our Directors may be deemed to be interested to the extent of the remuneration paid to them or services rendered as a Director of our Company and reimbursement of expenses payable to them. For further details, please refer to sub-section "Remuneration to Executive & Non-Executive Directors" above. For further details, please refer to section titled "Our Promoters and Promoter Group" beginning on page 100 of this Draft Prospectus.

Further, none of our Directors have any interest in any property acquired by our Company within two (2) years of the date of this Draft Prospectus or proposed to be acquired by it or in any transaction in acquisition of land or any construction of building. Further, except as disclosed under sub-section "Shareholding of Directors in our Company" above, none of our Directors hold any Equity Shares, Preference Shares or any other form of securities in our Company. Our Directors may also be interested to the extent of Equity Shares, if any, held by them or held by the entities in which they are associated as promoters, directors, partners, proprietors or trustees or held by their relatives or that may be subscribed by or allotted to the companies, firms, ventures, trusts in which they are interested as promoters, directors, partners, proprietors, members or trustees, pursuant to the Issue.

Other than as stated above and except as stated in the sections titled "Financial Information" and "Our Promoters and Promoter Group" beginning on pages 106 and 100 respectively of this Draft Prospectus, our Directors do not have any other interest in the business of our Company.

None of the relatives of our Directors have been appointed to a place or office of profit in our Company. For further details, please refer to section titled "Our Management – Remuneration to Executive Directors" beginning on page 90 of this Draft Prospectus.

Our directors may also be regarded as interested in the Equity Shares, if any, held by them or that may be subscribed by and allotted to the companies, firms, and trusts, if any, in which they are interested as directors, members, promoters, and /or trustees pursuant to this Issue. Some of the directors also hold directorships in Promoter Group and Group Entities of our Company.

Our Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares. Except as stated in this section "Our Management " or the section titled "Financial Information - Related Party Transactions" beginning on pages 90 and 119 respectively of this Draft Prospectus, and except to the extent of shareholding in our Company, our Directors do not have any other interest in the business of our Company.

### **Changes in our Company's Board of Directors during the last three (3) years**

The changes in the Board of Directors of our Company in the last three (3) years are as follows:

<b>No.</b>	<b>Name of the Director &amp; Designation</b>	<b>Date of Appointment/ Reappointment/ Resignation</b>	<b>Reason</b>
1.	Mr. Shwet Dhirajbhai Koradiya	Re- designated as Managing Director w.e.f July 01, 2016 in the board meeting dated June, 30 , 2016	To ensure better Corporate governance.
2.	Mrs. Shweta Priyalkumar Gandhi	Appointed as an Independent Director w.e.f. July 01, 2016 in the board meeting dated June, 30 , 2016.	To ensure better Corporate governance.
3.	Mr. Brijeshkumar Champaklal Mali	Appointed as an Independent Director w.e.f. July 01, 2016 in the board meeting dated June, 30 , 2016	To ensure better Corporate governance

No.	Name of the Director & Designation	Date of Appointment/ Reappointment/ Resignation	Reason
4.	Mr. Paresh Manjibhai Lathiya	Appointed as an Independent Director w.e.f. July 01, 2016 in the board meeting dated June, 30 July 01, 2016	To ensure better Corporate governance
5.	Mr. Jinaykumar Navinchandra Koradiya	Resigned as Director on November 05, 2016	To ensure better Corporate governance
6.	Mrs. Varshaben Dhirajbhai Koradiya	Resigned as Director on November 05, 2016	To ensure better Corporate governance

### **COMPLIANCE WITH CORPORATE GOVERNANCE**

In addition to the applicable provisions of the Companies Act, 2013, read with the rules made there under, the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the SEBI (ICDR) Regulations, 2009 in respect of corporate governance will be applicable to our Company immediately upon the listing of our Company's Equity Shares on the SME Platform of BSE Limited. The requirements pertaining to the Composition of the Board of Directors and the constitution of the committees such as the Audit Committee, Stakeholder Relationship Committee and Nomination & Remuneration Committees have been complied with.

Our Board of Directors consists of 4 (Four) Directors of which 3 (Three) are Non-Executive Independent Directors including as defined under Regulation 16(1) (b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including (1) one woman Director, which is in compliance with the requirements of Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Our Company has constituted the following committees:

#### **1. Audit Committee**

Our Company has formed the Audit Committee vide Resolution passed in the Meeting of Board of Directors dated June 30, 2016 as per the applicable provisions of the Section 177 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 (as amended) and also to comply with Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 applicable upon listing of Company's equity shares on SME Platform of BSE Limited. The constituted Audit Committee comprises following members.

Name of the Director	Status in Committee	Nature of Directorship
Mr. Brijeshkumar Mali	Chairman	Non- Executive Independent Director
Mr. Paresh Lathiya	Member	Non- Executive Independent Director
Mrs. Shweta Gandhi	Member	Non- Executive Independent Director

The Company Secretary of our Company shall act as a Secretary of the Audit Committee. The Chairman of the Audit Committee shall attend the Annual General Meeting of our Company to furnish clarifications to the shareholders in any matter relating to accounts. The scope and function of the Audit Committee and its terms of reference shall include the following:

**A. Tenure:** The Audit Committee shall continue to be in function as a committee of the Board until otherwise resolved by the Board, to carry out the functions of the Audit Committee as approved by the Board.

**B. Meetings of the Committee:** The committee shall meet at least four times in a year and not more than 120 days shall elapse between any two meetings. The quorum for the meeting shall be either two members or one third of the members of the committee, whichever is higher but there shall be presence of minimum two Independent members at each meeting.

**C. Role and Powers:** The Role of Audit Committee together with its powers as Part C of Schedule II of SEBI Listing Regulation, 2015 and Companies Act, 2013 shall be as under:

- the recommendation for appointment, remuneration and terms of appointment of auditors of the Company
- review and monitor the auditor's independence and performance, and effectiveness of audit process
- examination and reviewing of the financial statement and the auditors' report thereon before submission to the board for approval, with particular reference to :-

- i. matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of Section 217(2AA) of the Companies Act, 1956 and/or Section 134(3)(c) of the Companies Act, 2013;
- ii. changes, if any, in accounting policies and practices and reasons for the same;
- iii. major accounting entries involving estimates based on the exercise of judgment by management
- iv. significant adjustments made in the financial statements arising out of audit findings
- v. compliance with listing and other legal requirements relating to financial statements
- vi. disclosure of any related party transactions
- (d) examination and reviewing, with the management, the quarterly financial statements before submission to the board for approval
- (e) approval or any subsequent modification of transactions of the Company with related parties
- (f) scrutiny of inter-corporate loans and investments
- (g) valuation of undertakings or assets of the Company, wherever it is necessary;
- (h) evaluation of internal financial controls and risk management systems;
- (i) monitoring the end use of funds raised through public offers and related matters;
- (j) 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;
- (k) reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- (l) 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;
- (m) discussion with internal auditors of any significant findings and follow up thereon;
- (n) 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;
- (o) 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;
- (p) 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;
- (q) 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 and background, etc. of the candidate;
- (r) reviewing the Management discussion and analysis of financial condition and results of operations;
- (s) reviewing the Management letters / letters of internal control weaknesses issued by the statutory auditors;
- (t) reviewing the Internal audit reports relating to internal control weaknesses;
- (u) reviewing the appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee;
- (v) reviewing the functioning of the Whistle Blower mechanism;
- (w) reviewing / redressal of complaint/s under the Sexual Harassment of Women at Workplace (Prohibition, Prevention & Redressal) Act, 2013;
- (x) establishment of a vigil mechanism for directors and employees to report genuine concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy in such manner as may be prescribed, which shall also provide for adequate safeguards against victimization of persons who use such mechanism and make provision for direct access to the chairperson of the Audit Committee in appropriate or exceptional cases;
- (y) such other functions / activities as may be assigned / delegated from time to time by the Board of Directors of the Company and/or pursuant to the provisions of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 (as amended) and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [SEBI (LODR) Regulations, 2015 / Listing Regulations]."

## **2. Stakeholders Relationship Committee**

Our Company has formed the Stakeholders Relationship Committee as per Section 178 and other applicable provisions of the Companies Act 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 (as amended) and also to comply with Regulation 20 of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 applicable upon listing of Company's equity shares on SME Platform of BSE Limited vide Resolution dated July 20, 2016. The constituted Stakeholders Relationship Committee comprises the following:

Name of the Director	Status in Committee	Nature of Directorship
Mr. Brijeshkumar Mali	Chairman	Non- Executive Independent Director
Mr. Paresh Lathiya	Member	Non- Executive Independent Director
Mrs. Shweta Gandhi	Member	Non- Executive Independent Director

The Company Secretary of our Company shall act as a Secretary to the Stakeholders Relationship Committee. The scope and function of the Stakeholders Relationship Committee and its terms of reference shall include the following:

**A. Tenure:** The Stakeholders Relationship Committee shall continue to be in function as a committee of the Board until otherwise resolved by the Board, to carry out the functions of the Stakeholders Relationship Committee as approved by the Board.

**B. Meetings:** The Stakeholders Relationship Committee shall meet at least four times a year with maximum interval of four months between two meetings and shall report to the Board on a quarterly basis regarding the status of redressal of complaints received from the shareholders of the Company. The quorum shall be minimum two (2) members, out of which at least one (1) shall be an independent director.

**C. Terms of Reference:** Redressal of shareholders' and investors' complaints, including and in respect of:

- consider and resolve the grievance of security holders of the Company;
- such other functions / activities as may be assigned / delegated from time to time by the Board of Directors of the Company and/or pursuant to the provisions of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 (as amended) and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [SEBI (LODR) Regulations, 2015 / Listing Regulations]

### 3. Nomination and Remuneration Committee

Our Company has formed the Nomination and Remuneration Committee as per Section 178 and other applicable provisions of the Companies Act 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 (as amended) and also to comply with Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 applicable upon listing of Company's equity shares on Emerge SME Platform of BSE Limited vide Resolution dated June 30, 2016. The Nomination and Remuneration Committee comprises the following:

Name of the Director	Status in Committee	Nature of Directorship
Mr. Brijeshkumar Mali	Chairman	Non-Executive-Independent Director
Mr. Paresh Lathiya	Member	Non-Executive-Independent Director
Mrs. Shweta Gandhi	Member	Non-Executive-Independent Director

The Company Secretary of our Company shall act as a Secretary to the Nomination and Remuneration Committee. The scope and function of the Committee and its terms of reference shall include the following:

**A. Tenure:** The Nomination and Remuneration Committee shall continue to be in function as a committee of the Board until otherwise resolved by the Board.

**B. Meetings:** The committee shall meet as and when the need arises for review of Managerial Remuneration. The quorum for the meeting shall be one third of the total strength of the committee or two members, whichever is higher. The Chairperson of the nomination and remuneration committee may be present at the annual general meeting, to answer the shareholders' queries; however, it shall be up to the chairperson to decide who shall answer the queries.

#### C. Role of Terms of Reference:

- Identify persons who are qualified to become directors and may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance;
- formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees

- while formulating the policy under (b) above, ensure that
  - i. the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully.
  - ii. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
  - iii. remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

**POLICY ON DISCLOSURES AND INTERNAL PROCEDURE FOR PREVENTION OF INSIDER TRADING:**

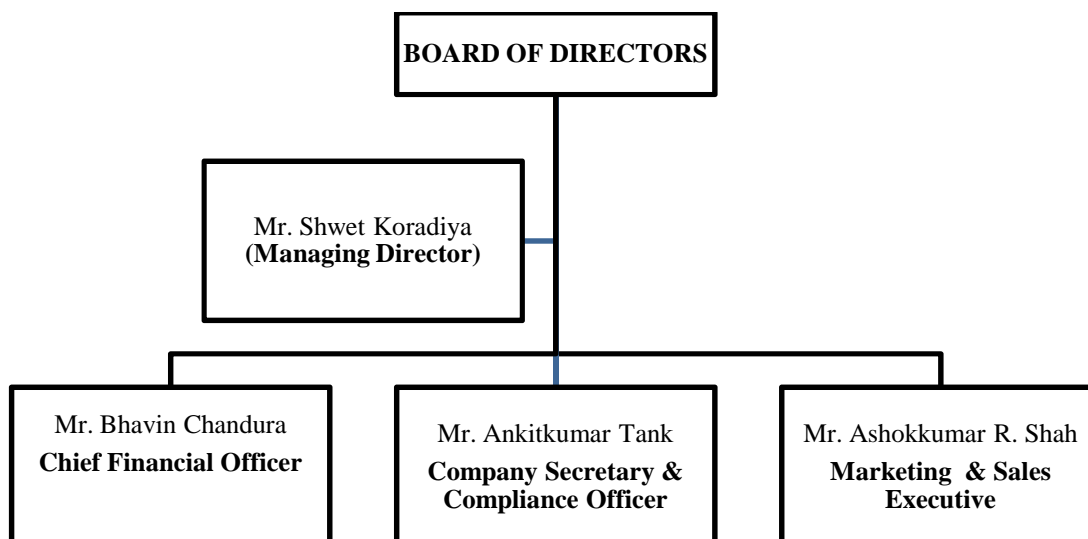
The provisions of the Regulation 9(1) of SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended, will be applicable to our Company immediately upon the listing of Equity Shares on the SME Platform of BSE Limited. We shall comply with the requirements of the SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended on listing of Equity Shares on the SME Platform of BSE Limited. Further, Board of Directors at their meeting held on November 18, 2016, have approved and adopted the policy on insider trading in view of the proposed public issue.

The Company Secretary and Compliance Officer of our Company will be responsible for setting forth policies, procedures, monitoring and adherence to the rules for the preservation of price sensitive information and the implementation of the Code of Conduct under the overall supervision of the Board.

**POLICY FOR DETERMINATION OF MATERIALITY & MATERIALITY OF RELATED PARTY TRANSACTIONS AND ON DEALING WITH RELATED PARTY TRANSACTIONS:**

The provisions of the SEBI (Listing Obligation and Disclosures) Regulations, 2015 will be applicable to our Company immediately upon the listing of Equity Shares of our Company on SME Platform of BSE Limited. We shall comply with the requirements of the SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended on listing of Equity Shares on the SME Platform of BSE Limited. The Board of Directors at their meeting held on November 18, 2016 have approved and adopted the policy for determination of materiality and determination of materiality of related party transactions and on dealing with related party transactions.

**Management Organizational Structure**



**Profiles of our Key Managerial Personnel**

The details of the Key Managerial Personnel as on the date of this Draft Prospectus are set out below. All the Key Managerial Personals are permanent employees of our Company. Except for certain statutory benefits, there are no other benefits accruing to the Key Managerial Personnel.

1. **Mr. Bhavin Chandura**, 26 years, is the Chief Financial Officer of our Company. Mr. Chandura holds a degree of Bachelor of Engineering (B.E.) from Veer Narmad South Gujarat University. Mr. Chandura has recently been associated with our Company and more than 3 (Three) years of experience in the financial matters.

2. **Mr. Ankitkumar Tank**, 25 years, is Company Secretary of our Company. Mr. Tank is an associate member of Institute of Company Secretaries of India. Mr. Tank has recently been associated with our Company. Mr. Tank will be looking after all the corporate governance, listing compliances and company law functions of our Company.
3. **Mr. Ashok Kumar Shah**, 53 years, is a Sales executive of our Company. Mr. Ashokkumar is under graduate. He is hardworking, passionate, dedicated towards work and having ability to perform his duty in field of marketing within time frame and recently associated with our Company.

#### **Status of Key Management Personnel in our Company**

All our key managerial personnel are permanent employees of our Company. The term of office of our key managerial personnel is until the attainment of 60 years of age.

#### **Shareholding of Key Management Personnel in our Company**

None of the Key Management Personnel holds Equity Shares in our Company as on the date of this Draft Prospectus.

#### **Bonus or profit sharing plan of the Key Managerial Personnel**

Our Company does not have a performance linked bonus or a profit sharing plans for the Key Management Personnel. However, our Company pays incentive to all its employees based on their performance including the Key Managerial Personnel's of our Company.

#### **Interests of Key Management Personnel**

The Key Management Personnel do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business.

#### **Payment of Benefits to Officers of our Company (*non-salary related*)**

Except as disclosed in this Draft Prospectus and any statutory payments made by our Company to its officers, our Company has not paid any sum, any non-salary related amount or benefit to any of its officers or to its employees including amounts towards super-annuation, ex-gratia/rewards.

Except statutory benefits upon termination of employment in our Company or superannuation, no officer of our Company is entitled to any benefit upon termination of such officer's employment in our Company or superannuation. Contributions are made by our Company towards provident fund, gratuity fund and employee state insurance.

Except as stated under section titled "Financial Information" beginning on page 106 of this Draft Prospectus, none of the beneficiaries of loans and advances or sundry debtors are related to our Company, our Directors or our Promoter.

#### **Relationship amongst the Key Managerial Personnel of our Company**

There is no family relationship amongst the Key Managerial Personnel of our Company.

#### **Relationship between the Directors and Key Managerial Personnel**

There are no family relationships between the Directors and Key Managerial Personnel of our Company.

#### **Arrangement and Understanding with Major Shareholders/Customers/ Suppliers**

None of the above Key Managerial Personnel have been selected pursuant to any arrangement/understanding with major shareholders/customers/suppliers.

#### **Details of Service Contracts of the Key Managerial Personnel**

Except for the terms set forth in the appointment letters, the Key Managerial Personnel have not entered into any other contractual arrangements with our Company for provision of benefits or payments of any amount upon termination of employment.

### **Employee Stock Option or Employee Stock Purchase**

Our Company has not granted any options or allotted any Equity Shares under the ESOP Scheme as on the date of this Draft Prospectus.

### **Loans availed by Directors / Key Managerial Personnel of our Company**

None of the Directors or Key Managerial Personals have availed loan from our Company which is outstanding as on the date of this Draft Prospectus.

### **Changes in our Company's Key Managerial Personnel during the last three (3) years**

The changes in the Key Managerial Personnel of our Company in the last three (3) years are as follows:


<b>No.</b>	<b>Name of the Key Managerial Personnel &amp; Designation</b>	<b>Date of Appointment</b>	<b>Date of Resignation</b>	<b>Reason</b>
1.	Mr. Shwet Koradiya Managing Director	July 01, 2016	NA	To ensure better compliance
2.	Mr. Bhavin Chandura Chief Financial Officer	July 01, 2016	NA	To ensure better compliance
3.	Mr. Ankitkumar Tank Company Secretary	August 10, 2016	NA	To ensure better compliance
4.	Mr. Ashokkumar R. Shah Marketing & Sales Executive	April 01, 2016	NA	To ensure better compliance

## OUR PROMOTERS AND PROMOTER GROUP

### Our Promoters

Our Promoter is (i) Mrs. Varshaben Dhirajbhai Koradiya. As on the date of this Draft Prospectus, our Promoter hold 12075000 Equity Shares which, constitutes 76.02 % of the issued and paid-up Equity Share capital of our Company.

### Details of Individual Promoters of our Company

	<p>Mrs. Varshaben Dhirajbhai Koradiya is the Promoter of our Company.</p> <p>Permanent Account Number: ABNPK6583G Passport No.: H6871654 Aadhar No.: NIL Driving license No.: NIL Voter's identification card No.: WAE3622172</p> <p>For further details in relation to other ventures of Mrs. Koradiya, please refer to section titled "Group Entities of our Company" beginning on page 103 of this Draft Prospectus.</p>
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Our Company confirms that it has submitted the details of the PAN, Bank Account Number and Passport Numbers of our Promoters to BSE at the time of filing the Draft Prospectus.

### Interests of our Promoters

Our Promoter is interested in our Company to the extent of their respective Equity shareholding in our Company and any dividend distribution that may be made by our Company in the future. For details pertaining to our Promoters' shareholding, please refer to section titled "Capital Structure" beginning on page 38 of this Draft Prospectus. Our Promoter is also interested to the extent they are Directors on our Board, as well as any remuneration of expenses payable to them. In addition, as on the date of this Draft Prospectus. For further information on remuneration to the Executive Directors, please refer to section titled "Our Management" beginning on page 90 of this Draft Prospectus.

Our Promoter have not entered into any contract, agreements or arrangements in which our Promoter is directly or indirectly interested and no payments have been made to them in respect of the contracts, agreements or arrangements which are proposed to be made with them including the properties purchased by our Company other than in the normal course of business.

None of our Promoter or Group Entities have any interest in any property acquired by our Company within two (2) years of the date of this Draft Prospectus or proposed to be acquired by it or in any transaction in acquisition of land or any construction of building or supply of machinery.

### Common Pursuits

Our Company is engaged in the retail business of Diamond Trading. One of our Group entity M/s. Synergy Bizcon Limited is engaged in almost similar line of activity or business as that of our Company. There may not be potential conflict of interest in addressing business opportunities and strategies in circumstances where the interest of our Company may be similar to that of the aforementioned group entities.

Except as stated above, our Promoters or directors are not involved with any ventures in the same line of activity or business as that of our Company.

### Interest of Promoters in Sales and Purchases

There are no sales/purchases between our Company and our Group Entity when such sales or purchases exceed in value the aggregate of 20% of the total sales or purchases of our Company or any business interest between our Company, our Subsidiary and our Group Entity as on the date of the last financial statements other than as stated in the section titled "**Group Entities of our Company**". For further details, please refer to section titled "Financial Information - Annexure 16 - Related Party Transactions" beginning on page 119 of this Draft Prospectus.



## Confirmations

Our Company hereby confirms that:

None of our Promoters have been declared as a willful defaulter by the RBI or any other governmental authority and there are no violations of securities laws committed by the Promoters in the past or are pending against them.

None of our Promoters, Promoter Group or Directors or persons in control of our Company or bodies corporate forming part of our Promoter Group have been (i) prohibited from accessing the capital markets under any order or direction passed by SEBI or any other authority or (ii) refused listing of any of the securities issued by such entity by any stock exchange, in India or abroad.

## Payment or benefits to the Promoters in the last two (2) years

No payment or benefit has been made to the Promoters except as disclosed in the related party transaction. For further details, please refer to section titled "Financial Information - Annexure 16 - Related Party Transactions" beginning on page 119 of this Draft Prospectus.

## Disassociation by the Promoters from entities in last three (3) years

None of our Promoters of the Company have disassociated from any of the companies or firms in the last three (3) years.

## Litigation details pertaining to our Promoters

For details on litigations and disputes pending against the Promoters and defaults made by our Promoters please refer to section titled "Outstanding Litigations and Material Developments" beginning on page 124 of this Draft Prospectus.

## Individual Promoter Group of our Promoters

In addition to our Promoters named in above section, the following natural persons are part of our Promoter Group in terms of Regulation 2(1) (zb) of SEBI (ICDR) Regulations:

<b>Relationship</b>	<b>Varshaben Koradiya</b>
Father	Wadilal Khemchandbhai Shah
Mother	-
Spouse	Dhirajbhai Koradiya
Brother	Bhurabhai
Sister	-
Son	Shwet Koradiya
Daughter	Shradhdha Mehta
Spouse's Father	Vaghjibhai Koradiya
Spouse's Mother	Jasudben V. Koradiya
Spouse's Brother	Navinchandra Koradiya
Spouse's Sister	Shardaben Koradiya

## Promoter Group Entities of our Promoters

The following entities form a part of our Promoter Group entities in terms of Regulation 2(1) (zb) of SEBI (ICDR) Regulations:

<b>S.N.</b>	<b>Nature of Relationship</b>	<b>Entities</b>
1	Any Body corporate in which 10% or more of the share capital is held by the Promoter or an immediate relative of the Promoter or a firm or HUF in which the Promoter or any one or more of his immediate relatives is a member	<ol style="list-style-type: none"><li>1. Synergy Bizcon Limited</li><li>2. Koradiya Mile Stone Private Limited</li><li>3. Pure Resource Management Private Limited</li><li>4. Dtex Multi Project Diamond Private Limited</li><li>5. Virvani Trade Private Limited</li><li>6. Vineet Texturisers Private Limited</li><li>7. Pure Personal Care Limited</li><li>8. Pure Mozinta Mail Private Limited</li></ol>

		<ul style="list-style-type: none"> <li>9. Pure Eduplant Private Limited</li> <li>10. Pure Broking Private Limited</li> <li>11. Vishwas Texturisers Private Limited</li> <li>12. Pure Weblopment Limited</li> </ul>
2	Any Body Corporate in which a body corporate as provided above holds ten percent or more of the equity share capital	<ul style="list-style-type: none"> <li>1. Synergy Bizcon Limited</li> </ul>
3	Any Subsidiary or Holding Company of our Promoter Company	Nil
4	Any body corporate in which a group of individuals or companies or combinations thereof which hold twenty percent. or more of the equity share capital in that body corporate also holds twenty percent. or more of the equity share capital of the issuer.	Nil
5	Any HUF or firm in which the aggregate shareholding of the promoter and his immediate relatives is equal to or more than ten percent of the total	<ul style="list-style-type: none"> <li>1. Dhirajbhai Vaghjibhai Koradiya - HUF</li> </ul>

## **GROUP ENTITIES OF OUR COMPANY**

As per the requirements of SEBI (ICDR) Regulations, for the purpose of identification of 'group companies/ entities', our Company has considered companies as covered under the applicable accounting standards (i.e. Accounting Standard 18 issued by the Institute of Chartered Accountants of India) on a consolidated basis, or other companies as considered material by our Board. Pursuant to a resolution of our Board dated November 18, 2016, for the purpose of disclosure in offer documents for the Issue, a company shall be considered material and will be disclosed as a Group Entity if such company forms part of the Promoter Group, and our Company has entered into one or more transactions with such company in the previous audit fiscal year / period cumulatively exceeding 20% of the total revenue of our Company for such fiscal.

Based on the above, our Company do not have any group entities.

## **RELATED PARTY TRANSACTIONS**

For details on related party transactions of our company, please refer to section titled “Financial Information- Annexure 16- Related Party Transaction” beginning on page 119 of this Draft Prospectus.

## **DIVIDEND POLICY**

Under the Companies Act, an Indian company pays dividends upon a recommendation by its Board of Directors and approval by a majority of the shareholders, who have the right to decrease but not to increase the amount of dividend recommended by the Board of Directors. Under the Companies Act, 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.

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.

Our Company has not paid any dividend in the previous five Financial Years.

## SECTION VI: FINANCIAL INFORMATION

### FINANCIAL STATEMENTS, AS RESTATED

#### Independent Auditors' Report

To,  
The Board of Directors,  
Pure Giftcarat Limited  
Plot No. 828/829, 3<sup>rd</sup> Floor,  
Office-3, Shree Kuberji Complex,  
Athugar Street, Nanpura, Main Road,  
Surat, Gujarat-395 001.

Dear Sirs,

We have examined the Financial Information of Pure Giftcarat Limited (the Company<sup>4</sup>) described below and annexed to this report for the purpose of inclusion in the offer document. The Financial Information has been prepared in accordance with the requirements of paragraph B (1) of Part II of Schedule II to the Companies Act, ('the Act'), The Securities and Exchange Board of India (SEBI) - Issue of Capital and Disclosure Requirements Regulations, 2009 ('ICDR Regulations') notified on 26<sup>th</sup> August, 2009, the Guidance Note on Reports in Company Prospectuses (Revised) issued by the Institute of Chartered Accountants of India (ICAI) and in terms of the engagement agreed upon by us with the Company.

The Financial Information has been approved by its Board of Directors.

Audit for the financial year ended 31<sup>st</sup> March, 2012, 31<sup>st</sup> March, 2013, 31<sup>st</sup> March, 2014 and 31<sup>st</sup> March, 2015, was conducted by M/s. Paras S. Shah & Co., Chartered Accountants and Audit for the financial year ended 31<sup>st</sup> March, 2016 and period ended 30<sup>th</sup> September, 2016, was conducted by M/s. Kansariwala & Chevli, Chartered Accountants accordingly reliance has been placed on the financial information examined by them for the said years / periods.

In terms of Schedule VIII, Clause IX (9) of the SEBI (ICDR) Regulations, 2009 and other provisions relating to accounts of Pure Giftcarat Limited, We, M/s. Ramanand & Associates, Chartered Accountants, have been subjected to the peer review process of the Institute of Chartered Accountants of India (ICAI) and hold a valid certificate issued by the 'Peer Review Board' of the ICAI.

#### **A. Financial Information as per Audited Financial Statements:**

We have examined:

- a. the attached Statement of Assets and Liabilities, as Restated as at year / period ended March 31, 2012, 2013, 2014, 2015, 2016 and period ended 30<sup>th</sup> September, 2016 (Annexure 1);
- b. the attached Statement of Profits and Losses, as Restated for the year / period ended March 31, 2012, 2013, 2014, 2015, 2016 and period ended 30<sup>th</sup> September, 2016 (Annexure 2);
- c. the attached Statement of Cash Flows, as Restated for the year / period ended March 31, 2012, 2013, 2014, 2015, 2016 and period ended 30<sup>th</sup> September, 2016 (Annexure 3);
- d. the significant accounting policies adopted by the Company and notes to the Restated Financial Statements along with adjustments on account of audit qualifications / adjustments / regroupings. (Annexure 4);

(Collectively hereinafter referred as "Restated Financial Statements")

The Restated Financial Statements have been extracted from audited Financial Statements of the Company for the year / period ended March 31, 2012, 2013, 2014, 2015, 2016 and period ended 30<sup>th</sup> September, 2016 which have been approved by the Board of Directors.

Based on our examination and in accordance with the requirements of the Act, ICDR Regulations, we state that:

- Restated Statement of Assets and Liabilities of the Company as at March 31, 2012, 2013, 2014, 2015, 2016 and period ended 30<sup>th</sup> September, 2016 are as set out in Annexure 1, which are after making such material adjustments and regroupings as, in our opinion are appropriate, and are to be read with the significant accounting policies and notes thereon in Annexure 4;
- Restated Statement of Profits and Losses of the Company for the year / period ended March 31, 2012, 2013, 2014, 2015, 2016 and period ended 30<sup>th</sup> September, 2016 are as set out in Annexure 2, which have been arrived at after making such material adjustments and regroupings to the audited financial statements as, in our opinion are appropriate, and are to be read with the significant accounting policies and notes thereon in Annexure 4;
- Restated Statement of Cash Flows of the Company for the year / period ended March 31, 2012, 2013, 2014, 2015, 2016 and period ended 30<sup>th</sup> September, 2016 are as set out in Annexure 3 after making such material adjustments and regroupings;
- Adjustments for any material amounts in the respective financial years / period have been made to which they relate; and
- There are no Extra-ordinary items that need to be disclosed separately in the Restated Summary Statements or Auditor's qualification requiring adjustments.
- Adjustments in Financial Statements has been made in accordance with the correct accounting policies
- There was no change in accounting policies, which needs to be adjusted in the “Restated Financial Statements”.
- There are no revaluation reserves, which need to be disclosed separately in the “Restated Financial Statements”.
- *There are no audit qualifications in the “Restated Financial Statements”*

#### **B. Other Financial Information:**

We have also examined the following Financial Information relating to the Company, which is based on the Restated Financial Statements and approved by the Board of Directors of the Company and annexed to this report, is proposed to be included in the Offer Document:

1. Statement of Details of Reserves & Surplus as at March 31, 2012, 2013, 2014, 2015, 2016 and period ended 30<sup>th</sup> September, 2016 as set out in **Annexure 5** to this report.
2. Statement of Accounting Ratios for the year / period ended on March 31, 2012, 2013, 2014, 2015, 2016 and period ended 30<sup>th</sup> September, 2016 as set out in **Annexure 6** to this report.
3. Capitalization Statement as at September 30, 2016 as set out in **Annexure 7** to this report.
4. Statement of Tax Shelters for the year ended on March 31, 2012, 2013, 2014, 2015 and 2016 as set out in **Annexure 8** to this report.
5. Statement of Details of Long Term Borrowings as at March 31, 2012, 2013, 2014, 2015, 2016 and period ended 30<sup>th</sup> September, 2016 as set out in **Annexure 9** to this report.
6. Statement of Details of Current Liabilities & Provisions of the Company for the year/ period ended on March 31, 2012, 2013, 2014, 2015, 2016 and period ended 30<sup>th</sup> September, 2016 as set out in **Annexure 10** to this report.
7. Statement of Details of Trade Receivables of the Company for the year / period ended on March 31, 2012, 2013, 2014, 2015, 2016 and period ended 30<sup>th</sup> September, 2016 as set out in **Annexure 11** to this report.
8. Statement of Details of Intangible Assets as at March 31, 2012, 2013, 2014, 2015, 2016 and period ended 30<sup>th</sup> September, 2016 as set out in **Annexure 12** to this report.
9. Statement of Details of Short Term Loans & Advances of the Company for the year / period ended on March 31, 2012, 2013, 2014, 2015, 2016 and period ended 30<sup>th</sup> September 2016 as set out in **Annexure 13** to this report.

10. Statement of Details of Other Current Assets of the Company for the year / period ended on March 31, 2012, 2013, 2014, 2015, 2016 and period ended 30<sup>th</sup> September, 2016 as set out in **Annexure 14** to this report.
11. Statement of Details of Inventories of the Company for the year/ period ended on March 31, 2012, 2013, 2014, 2015, 2016 and period ended 30<sup>th</sup> September, 2016 as set out in **Annexure 15** to this report.
12. Statement of Details of Related Party Transactions of the Company for the year / period ended on March 31, 2012, 2013, 2014, 2015, 2016 and period ended 30<sup>th</sup> September, 2016 as set out in **Annexure 16** to this report.

In our opinion, the "Restated Financial Statements" and "Other Financial Information" mentioned above contained in Annexure 1 to 16 of this report have been prepared in accordance with Part II of Schedule II to the Act, the SEBI Guidelines and the Guidance Note on the reports in Company Prospectuses (Revised) issued by the Institute of Chartered Accountants of India (ICAI).

Consequently the financial information has been prepared after making such regroupings and adjustments as were, in our opinion, considered appropriate to comply with the same. As result of these regroupings and adjustments, the amount reported in the financial information may not necessarily be same as those appearing in the respective audited financial statements for the relevant years.

This report should not in any way be construed as a reissuance or redating of the previous audit report, nor should this be construed as a new opinion on any of the financial statements referred to herein.

We have no responsibility to update our report for events and circumstances occurring after the date of the report.

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

**For Ramanand & Associates.**  
**Chartered Accountants**  
Firm Registration No.-117776W

**Ramanand Gupta**  
**Partner**  
**Membership No. 103975**  
Place: Mumbai  
Date: 27<sup>th</sup> January, 2017



## ANNEXURE-01

## STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(Rs. In Lacs)

Particulars	30.09.16	31.03.16	31.03.15	31.03.14	31.03.13	31.03.12
<b>Equity &amp; Liabilities</b>						
<b>Shareholders' Funds</b>						
Share Capital	1,588.50	1,588.50	6.00	6.00	6.00	6.00
Reserve & Surplus	17.29	5.70	(1.87)	(4.00)	(3.18)	(0.14)
<b>Total (A)</b>	<b>1,605.79</b>	<b>1,594.20</b>	<b>4.13</b>	<b>2.00</b>	<b>2.82</b>	<b>5.86</b>
<b>Non Current Liabilities</b>						
Share Application Money	-	-	-	-	-	-
Long Term Borrowings	-	-	4.08	4.08	4.08	4.08
Deferred Tax Liabilities (Net)	-	-	-	0.94	-	-
Other Long Term Liabilities	-	-	-	-	-	-
<b>Total (B)</b>	<b>-</b>	<b>-</b>	<b>4.08</b>	<b>5.02</b>	<b>4.08</b>	<b>4.08</b>
<b>Current Liabilities</b>						
Short Term Borrowings	-	-	-	-	-	-
Trade Payables	144.07	183.44	-	12.04	114.24	-
Other Current Liabilities	4,710.53	5.27	0.25	0.40	0.40	0.30
Short Term Provisions	2.47	2.47	0.10	0.03	-	-
<b>Total (C)</b>	<b>4,857.07</b>	<b>191.18</b>	<b>0.35</b>	<b>12.47</b>	<b>114.64</b>	<b>0.30</b>
<b>Total (D=A+B+C)</b>	<b>6,462.86</b>	<b>1,785.38</b>	<b>8.56</b>	<b>19.49</b>	<b>121.54</b>	<b>10.24</b>
<b>Assets</b>						
<b>Fixed Assets:</b>						
Tangible Assets	4.40	5.05	-	-	-	-
Intangible Assets	529.36	529.36	-	-	-	-
Deferred Tax Asset (Net)	0.79	0.79	0.78	-	-	-
Long Term Loans & Advances	-	-	-	-	-	-
Non Current Investments	-	-	-	-	-	-
Other Non Current Assets	-	-	-	-	-	-
<b>Total (E)</b>	<b>534.55</b>	<b>535.20</b>	<b>0.78</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Current Assets</b>						
Current Investments	-	-	-	-	-	-
Inventories	5,221.79	342.47	-	9.65	4.78	4.76
Trade Receivables	334.68	385.74	-	-	108.00	-
Cash & Bank Balances	16.84	521.46	7.30	8.89	7.34	3.59
Short Term Loans & Advances	355.00	0.51	-	-	-	-
Other Current Assets	-	-	0.48	0.95	1.42	1.89
<b>Total (F)</b>	<b>5,928.31</b>	<b>1,250.18</b>	<b>7.78</b>	<b>19.49</b>	<b>121.54</b>	<b>10.24</b>
<b>Total (G=E+F)</b>	<b>6,462.86</b>	<b>1,785.38</b>	<b>8.56</b>	<b>19.49</b>	<b>121.54</b>	<b>10.24</b>

## ANNEXURE-02

## STATEMENT OF PROFIT AND LOSS, AS RESTATED

(Rs. In Lacs)

Particulars	30.09.16	31.03.16	31.03.15	31.03.14	31.03.13	31.03.12
<b>Income</b>						
Sale of Traded Goods	5,071.41	4,539.31	50.56	157.49	422.82	925.20
Other Income	-	-	-	-	-	-
<b>Total</b>	<b>5,071.41</b>	<b>4,539.31</b>	<b>50.56</b>	<b>157.49</b>	<b>422.82</b>	<b>925.20</b>
<b>Expenditure</b>						
Purchase of Traded Goods	9,906.27	4,850.00	38.93	160.37	424.23	927.67
Change in inventories of Finished Goods	(4,879.3)	(342.47)	9.65	(4.87)	(0.02)	(4.75)
Employees Costs	31.42	4.02	0.05	0.53	0.62	0.90
Other Administrative & Selling Expenses	0.81	1.04	0.96	0.84	0.55	1.05
<b>Total</b>	<b>5,059.18</b>	<b>4,512.59</b>	<b>49.59</b>	<b>156.87</b>	<b>425.38</b>	<b>924.87</b>
<b>Profit before Depreciation, Interest and Tax</b>	<b>12.23</b>	<b>26.72</b>	<b>0.98</b>	<b>0.62</b>	<b>(2.56)</b>	<b>0.33</b>
Depreciation	0.65	0.30	-	-	-	-
Preliminary Expenses Written Off		0.47	0.47	0.47	0.47	0.47
<b>Profit before Interest &amp; Tax</b>	<b>11.58</b>	<b>25.95</b>	<b>0.51</b>	<b>0.15</b>	<b>(3.03)</b>	<b>(0.14)</b>
Interest & Finance Charges	-	-	-	-	-	-
Exceptional Items	-	15.92	-			
<b>Net Profit before Tax</b>	<b>11.58</b>	<b>10.03</b>	<b>0.51</b>	<b>0.15</b>	<b>(3.03)</b>	<b>(0.14)</b>
<b>Less: Provision for Taxes:</b>						
Current Tax	-	2.47	0.10	0.03	-	-
Deferred Tax	-	(0.01)	(1.72)	0.94	-	-
Dividend Distribution Tax	-	-	-	-	-	-
<b>Net Profit After Tax &amp; Before Extraordinary Items</b>	<b>11.58</b>	<b>7.57</b>	<b>2.13</b>	<b>(0.82)</b>	<b>(3.03)</b>	<b>(0.14)</b>
Extra Ordinary Items	-	-	-	-	-	-
<b>Net Profit</b>	<b>11.58</b>	<b>7.57</b>	<b>2.13</b>	<b>(0.82)</b>	<b>(3.03)</b>	<b>(0.14)</b>

## ANNEXURE-03

## STATEMENT OF CASH FLOW, AS RESTATED

(Rs. In Lacs)

Particulars	30.09.16	31.03.16	31.03.15	31.03.14	31.03.13	31.03.12
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>						
Net profit before taxes	11.58	10.03	0.51	0.15	(3.03)	(0.14)
Adjustment for:						
Add: Depreciation	0.65	0.30	-	-	-	-
Add: Preliminary Expenses Written Off	-	0.47	0.47	0.47	0.47	0.47
Add: Interest & Finance Charges	-	-	-	-	-	-
Operating Profit before Working capital changes	<b>12.23</b>	<b>10.80</b>	<b>0.98</b>	<b>0.62</b>	<b>(2.56)</b>	<b>0.33</b>
<b>Adjustments for:</b>						
Decrease (Increase) in Trade & Other Receivables	51.06	(385.74)	-	108.00	(108.00)	-
Decrease (Increase) in Short Term Loans & Advances	(354.49)	(0.51)	-	-	-	-
Decrease (Increase) in Inventories	(4,879.32)	(342.47)	9.65	(4.87)	(0.02)	(4.76)
Increase (Decrease) in Trade Payables	(39.37)	183.44	(12.04)	(102.20)	114.24	-
Increase (Decrease) in Other Current Liabilities	4,705.26	5.02	(0.15)	-	0.10	0.30
Net Changes in Working Capital	<b>(516.86)</b>	<b>(540.26)</b>	<b>(2.54)</b>	<b>0.93</b>	<b>6.32</b>	<b>(4.46)</b>
Cash Generated from Operations	(504.63)	(529.46)	(1.57)	1.55	3.76	(4.13)
Less Taxes	-	0.10	0.03	-	-	-
<b>Net Cash Flow from Operating Activities (A)</b>	<b>(504.63)</b>	<b>(529.56)</b>	<b>(1.60)</b>	<b>1.55</b>	<b>3.76</b>	<b>(4.13)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>						
Sale /(Purchase) of Fixed Assets	-	(534.71)	-	-	-	-
Decrease (Increase) in Investments	-	-	-	-	-	-
Decrease (Increase) in Other Non Current Assets	-	-	-	-	-	-
<b>Net Cash Flow from Investing Activities (B)</b>	<b>-</b>	<b>(534.71)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>						
Issue of share capital and Proceeds / (Refund) from Share Application Money	-	1,582.50	-	-	-	6.00
Interest & Finance Charges	-	-	-	-	-	-
Increase / (Repayment) of Long Term Borrowings	-	(4.08)	-	-	-	4.08
Increase / (Repayment) of Short Term Borrowings	-	-	-	-	-	-
Decrease (Increase) in Long Term Loans & Advances	-	-	-	-	-	-
Preliminary Expenses Incurred	-	-	-	-	-	(2.36)
<b>Net Cash Flow from Financing Activities (C)</b>	<b>-</b>	<b>1,578.42</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7.72</b>
<b>Net Increase / (Decrease) in Cash &amp; Cash Equivalents</b>	<b>(504.63)</b>	<b>514.15</b>	<b>(1.60)</b>	<b>1.55</b>	<b>3.76</b>	<b>3.59</b>
<b>Cash and cash equivalents at the beginning of the year / Period</b>	<b>521.46</b>	<b>7.30</b>	<b>8.89</b>	<b>7.34</b>	<b>3.59</b>	<b>-</b>
<b>Cash and cash equivalents at the end of the year/ Period</b>	<b>16.84</b>	<b>521.46</b>	<b>7.30</b>	<b>8.89</b>	<b>7.34</b>	<b>3.59</b>

#### Annexure-04

### **SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNT FOR PREPARATION OF RESTATED FINANCIAL STATEMENT**

#### **A. SIGNIFICANT ACCOUNTING POLICIES:**

##### **1. Basis of Preparation of Financial Statements**

- a. The Restated Financial Information for the year / period ended March 31, 2012, 2013, 2014, 2015, 2016 and period ended 30<sup>th</sup> September, 2016 has been extracted by the management of the Company from the audited financial statements of the company for the year / period ended March 31, 2012, 2013, 2014, 2015, 2016 and period ended 30<sup>th</sup> September, 2016.
- b. The Restated Financial Information are after making adjustments/ restatements and regrouping as necessary in accordance with paragraph B(1) of Part II of Schedule II of The Companies Act and SEBI Regulations.
- c. The Financial Statements have been prepared under Historical Cost conventions and in accordance with the Generally Accepted Accounting Principles ('GAAP') applicable in India, Companies (Accounting Standard) Rules, 2006 notified by Ministry of Company Affairs and Accounting Standards issued by the Institute of Chartered Accountants of India as applicable and relevant provisions of the Companies Act, 1956 & 2013.
- d. The company generally follows the mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis.

##### **2. Use of Estimates**

The preparation of Financial Statements in conformity with GAAP requires that the management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. Examples of such estimates include the useful lives of fixed assets and intangible assets, provision for doubtful debts / advances, future obligations in respect of retirement benefit plans, etc. Actual results could differ from these estimates. Difference between the actual results and estimates are recognized in the period in which the results are known/ materialized. Management believes that the estimates used in preparation of financial statements are prudent and reasonable.

##### **3. Fixed Assets and Depreciation**

- i. Fixed Assets are shown at historical cost net of recoverable taxes inclusive of incidental expenses less accumulated depreciation.
- ii. Intangible Assets are stated at cost of acquisition net of recoverable taxes less accumulated depreciation.
- iii. Pursuant to commencement of Companies Act, 2013, effective 1<sup>st</sup> April, 2014 the company has reviewed and revised the estimated economic useful lives of its fixed assets generally in accordance with Schedule II of Companies Act, 2013
- iii. Depreciation on fixed assets sold during the year, is provided on pro-rata basis with reference to the date of addition/deletion.

##### **4. Revenue Recognition**

Revenue is recognized only when it is probable that economic benefits will flow to the company and revenue can be reliably measured.

Revenue from sale of goods is recognized when significant risks and rewards of ownership of the goods are transferred to the customer and recorded net of returns, sales tax and other levies.

Interest income Is recognized on time proportion basis taking into account the amount outstanding and rate applicable.

##### **5. Investments**

Current investments are carried at lower of cost and quoted/fair value, computed category wise. Long Term Investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary.

## **6. Impairment of Assets**

As on Balance Sheet date, the Company reviews the carrying amount of Fixed Assets to determine whether there are any indications that those assets have suffered “Impairment Loss”. Impairment loss, if any, is provided to the extent, the carrying amount of assets exceeds their recoverable amount. Recoverable amount is higher of an asset’s net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from continuing use of an asset and from its disposal at the end of its useful life.

## **7. Borrowing Costs**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that takes necessarily substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

## **8. Taxation**

Tax expenses for the year comprise of current tax and deferred tax. Current tax is measured after taking into consideration the deductions and exemptions admissible under the provision of Income Tax Act, 1961 and in accordance with Accounting Standard 22 on “Accounting for Taxes on Income”, issued by ICAI.

Deferred Tax assets or liabilities are recognized for further tax consequence attributable to timing difference between taxable income and accounting income that are measured at relevant enacted tax rates. At each Balance Sheet date the company reassesses unrecognized deferred tax assets, to the extent they become reasonably certain or virtually certain of realization, as the case may be.

## **9. Leases**

### **Finance Lease**

Leases, which effectively transfer to the company all the risks and benefits incidental to ownership of the leased item, are classified as Finance Lease. Lease rentals are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income life of the assets at the following rates

### **Operating Lease**

Lease where the lesser effectively retains substantially all risks and benefits of the asset are classified as Operating lease. Operating lease payments are recognized as an expense in the Profit & Loss account on a Straight Line Basis over the Lease term.

## **10. Preliminary Expenses**

Preliminary expenses are amortized as per applicable income tax rules.

## **11. Earnings per Share**

In determining the Earnings Per share, the company considers the net profit after tax includes any post tax effect of any extraordinary / exceptional item. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period.

The number of shares used in computing Diluted earnings per share comprises the weighted average number of shares considered for computing Basic Earnings per share and also the weighted number of equity shares that would have been issued on conversion of all potentially dilutive shares.

In the event of issue of bonus shares, or share split the number of equity shares outstanding is increased without an increase in the resources. The number of Equity shares outstanding before the event is adjusted for the proportionate change in the number of equity shares outstanding as if the event had occurred at the beginning of the earliest period reported.

## 12. Contingent Liabilities & Provisions

Provisions are recognized only when there is a present obligation as a result of past events and when a reliable estimate of the amount of obligation can be made.

Contingent Liability is disclosed for:

- a. Possible obligation which will be confirmed only by future events not wholly within the control of the company, or
- b. Present obligations arising from the past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.
- c. Contingent Assets are not recognized in the financial statements since this may result in the recognition of income that may never be realized.

## 13. Foreign Exchange Transactions

- i. Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction or that approximates the actual rate at the date of the transaction.
- ii. Monetary items denominated in foreign currencies at the year end are restated at year-end rates. In case of items, which are covered by forward exchange contracts, the difference between the year end rate and rate on the date of the contract is recognized as exchange difference and the premium paid on forward contracts is recognized over the life of the contract.
- iii. Non-monetary foreign currency items are carried at cost.
- iv. In respect of branches, which are integral foreign operations, all transactions are translated at rates prevailing on the date of transaction or that approximates the actual rate at the date of transaction. Branch monetary assets and liabilities are restated at the year-end rates.
- v. Any income or expense on account of exchange difference either on settlement or on translation is recognized in the Profit and loss account except in case of long-term liabilities, where they relate to acquisition of fixed assets, in which case they are adjusted to the carrying cost of such assets.

## B. CHANGES IN ACCOUNTING POLICIES IN THE YEARS/PERIODS COVERED IN THE RESTATED FINANCIALS.

There is no change in significant accounting policies during the reporting period. Further Accounting Policies has been changed as and when Accounting Standards issued by the Institute of Chartered Accountants of India / Companies (Accounting Standard) Rules, 2006 were made applicable on the relevant dates.

## C. NOTES ON RESTATED FINANCIAL STATEMENTS

### NOTES ON RESTATEMENTS MADE IN THE RESTATED FINANCIALS

(Rs. in Lacs)

Financial Year ended	Sept, 30 <sup>th</sup>	March, 31 <sup>st</sup>	March, 31 <sup>st</sup>	March, 31 <sup>st</sup>	March, 31 <sup>st</sup>	March, 31 <sup>st</sup>
	2016	2016	2015	2014	2013	2012
Profit after tax as per Audited Statement of Account(A)	11.58	7.57	2.13	(0.82)	(3.03)	(0.14)
Adjustments*						
Profit after tax as per Restated Profit& Loss(A)	11.58	7.57	2.13	(0.82)	(3.03)	(0.14)

\*There are no significant items, which needs to be adjusted. However following reclassification has been done:

- (i) Short Term Provisions has been reclassified in to current liabilities and only provisions for taxation has been shown as Short Term Provisions.
- (ii) Preliminary Expenses Written off has been shown separately under Profit & Loss statement.
- (iii) ROC Fees of Rs. 15.92 Lacs for the fiscal 2016 has been shown as exceptional item under Profit & Loss statement.

### (III) OTHER NOTES

#### General

1. The Company was originally incorporated as "L'avance Dirays Limited" in Surat, Gujarat as a Public Limited Company under the provisions of the Companies Act, 1956 vide Certificate of Incorporation dated 26<sup>th</sup> April, 2011. Subsequently, the name of our Company was changed to "Pure Giftcarat Limited" and a fresh Certificate of Incorporation dated 16<sup>th</sup> September, 2015 issued by the Registrar of Companies, Ahmedabad, Gujarat.

#### 2. Contingent liabilities

There are no contingent liabilities as on 30<sup>th</sup> September, 2016

#### 3. Dues to Micro enterprises and Small enterprises:

Under the Micro, Small and Medium Enterprise Development Act, 2006 certain disclosure is required to be made related to micro, small and medium enterprise. The company has disclosed the same.

#### 4. Segment Reporting

The company operates only in one reportable business segment namely trading of diamonds and jewellery. Hence, there are no reportable segments under Accounting Standard -17. The conditions prevailing in India being uniform no separate geographical disclosures are considered necessary.

5. In the opinion of the Board, subject to the debts considered doubtful, Current Assets and Loans and Advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet.

#### 6. Earnings per Share

The details of Earnings Per Share as per AS-20 are provided in Annexure 06.

#### 7. Related Party Transactions:

The details of Related Party Transactions as per AS-18 are provided in Annexure 13.

8. The figures in the Restated Financials are stated in Lacs and rounded off to two decimals and minor rounding off difference is ignored.

### Annexure- 05

#### STATEMENT OF DETAILS OF RESERVES & SURPLUS, AS RESTATED

(Rs. In Lacs)

Particulars	30.09.16	31.03.16	31.03.15	31.03.14	31.03.13	31.03.12
Profit / (Loss) Brought Forward	5.71	(1.86)	(3.99)	(3.17)	(0.14)	-
Add: Profit / (Loss) for the Year	11.57	7.57	2.13	(0.82)	(3.03)	(0.14)
Less: Utilized for Dividend Distribution	-	-	-	-	-	-
<b>Profit / (Loss) Carried Forward (A)</b>	<b>17.28</b>	<b>5.71</b>	<b>(1.86)</b>	<b>(3.99)</b>	<b>(3.17)</b>	<b>(0.14)</b>
Securities Premium Brought Forward	-	-	-	-	-	-
Add: Premium on Shares Issued during the year / period	-	-	-	-	-	-
Less: Premium Utilized for Bonus Issue during the year / period	-	-	-	-	-	-
<b>Securities Premium Carried Forward (B)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reserves &amp; Surplus (A+B)</b>	<b>17.28</b>	<b>5.71</b>	<b>(1.86)</b>	<b>(3.99)</b>	<b>(3.17)</b>	<b>(0.14)</b>

**Annexure- 06**

**STATEMENT OF ACCOUNTING RATIOS**

(Rs. In Lacs, except per share data)

Particulars	30.09.16	31.03.16	31.03.15	31.03.14	31.03.13	31.03.12
Net Worth ( A )	1605.00	1593.41	2.87	1.05	1.40	3.97
Net Profit after Tax ( B )	11.57	7.57	2.13	(0.82)	(3.03)	(0.14)
No. of Shares outstanding at the end [F.V Rs.10] ( C )	1,58,85,000	1,58,85,000	60,000	60,000	60,000	60,000
Weighted average number of shares [F.V Rs.10]( D )	1,58,85,000	5,43,128	60,000	60,000	60,000	56,055
Earnings per Share (EPS) (B / D) (Rs.)	0.07*	1.39	3.54	(1.37)	(5.04)	(0.25)
Return on Net Worth (B / A)	0.72%	0.47%	74.04%	(78.10)%	(216.11)%	(3.53)%
Net Assets Value per Share (A / C)	10.10	10.03	4.78	1.75	2.33	6.62

\* Not Annualized

Definitions of key ratios:

**I. Earnings per share (Rs.):** Net Profit attributable to equity shareholders / weighted average number of equity shares. Earnings per share calculations are done in accordance with Accounting Standard 20 "Earnings Per Share" as issued by The Institute of Chartered Accountants of India. As per AS-20, the number of equity shares outstanding before the event is adjusted for the proportionate change in the number of equity shares outstanding as if the event had occurred at the beginning of the earliest period reported. In case of a bonus issue, the bonus shares has been added to corresponding year to the extent of reserves available in the corresponding year / period. Weighted average number of equity shares outstanding during all the previous years have been considered accordingly.

**II. Return on Net Worth (%):** Net Profit after tax / Net worth as at the end of the year / period

**III. Net Asset Value (Rs.):** Net Worth at the end of the year / Number of equity shares outstanding at the end of the year / period.

**IV. Net Profit,** as appearing in the Statement of restated profits and losses, and Net Worth as appearing in the restated statement of Assets & Liabilities has been considered for the purpose of computing the above ratios.

**Annexure -07**

**CAPITALIZATION STATEMENT**

(Rs. In Lacs)

Particulars	Pre-issue as at 30.09.2016	Post Issue *
Borrowing		
Short - Term Debt	-	
Long - Term Debt	-	
Total Debt	-	
Shareholders' Funds		
Share Capital		
- Equity	1588.50	
Less: Calls - in – arrears	-	
- Preference	-	
Reserves & Surplus	17.29	
Less: Miscellaneous Expenditure not written off	-	
Less: Deferred Tax Assets	0.79	
Total Shareholders' Funds	<b>1605.00</b>	
Long - Term Debt / Shareholders Fund	---	
Short - Term Debt / Shareholders Fund	---	

\* The Post Issue Capitalization will be determined only after the completion of the allotment of equity shares.



**Annexure- 08**

**STATEMENT OF TAX SHELTERS**

(Rs. In Lacs)

<b>Particulars</b>	<b>31.03.16</b>	<b>31.03.15</b>	<b>31.03.14</b>	<b>31.03.13</b>	<b>31.03.12</b>
Profit before tax as per Restated P/L	<b>10.03</b>	<b>0.51</b>	<b>0.15</b>	<b>(3.03)</b>	<b>(0.14)</b>
Applicable Corporate Tax Rate	30.90%	30.90%	30.90%	30.90%	30.90%
Tax at Notional Rate	3.10	0.16	0.05	(0.94)	(0.04)
<b>Adjustments</b>					
Difference between Tax Depreciation and Book Depreciation	0.03	-	-	-	-
Exempted Income	-	-	-	-	-
Disallowance	-	-	-	-	-
Other Items	2.53	0.51	0.15	-	-
<b>Net Adjustments</b>	<b>2.56</b>	<b>0.51</b>	<b>0.15</b>	-	-
Tax Saving thereon	0.78	0.16	0.05	-	-
Tax Saving to the the extent of Tax at Notional Rate	0.78	0.16	0.05	-	-
Tax Payable [A]	2.32	-	-	-	-
Tax Payable on items chargeable at special rates [B]	-	-	-	-	-
Total Tax Payable [C=A+B]	2.32	-	-	-	-
Tax Rebates [D]	-	-	-	-	-
<b>Tax Payable [E=C-D]</b>	<b>2.32</b>	-	-	-	-
<b>Tax Payable u/s 115 JB of Income Tax Act [F]</b>	<b>1.91</b>	<b>0.10</b>	<b>0.03</b>	-	-
<b>Final Tax Payable (Higher of [E] &amp; [F])</b>	<b>2.32</b>	<b>0.10</b>	<b>0.03</b>	-	-

**Annexure – 09**

**STATEMENT OF DETAILS OF LONG TERM BORROWINGS**

(Rs. In Lacs)

<b>Particulars</b>	<b>30.09.16</b>	<b>31.03.16</b>	<b>31.03.15</b>	<b>31.03.14</b>	<b>31.03.13</b>	<b>31.03.12</b>
<b>Secured:-</b>						
Loan from Others	-	-	-	-	-	-
<b>Unsecured*:-</b>						
Loan from Shareholders / Directors	-	-	4.08	4.08	4.08	4.08
Loan from Others	-	-	-	-	-	-
<b>Total</b>	-	-	<b>4.08</b>	<b>4.08</b>	<b>4.08</b>	<b>4.08</b>

\* Unsecured, repayable on demand

**Annexure – 10**

**STATEMENT OF DETAILS OF CURRENT LIABILITIES AND PROVISIONS**

(Rs. In Lacs)

<b>Particulars</b>	<b>30.09.16</b>	<b>31.03.16</b>	<b>31.03.15</b>	<b>31.03.14</b>	<b>31.03.13</b>	<b>31.03.12</b>
<b>Current Liabilities</b>						
<b>Trade Payables</b>						
Due to Micro, Small & Medium Enterprises	-	-	-	-	-	-
Others	144.07	183.44	-	12.04	114.24	-
<b>Sub Total (A)</b>	<b>144.07</b>	<b>183.44</b>	-	<b>12.04</b>	<b>114.24</b>	-
<b>Advances Received from Customers</b>						
Advances from customers	4705.52	-	-	-	-	-
<b>Sub Total (B)</b>	<b>4705.52</b>	-	-	-	-	-

Particulars	30.09.16	31.03.16	31.03.15	31.03.14	31.03.13	31.03.12
<b><i>Other Current Liabilities</i></b>						
Salary Payable	4.97	0.13	-	-	-	-
Audit Fees Payable	0.25	0.25	0.15	0.25	0.25	0.15
Legal Fees Payable	-	-	0.10	0.15	0.15	0.15
Rent Payable	-	0.03	-	-	-	-
Duties & Taxes	(0.20)	4.86	-	-	-	-
<b>Sub Total (C)</b>	<b>5.02</b>	<b>5.27</b>	<b>0.25</b>	<b>0.40</b>	<b>0.40</b>	<b>0.30</b>
<b>Provisions</b>						
Provision for Gratuity Contribution	-	-	-	-	-	-
Provisions for taxation	2.47	2.47	0.10	0.03	-	-
<b>Sub Total (C)</b>	<b>2.47</b>	<b>2.47</b>	<b>0.10</b>	<b>0.03</b>	<b>-</b>	<b>-</b>
<b>Total (A+B+C)</b>	<b>4857.08</b>	<b>191.18</b>	<b>0.35</b>	<b>19.49</b>	<b>114.64</b>	<b>0.30</b>

**Annexure – 11**

**STATEMENT OF DETAILS OF TRADE RECEIVABLES**

(Rs. In Lacs)

Particulars	30.09.16	31.03.16	31.03.15	31.03.14	31.03.13	31.03.12
<b>(A) Unsecured, Considered good outstanding for a period less than six months</b>						
Others	-	-	-	-	108.00	-
Amount due from Promoter/Group Companies and Directors	-	-	-	-	-	-
<b>(B) Unsecured, Considered good outstanding for a period more than six months</b>						
Others	334.68	385.74	-	-	-	-
Amount due from Promoter/Group Companies and Directors	-	-	-	-	-	-
<b>Total</b>	<b>334.68</b>	<b>385.74</b>	<b>-</b>	<b>-</b>	<b>108.00</b>	<b>-</b>

**Annexure – 12**

**STATEMENT OF DETAILS OF INTANGIBLE ASSETS**

(Rs. In Lacs)

Particulars	30.09.16	31.03.16	31.03.15	31.03.14	31.03.13	31.03.12
Intangible Assets under development	529.36	529.36	-	-	-	-
<b>Total</b>	<b>529.36</b>	<b>529.36</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Annexure – 13**

**STATEMENT OF DETAILS OF SHORT TERM LOANS AND ADVANCES**

(Rs. In Lacs)

Particulars	30.09.16	31.03.16	31.03.15	31.03.14	31.03.13	31.03.12
Advances to suppliers	354.43	-	-	-	-	-
Deposits	0.50	0.50	-	-	-	-
Prepaid Expenses	0.07	0.01	-	-	-	-
<b>Total</b>	<b>355.00</b>	<b>0.51</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Annexure – 14**

**STATEMENT OF DETAILS OF OTHER CURRENT ASSETS**

(Rs. In Lacs)

Particulars	30.09.16	31.03.16	31.03.15	31.03.14	31.03.13	31.03.12
Preliminary Expenses to the extent not written off	-	-	0.48	0.95	1.42	1.89
<b>Total</b>	<b>-</b>	<b>-</b>	<b>0.48</b>	<b>0.95</b>	<b>1.42</b>	<b>1.89</b>

**Annexure – 15**

**STATEMENT OF DETAILS OF INVENTORIES**

(Rs. In Lacs)

<b>Particulars</b>	<b>30.09.16</b>	<b>31.03.16</b>	<b>31.03.15</b>	<b>31.03.14</b>	<b>31.03.13</b>	<b>31.03.12</b>
Stock of Gold Jewellery	20.26	0.12	-	-	-	-
Stock of Polished Diamond	5201.53	342.35	-	9.65	4.78	4.76
<b>Total</b>	<b>5221.79</b>	<b>342.47</b>	<b>-</b>	<b>9.65</b>	<b>4.78</b>	<b>4.76</b>

**Annexure-16**

**STATEMENT OF DETAILS OF RELATED PARTY TRANSACTIONS**

(Rs. In Lacs)

<b>Particulars</b>	<b>Relationship</b>	<b>Transaction</b>	<b>30.09.16</b>	<b>31.03.16</b>	<b>31.03.15</b>	<b>31.03.14</b>	<b>31.03.13</b>	<b>31.03.12</b>
Shewt Koradiya	Promoter's Son	Equity Shares	-	-	-	-	-	1.00
Shewt Koradiya	Promoter's Son	Private Placement	-	20.00	-	-	-	-
Shewt Koradiya	Promoter's Son	Right Issue	-	26.25	-	-	-	-
Varshaben Koradiya	Promoter	Equity Shares	-	-	-	-	-	1.00
Varshaben Koradiya	Promoter	Private Placement	-	310.00	-	-	-	-
Varshaben Koradiya	Promoter	Right Issue	-	390.00	-	-	-	-
<b>REVENUE ITEMS</b>								
Synergy Bizcon Ltd	Under Same Management	Private Placement	-	70.00	-	-	-	-
Synergy Bizcon Ltd	Under Same Management	Sale of Goods	-	56.65	-	-	-	-
Synergy Bizcon Ltd	Under Same Management	Purchase of Goods	-	267.50	-	-	-	-
Synergy Bizcon Ltd	Under Same Management	Right Issue	-	87.50	-	-	-	-

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations together with our restated financial statements for the Period ended September 30, 2016 and F.Y. ended March 31, 2016, 2015, 2014, 2013 and 2012 including the notes and significant accounting policies thereto and the reports thereon, which appear elsewhere in this Draft Prospectus. You should also see the section titled "Risk Factors" beginning on page 13 of this Draft Prospectus, which discusses a number of factors and contingencies that could impact our financial condition and results of operations. The following discussion relates to our Company, unless otherwise stated, is based on restated audited financial statements.

These financial statements have been prepared in accordance with Indian GAAP, the Companies Act and the SEBI (ICDR) Regulations and restated as described in the report of our auditors dated September 30, 2016 which is included in this Draft Prospectus under the section titled "Financial Information" beginning on page 106 of this Draft Prospectus. The restated financial statements have been prepared on a basis that differs in certain material respects from generally accepted accounting principles in other jurisdictions, including US GAAP and IFRS. We do not provide a reconciliation of our restated financial statements to US GAAP or IFRS and we have not otherwise quantified or identified the impact of the differences between Indian GAAP and U.S. GAAP or IFRS as applied to our restated financial statements.

Accordingly, the degree to which the financial statements in this Draft Prospectus will provide meaningful information depends entirely on such potential investor's level of familiarity with Indian accounting practices. Our F.Y. ends on March 31 of each year; therefore, all references to a particular fiscal are to the twelve-month period ended March 31 of that year. Please also refer to section titled "Certain Conventions, Use of Financial, Industry and Market Data and Currency of Presentation" beginning on page 10 of this Draft Prospectus.

### Business Overview

For further details, please refer to section titled "Our Business" beginning on page 74 of this Draft Prospectus.

### Our Significant Accounting Policies:

Our significant accounting policies are described in the section entitled "*Financial Information of the Company*" on page no. 106 of the Draft Prospectus.

### Change in accounting policies in previous 3 (three) years:

Except as mentioned in chapter "*Financial Information of the Company*" on page no. 106 of this Draft Prospectus. There has been no change in accounting policies in last 3 (three) years.

### Summary of the Results of Operation:

The following table sets forth select financial data from restated profit and loss accounts for Period ended September 30, 2016 and Financial Year ended on March 31, 2012, 2013, 2014, 2015, 2016 and the components of which are also expressed as a percentage of total income for such periods.

Particulars	(Rs. In Lacs)					
	31/03/2016	% of total Income	31/03/2015	% of total Income	31/03/2014	% of total Income
Revenue from Operations	4,539.31	100.00%	50.56	100.00%	157.49	100.00%
Other income	-	-	-	-	-	-
Total Revenue	4,539.31	100.00%	50.56	100.00%	157.49	100.00%
Expenses:						
Purchase of Stock in Trade	4,850.00	106.84%	38.93	77.00%	160.37	101.83%
Employee Benefits Expense	4.02	0.09%	0.05	0.10%	0.53	0.34%
Administrative and other Expenses	1.04	0.02%	0.96	1.90%	0.84	0.53%
Finance Costs	-	0.00%	-	0.00%	-	0.00%
Depreciation And Amortization Expense	0.77	0.02%	0.47	0.93%	0.47	0.30%

Changes in inventory of Stock in Trade	-342.47	-7.54%	9.65	19.09%	-4.87	-3.09%
<b>Total Expenses</b>	<b>4,513.36</b>	<b>99.43%</b>	<b>50.06</b>	<b>99.01%</b>	<b>157.34</b>	<b>99.90%</b>
<b>Profit before exceptional and extraordinary items and tax (A-B)</b>	<b>25.95</b>	<b>0.57%</b>	<b>0.51</b>	<b>1.01%</b>	<b>0.15</b>	<b>0.10%</b>
Exceptional/Prior Period item	15.92	0.35%	-	0.00%	-	0.00%
<b>Profit before extraordinary items and tax</b>	<b>10.03</b>	<b>0.22%</b>	<b>0.51</b>	<b>1.01%</b>	<b>0.15</b>	<b>0.10%</b>
Extraordinary item	-	0.00%	-	0.00%	-	0.00%
<b>Profit Before Tax</b>	<b>10.03</b>	<b>0.22%</b>	<b>0.51</b>	<b>1.01%</b>	<b>0.15</b>	<b>0.10%</b>
Provision for Tax						
- Current Tax	2.47	0.05%	0.10	0.20%	0.03	0.02%
- Deferred Tax Liability / (Asset)	-0.01	0.00%	-1.72	-3.40%	0.94	0.60%
MAT Credit Entitlement	-	0.00%	-	0.00%	-	0.00%
Short/(Excess) Tax adjustment of prior years	-	0.00%	-	0.00%	-	0.00%
Income tax Paid for Previous Years	-	0.00%	-	0.00%	-	0.00%
FBT Adjustment earlier Year	-	0.00%	-	0.00%	-	0.00%
- Minority Interest	-	0.00%	-	0.00%	-	0.00%
Restated profit after tax for the period from continuing operations	<b>7.57</b>	<b>0.17%</b>	<b>2.13</b>	<b>4.21%</b>	<b>-0.82</b>	<b>-0.52%</b>
Profit/ (Loss) from Discontinuing operation	-	0.00%	-	0.00%	-	0.00%
Tax expenses of discontinuing operations	-	0.00%	-	0.00%	-	0.00%
Restated profit for the period	<b>7.57</b>	<b>0.17%</b>	<b>2.13</b>	<b>4.21%</b>	<b>-0.82</b>	<b>-0.52%</b>

### **Key Components of Our Profit And Loss Statement**

**Revenue from operations:** Revenue from operations mainly consists of Diamond Sale.

**Expenses:** Our expenses include purchasing of high quality diamonds, depreciation and amortization expense and other expenses.

**Employee benefits expense:** Employee benefit expense includes salaries and wages, staff welfare expenses, bonus, Directors remuneration and Contribution to Provident Fund and Gratuity.

**Finance Costs:** Finance cost comprises Interest on Indebtedness, bank and other Finance charges.

**Depreciation and amortization expense:** We recognize depreciation and amortization expense on a Written down value method as per the provisions set forth in the Companies Act, 2013 from 1<sup>st</sup> April, 2014 and rates set forth in Companies Act, 1956 for prior period to 1<sup>st</sup> April, 2014.

**Administration & Other expenses:** Other expenses consist of Rent, Advertisement and Other Administrative Expenses.

### **Comparison of the Financial Performance of Fiscal 2016 with Fiscal 2015**

**Total Revenue:** Total Revenue for the F.Y. 2016 stood at Rs. 4539.31 Lacs where as in F.Y. 2015 the same was Rs. 50.56 Lacs i.e. increases of 8878.07%.

**Total Expenses:** Total expenditure for the F.Y. 2016 increased to Rs. 4513.36.31 Lacs from Rs. 50.06 Lacs compared to the previous financial year, increasing by 8915.90%. This was mainly due to increase in Purchases.

**Employee benefits expense:** Employee benefits expense increased to Rs. 4.02 Lacs from Rs. 0.05 Lacs in the year F.Y 2016 from its previous year, i.e. an increase of 7940.00%. This was due to growth in the operation of the business.

**Depreciation and amortization expense:** Depreciation and amortization expense increased from Rs. 0.47 Lacs in F.Y. 2015 to Rs. 0.77 Lacs in F.Y. 2016.

**Administration & Other Expenses:** Administration & Other expenses for the F.Y 2016 stood at Rs. 1.04 Lacs; whereas it was Rs. 0.96 Lacs in previous financial year i.e. an increase of 8.33%.

**Net Profit before tax and Exceptional/ prior period items:** Net Profit before tax and Exceptional / prior period items for the F.Y 2016 increased from Rs. 0.51 Lacs in F.Y. 2015 to Rs. 25.95 Lacs in F.Y. 2016. The increase in profit before tax was 4988.24%.

**Restated profit after tax:** The Company reported Restated profit after tax for the F.Y 2016 of Rs. 7.57 Lacs in comparison to Restated profit after tax Rs. 2.13 Lacs in F.Y. 2015 representing increase of 255.40%

#### **Comparison of the Financial Performance of Fiscal 2015 with Fiscal 2014**

**Total Revenue:** Total Revenue for the F.Y. 2015 stood at Rs. 50.56 Lacs where as in F.Y. 2014 the same was Rs. 157.49 Lacs i.e. decreases of 67.90%.

**Total Expenses:** Total expenditure for the F.Y. 2015 decreased to Rs. 50.06 Lacs from Rs. 157.34 compared to the previous financial year, decreasing by 68.18%. This was mainly due to decrease in Purchases.

**Employee benefits expense:** Employee benefits expense decreased to Rs. 0.05 Lacs from Rs. 0.53 Lacs in the year F.Y 2015 from its previous year, i.e. a decrease of 90.57%.

**Administration & Other Expenses:** Administration & Other expenses for the F.Y 2015 stood at Rs. 0.96 Lacs whereas it was Rs. 0.86 Lacs in previous financial year i.e. an increase of 14.29%.

**Net Profit before tax and Exceptional/prior period items:** Net Profit before tax and Exceptional/prior period items for the F.Y 2015 increased to Rs. 0.51 from Rs. 0.15 Lacs in F.Y. 2014. The increase in profit before tax was 240% due to decrease in expenses.

**Restated profit after tax:** The Restated profit after tax for the F.Y 2015 increased to Rs. 2.13 Lacs in F.Y. 2015 from Loss of Rs. 0.82 Lacs in F.Y. 2014 representing increase of 359.76%.

#### **Information required as per Item (2) (IX) (E) (5) of Part A of Schedule VIII to the SEBI Regulations:**

An analysis of reasons for the changes in significant items of income and expenditure is given hereunder:

**Unusual or infrequent events or transactions:-**There has not been any unusual trend on account of our business activity. There are no Unusual or infrequent events or transactions in our Company. The transactions are as per usual business operations.

**Significant economic changes that materially affected or are likely to affect income from continuing operations:-** There are no significant economic changes that may materially affect or likely to affect income from continuing operations.

**Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations:-**

Apart from the risks as disclosed under section titled "Risk Factors" beginning on page 13 of this Draft Prospectus, in our opinion there are no other known trends or uncertainties that have had or are expected to have a material adverse impact on revenue or income from continuing operations.

**Future changes in relationship between costs and revenues:-**Our Company's future costs and revenues will be determined by demand/supply situation, government policies and prices quoted by our suppliers.

**Increases in net sales or revenue and Introduction of new products or services or increased sales prices:-**Increases in revenues are by and large linked to increases in volume of business.

**Seasonality of business: -** Currently our Company's business is seasonal in nature. For further details please refer to sections titled "Risk Factors" and "Our Business" beginning on pages 13 and 74 respectively of this Draft Prospectus.

**Key Components of Our Profit And Loss Statement –Not Applicable since we are in retail business.**

**Competitive conditions:**

Competitive conditions are as described under section titled "Industry Overview and "Our Business" beginning on pages 68 and 74 respectively of this Draft Prospectus

**Details of material developments after the date of last balance sheet i.e. March 31 2016**

There are no material developments except conversion into public limited, increase in authorized share capital and bonus issue. Refer "Capital structure" beginning on page no. 38 for further information

## SECTION VII: LEGAL AND OTHER INFORMATION

### OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as described below, there are no outstanding litigations, suits, civil or criminal prosecutions, proceedings before any judicial, quasi-judicial, arbitral or administrative tribunals, including pending proceedings for violation of statutory regulations or alleging criminal or economic offences or tax liabilities 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 (i) of Part I of Schedule XIII of the Companies Act ) against our Company, Promoter, Group Companies and Directors as of the date of this Draft Prospectus that would have a material adverse effect on our business. There are no defaults, non-payments or overdue of statutory liabilities, institutional/ bank dues and dues payable to holders of debentures or fixed deposits and arrears of cumulative preference shares that would have a material adverse effect on our business.

The Company has a policy for identification of Material Outstanding Dues to Creditors in terms of the SEBI(ICDR) Regulations, 2009 as amended for creditors where outstanding due to any one of them exceeds 5% of consolidated trade payables as per the last audited financial statements of the Issuer.

Further, Our Company has a policy for identification of Material Litigation in terms of the SEBI (ICDR) Regulations, 2009 as amended for disclosure of all pending litigation involving the Issuer, its directors, promoters and group companies, other than criminal proceedings, statutory or regulatory actions and taxation matters where the monetary amount of claim by or against the entity or person in any such pending matter(s) is in excess of 1% of the profit after tax of our Company as per the last audited financial statement and such pending cases are material from the perspective of the Issuer's business, operations, prospects or reputation.

#### **PART 1: CONTINGENT LIABILITIES OF OUR COMPANY**

<b><u>Sr. No.</u></b>	<b><u>Particulars</u></b>	<b><u>Amount</u></b>
1		Nil

#### **PART 2: LITIGATION RELATING TO OUR COMPANY**

##### **A. FILED AGAINST OUR COMPANY**

##### **1. Litigation Involving Criminal Laws**

NIL

##### **2. Litigation Involving Actions by Statutory/Regulatory Authorities**

NIL

##### **3. Litigation involving Tax Liabilities**

##### **i. TDS Liabilities (TRACES)**

NIL

##### **ii. Indirect Taxes Liabilities**

NIL

##### **iii. Other Pending Litigations**

NIL



**B. CASES FILED BY OUR COMPANY**

**1. Litigation Involving Criminal Laws**

NIL

**2. Litigation Involving Actions by Statutory/Regulatory Authorities**

NIL

**3. Litigation involving Tax Liabilities**

**(i) Direct Tax Liabilities**

NIL

**(ii) Indirect Taxes Liabilities**

NIL

**4. Other Pending Litigations**

NIL

**PART 3: LITIGATION RELATING TO OUR DIRECTORS OTHER THAN THE PROMOTERS OF THE COMPANY**

**A. LITIGATION AGAINST OUR DIRECTORS**

**1. Litigation Involving Criminal Laws**

NIL

**2. Litigation Involving Actions by Statutory/Regulatory Authorities**

NIL

**3. Litigation involving Tax Liabilities**

**(i) Direct Tax Liabilities**

NIL

**(ii) Indirect Taxes Liabilities**

NIL

**4. Other Pending Litigations**

NIL

**PART 4: LITIGATION RELATING TO OUR PROMOTERS**

**A. LITIGATION AGAINST OUR PROMOTERS**

**1. Litigation Involving Criminal Laws**

NIL

**2. Litigation Involving Actions by Statutory/Regulatory Authorities**

NIL

**3. Litigation involving Tax Liabilities**

**(i) Direct Tax Liabilities**

NIL

**(ii) Indirect Taxes Liabilities**

NIL

**4. Other Pending Litigations**

NIL

**B. LITIGATION FILED BY OUR PROMOTERS**

**1. Litigation Involving Criminal Laws**

NIL

**2. Litigation Involving Actions by Statutory/Regulatory Authorities**

NIL

**3. Litigation involving Tax Liabilities**

**(i) Direct Tax Liabilities**

NIL

**(ii) Indirect Taxes Liabilities**

NIL

**4. Other Pending Litigations**

NIL

**PART 5: LITIGATION RELATING TO OUR GROUP COMPANIES**

**A. LITIGATION AGAINST OUR GROUP COMPANIES**

**1. Litigation involving Criminal Laws**

NIL

**2. Litigation Involving Actions by Statutory/Regulatory Authorities**

NIL

**3. Litigation involving Tax Liabilities**

(i) **Direct Tax Liabilities: NIL**

(ii) **Indirect Taxes Liabilities**

NIL

**4. Other Pending Litigations**

NIL

**B. LITIGATION FILED BY OUR GROUP COMPANIES**

**1. Litigation involving Criminal Laws**

NIL

**2. Litigation Involving Actions by Statutory/Regulatory Authorities**

NIL

**3. Litigation involving Tax Liabilities**

(i) **Direct Tax Liabilities**

NIL

(ii) **Indirect Taxes Liabilities**

NIL

**4. Other Pending Litigations**

NIL

**PART 6: AMOUNTS OWED TO SMALL SCALE UNDERTAKINGS AND OTHER CREDITORS**

Our Company does not have any dues exceeding Rs.1 Lakh outstanding for more than Forty Five (45) days to any small-scale industrial undertaking(s), other than in the ordinary course of business.

As per the materiality policy approved by the Board for identification of material creditors, such creditor of our Company, on a consolidated basis, shall be considered material for the purpose of disclosure in the Issue Documents, if amounts due to any of them exceeds 10 % of the consolidated trade payables as per our last consolidated audited balance sheet.

Information provided on the website of our Company is not a part of this Draft 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, would be doing so at its own risk.

**PART 7: MATERIAL DEVELOPMENTS OCCURRING AFTER LAST BALANCE SHEET DATE**

Except as disclosed in Chapter titled "**Management's Discussion & Analysis of Financial Conditions & Results of Operations**" beginning on page 120, there have been no material developments that have occurred after the Last Balance Sheet Date.

## GOVERNMENT AND OTHER APPROVALS

We have received the necessary consents, licenses, permissions and approvals from the Government of India and various governmental agencies required by us to undertake this Issue and for our present business and except as mentioned below, no further material approvals are required for carrying on our present business operations. Unless otherwise stated, these approvals are valid as on the date of this Draft Prospectus. In view of the approvals listed below, we can undertake this Issue and our current/proposed business activities and no further major approvals from any governmental or regulatory authority or any other entity are required to be undertaken in respect of the Issue or to continue our business activities. It must be distinctly understood that, in granting these approvals, the Government of India does not take any responsibility for our financial soundness or for the correctness of any of the statements made or opinions expressed in this behalf. Unless otherwise stated, these approvals are all valid as of the date of this Draft Prospectus. The main objects clause of the Memorandum of Association and objects incidental to the main objects enable our Company to undertake its existing business activities.

### I. Approvals for the Issue

The following approvals have been obtained or will be obtained in connection with the Issue:

- a. The present Issue of 57,30,000 Equity Shares in terms of Draft Prospectus has been authorized pursuant to a resolution of our Board of Directors dated November 18, 2016 and by special resolution passed under Section 62(1) (c) of the Companies Act, 2013 at the Extra Ordinary General Meeting of the members held on December 24, 2016.
- b. Our Company has obtained approval from SME platform of the BSE by way of a letter dated [ ] to use the name of the Stock Exchange in this Draft Prospectus for listing of Equity Shares on the Stock Exchange.
- c. NSDL/CDSL: ISIN: INE594W01026

### II. APPROVALS/LICENSES/PERMISSIONS PROCURED TO CONDUCT OUR BUSINESS

S. No	Nature of Registration/ License	Registration/License No.	Applicable Laws	Issuing Authority	Date of issue	Date of Expiry
<b>Constitutional Registration</b>						
1.	Certificate of Incorporation	CIN : U36910GJ2011P LC065141	Companies Act, 1956	Registrar of Companies, Gujarat, Dadra and Nagar Havelli	April 26, 2011	Valid till canceled
2.	Fresh certificate of Incorporation consequent on Change of Name from L'avace Dirays Limited to Pure Giftcarat Limited	CIN : U36910GJ2011P LC065141	Companies Act, 2013	Registrar of Companies, Gujarat, Dadra and Nagar Havelli	September 16, 2015	Valid till canceled
<b>Taxation Related Registrations</b>						
S. No	Nature of Registration/ License	Registration/ License No.	Applicable Laws	Issuing Authority	Date of issue	Date of Expiry
1.	PAN No. (Permanent Account Number)	AACCL0014G	Income Tax Act, 1961	Commissioner of Income Tax	June 01, 2016	Perpetual
2.	TAN (Taxpayers Account Number)	SRTL01032D	Income Tax Act, 1961	Income Tax Department	September 02, 2016	Perpetual
3.	Registration Certificate under Central Sales Tax Act	24720801287	Central Sales Tax Act, 1956	Commissioner of Commercial Tax, Gujarat	January 11, 2016	Perpetual
4.	Gujarat Commercial Tax VAT Registration Number	24220801287	Gujarat Commercial Tax	Commissioner of Commercial Tax, Gujarat	January 20, 2016 (Effective from December 21, 2015)	Perpetual

5.	Certificate of Enrolment under Gujarat State Tax on Profession Trade & calling Employment	PRC03CZ00110673	Gujarat State Tax on Profession Trade & calling Employment	Municipal Corporation	April 19, 2016	Perpetual
6.	Registration Certificate of Establishment for the premises at Plot-828/829, 3rd Floor, Office-3, Shree Kuberji Complex, Athugar Street, Nanpura, Main Road, Surat-395001, Gujarat	CZ/S/1/296840	Bombay Shops and Establishments Act, 1948	Shops and Establishment Inspector under Surat Municipal Corporation	April 18, 2016	March 31, 2017

### III. Pending Approvals

There are no such approvals pending except as disclosed in this Draft Prospectus.

### IV. Approvals obtained in relation to Intellectual property rights

Our Company has not registered its trademark and has made an application for registration before the Trademarks Registry.

## OTHER REGULATORY AND STATUTORY DISCLOSURES

### Authority for the Issue

The present Issue of 57,30,000 Equity Shares in terms of Draft Prospectus has been authorized pursuant to a resolution of our Board of Directors dated November 18, 2016 and by special resolution passed under Section 62(1) (c) of the Companies Act, 2013 at the Extra Ordinary General Meeting of the members held on December 24, 2016.

Our Company has obtained in-principle approval from the BSE (SME Platform) for using its name in the Draft Prospectus/Prospectus pursuant to an approval letter dated [ ] BSE is the Designated Stock Exchange.

### Prohibition by SEBI or other governmental authorities

Our Company, our Promoters, natural person in control of Promoter, Promoter Group, our Directors, Group Entities or the person(s) in control of our Company have not been prohibited from accessing the capital market for any reason or restrained from buying, selling or dealing in securities, under any order or directions by the SEBI or any other regulatory or government authorities.

There are no violations of securities laws committed by any of them in the past or pending against them, nor have any companies with which any of our Company, our Promoter, Directors, persons in control of our Company or any natural person behind the Promoter are or were associated as a promoter, director or person in control, been debarred or prohibited from accessing the capital markets under any order or direction passed by the SEBI or any other authority.

None of our Directors are associated with the securities market and there has been no action taken by the SEBI against the Directors or any other entity with which our Directors are associated as promoters or directors.

### Prohibition by RBI

Neither our Company, nor our Promoters, our Directors, Group Entities, relatives (as per Companies Act, 2013) of Promoter or the person(s) in control of our Company have been identified as a will full defaulter by the RBI or other governmental authority and there has been no violation of any securities law committed by any of them in the past and no such proceedings are pending against any of them except as details provided under section titled "Outstanding Litigations and Material Developments" beginning on page 124 of this Draft Prospectus.

### Eligibility for the Issue

Our Company is not ineligible in terms of Regulations 4(2) of SEBI ICDR Regulations for this Issue.

Our Company is an "Unlisted Issuer" in terms of the SEBI (ICDR) Regulations; and this Issue is an "Initial Public Issue" in terms of the SEBI (ICDR) Regulations.

Our Company is eligible for the Issue in accordance with Regulation 106(M) (1) and other provisions of Chapter XB of the SEBI (ICDR) Regulations, as we are an Issuer whose post issue paid up capital is less than Rs. 10 Crores and we may hence issue Equity Shares to the public and propose to list the same on the Small and Medium Enterprise Exchange (in this case being the "SME Platform of BSE").

We confirm that:

- a) In accordance with Regulation 106(P) of the SEBI (ICDR) Regulations, this issue is hundred percent underwritten and that the Lead Manager to the Issue Shall underwrite minimum 15% of the Total Issue Size. For further details pertaining to said underwriting please refer to "General Information – Underwriting" on 31 of this Draft Prospectus.
- b) In accordance with Regulation 106(R) of the SEBI (ICDR) Regulations, that the total number of proposed allottees in the Issue shall be greater than or equal to fifty (50), otherwise, the entire application money will be unblocked forthwith. If such money is not repaid within fifteen (15) days from the date our Company becomes liable to repay it, then our Company and every officer in default shall, on and from expiry of fifteen (15) days, be liable to repay such application money, with interest as prescribed under section 40 of the Companies Act, 2013.

- c) In accordance with Regulation 106(O) of the SEBI (ICDR) Regulations, we have not filed any Draft of this Offer Document with SEBI nor has SEBI issued any observations on our Offer Document. Also, we shall ensure that our Lead Manager submits a copy of the Prospectus along with a Due Diligence Certificate including additional confirmations as required to SEBI at the time of filing this Draft Prospectus with Stock Exchange and the Registrar of Companies.
- d) In accordance with Regulation 106(V) of the SEBI (ICDR) Regulations, we hereby confirm that we have entered into an agreement with the Lead Manager and a Market Maker to ensure compulsory Market Making for a minimum period of three years from the date of listing of Equity Shares on the SME Platform of BSE. For further details of the arrangement of market making please refer to “**General Information – Details of the Market Making Arrangements for this Issue**” on 31 of this Draft Prospectus.

We further confirm that we shall be complying with all the other requirements as laid down for such an issue under Chapter XB of SEBI (ICDR) Regulations, as amended from time to time and subsequent circulars and guidelines issued by SEBI and the Stock Exchange.

As per Regulation 106(M)(3) of SEBI (ICDR) Regulations, 2009, the provisions of Regulations 6(1), 6(2), 6(3), Regulation 7, Regulation 8, Regulation 9, Regulation 10, Regulation 25, Regulation 26, Regulation 27 and Sub-regulation (1) of Regulation 49 of SEBI (ICDR) Regulations, 2009 shall not apply to us in this Issue.

Our Company is also eligible for the Issue in accordance with eligibility norms for Listing on SME Exchange / Platform BSE circular dated April 19, 2012 and February 05, 2015 (<http://www.bsesme.com>), which states as follows:

1. Net Tangible Assets of at least Rs. 3 Crore as per the latest audited financial results (as restated)
2. Net worth (excluding revaluation reserves) of at least Rs. 3 Crore as per the latest audited financial results (as restated)
3. Track record of distributable profits in terms of Section 123 of Companies Act, 2013 for at least two years out of immediately preceding three financial years and each financial year has to be a period of at least 12 months. Extraordinary income will not be considered for the purpose of calculating distributable profits. Otherwise, the Net Worth shall be at least Rs. 5 Crores.
4. Net Tangible Assets, Net Worth and Distributable Profit, of the Company as per the restated financial statements for the period ended as at September 30, 2016, March 31, 2016, 2015 and 2014 are as set forth below:-

Particulars	As at			
	(Amount in Lacs.)			
	September 30, 2016	March 31, 2016	March 31, 2015	March 31, 2014
Distributable Profit*	11.57	7.57	2.13	(0.82)
Net Tangible Assets**	1605.00	1593.41	2.87	1.05
Net Worth***	1605.00	1593.41	2.87	1.05

\*Distributable Profit has been calculated as per Sec 123 of Companies Act, 2013. \*\*Net Tangible Assets are defined as the sum of all net assets of the Company, excluding intangible assets as defined in Accounting Standard 26 issued by the Institute of Chartered Accountants of India. As is evident, our Company has Net Tangible Assets of over Rs. 3 Crore.

\*\*\*Net Worth includes Share Capital and Reserves (excluding revaluation reserves) Less Miscellaneous Expenditure not written off, if any. & Debit Balance of Profit and Loss Account not written off, if any. As is evident, our Company has a Net Worth of over Rs.3 Crore.

5. The post-issue paid up capital of our Company shall be at least Rs. 3 Crore. As detailed in chapter “**Capital Structure**” on 38 of this Draft Prospectus, our Company will have a post issue paid up capital of Rs. 2161.50 Lacs
6. Our Company shall mandatorily facilitate trading in demat securities. Our Company is in process to entering into tripartite agreement with CDSL & NSDL.
7. Our Company has a website i.e. [www.puregiftcarat.com](http://www.puregiftcarat.com)
8. Our Company has not been referred to the Board for Industrial and Financial Reconstruction (BIFR).

9. There is no winding up petition against our Company that has been admitted by a Court or a liquidator has not been appointed.
10. No material regulatory or disciplinary action has been taken by any stock exchange or regulatory authority in the past three years against the Company.
11. There has been no change in the promoter/s of the Company in the preceding one year from date of filing application to BSE for listing on SME segment.

We confirm that we comply with all the above requirements / conditions so as to be eligible to be listed on the SME Platform of the BSE.

#### Compliance with Part A of Schedule VIII of the SEBI (ICDR) Regulations

Our company is in compliance with the provisions specified in Part A of the SEBI (ICDR) Regulations. No exemptions from eligibility norms have been sought under Regulation 109 of the SEBI (ICDR) Regulations, with respect to the Issue. Further our company has not been formed by the conversion of a partnership firm into a company.

#### Compliance with Part A of Schedule VIII of the SEBI (ICDR) Regulations

Our Company is in compliance with the provisions specified in Part A of the SEBI (ICDR) Regulations. No exemption from eligibility norms has been sought under Regulation 109 of the SEBI (ICDR) Regulations, with respect to the Issue. Further, our Company has not been formed by the conversion of a partnership firm into a company.

#### DISCLAIMER CLAUSE OF SEBI

**IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF OFFER DOCUMENT TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. THE LEAD MERCHANT BANKER, NAVIGANT CORPOTRATE ADVISORS 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 INVESTMENT IN THE PROPOSED ISSUE.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE LEAD MERCHANT BANKER, NAVIGANT CORPOTRATE ADVISORS LIMITED IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MERCHANT BANKER HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED SEPTEMBER 30, 2016 WHICH READS AS FOLLOWS:**

**WE, THE UNDER NOTED LEAD MANAGER TO THE ABOVE MENTIONED FORTHCOMING ISSUE STATE AND CONFIRM AS FOLLOWS:**

**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 DRAFT PROSPECTUS PERTAINING TO THE SAID ISSUE**

**ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE ISSUER, WE CONFIRM THAT:**



**THE DRAFT PROSPECTUS FILED WITH THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**

**ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY THE BOARD, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**

**THE DISCLOSURES MADE IN THE DRAFT PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 2013, APPLICABLE PROVISIONS OF THE COMPANIES ACT, 1956, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.**

**WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT PROSPECTUS ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID.**

**WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFILL THEIR UNDERWRITING COMMITMENTS.**

**WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTER 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 BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT PROSPECTUS.**

**WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT PROSPECTUS.**

**WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE. – NOT APPLICABLE**

**WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.**

**WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 40 OF THE COMPANIES ACT, 2013 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE DRAFT PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION – NOTED FOR COMPLIANCE**

**WE CERTIFY ALL THE SHARES SHALL BE ISSUED IN DEMATERIALIZED FORM IN COMPLIANCE WITH THE PROVISIONS OF SECTION 29 OF THE COMPANIES ACT, 2013 AND THE DEPOSITORIES ACT, 1996 AND THE REGULATIONS MADE THEREUNDER.**

**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.**

**WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT PROSPECTUS:**

**AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER AND**

**AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.**

**WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.**

**WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OR THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE, ETC.**

**WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.**

**WE ENCLOSE STATEMENT ON 'PRICE INFORMATION OF PAST ISSUES HANDLED BY MERCHANT BANKER BELOW (WHO ARE RESPONSIBLE FOR PRICING THIS ISSUE)', AS PER FORMAT SPECIFIED BY SEBI THROUGH CIRCULAR NO. CIR/CFD/DIL/7/2015 DATED OCTOBER 30, 2015.**

**WE CERTIFY THAT PROFITS FROM RELATED PARTY TRANSACTIONS HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS-TO THE EXTENT OF THE RELATED PARTY TRANSACTIONS REPORTED IN ACCORDANCE WITH ACCOUNTING STANDARD-18 IN THE FINANCIAL INFORMATION OF THE COMPANY INCLUDED IN THE DRAFT PROSPECTUS.**

**ADDITIONAL CONFIRMATIONS/ CERTIFICATION TO BE GIVEN BY MERCHANT BANKER IN DUE DILIGENCE CERTIFICATE TO BE GIVEN ALONG WITH OFFER DOCUMENT REGARDING SME EXCHANGE**

**WE CONFIRM THAT NONE OF THE INTERMEDIARIES NAMED IN THE DRAFT PROSPECTUS HAVE BEEN DEBARRED FROM FUNCTIONING BY ANY REGULATORY AUTHORITY.**

**WE CONFIRM THAT ALL THE MATERIAL DISCLOSURES IN RESPECT OF THE ISSUER HAVE BEEN MADE IN DRAFT PROSPECTUS AND CERTIFY THAT ANY MATERIAL DEVELOPMENT IN THE ISSUER OR RELATING TO THE ISSUE UP TO THE COMMENCEMENT OF LISTING AND TRADING OF THE SPECIFIED SECURITIES OFFERED THROUGH THIS ISSUE SHALL BE INFORMED THROUGH PUBLIC NOTICES/ ADVERTISEMENTS IN ALL THOSE NEWSPAPERS IN WHICH PRE-ISSUE ADVERTISEMENT AND ADVERTISEMENT FOR OPENING OR CLOSURE OF THE ISSUE HAVE BEEN GIVEN.**

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.

WE CONFIRM THAT AGREEMENTS HAVE BEEN ENTERED INTO WITH THE DEPOSITORIES FOR DEMATERIALISATION OF THE SPECIFIED SECURITIES OF THE ISSUER – NOTED FOR COMPLIANCE.

WE CERTIFY THAT AS PER THE REQUIREMENTS OF FIRST PROVISOR 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 DRAFT PROSPECTUS. - NOT APPLICABLE

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.

Note:

The filing of this Draft Prospectus does not, however, absolve our company from any liabilities under section 34, section 35, Section 36 and Section 38 (1) of the Companies Act, 2013 or from the requirement of obtaining such statutory and / or other clearances as may be required for the purpose of the proposed Issue. SEBI further reserves the right to take up at any point of time, with the LM any irregularities or lapses in the Draft Prospectus.

All legal requirements pertaining to the Issue will be complied with at the time of registration of the Prospectus with the Registrar of Companies, Ahmedabad, Gujarat in terms of sections 26, 32 and 33 of the Companies Act, 2013.

**Statement on Price Information of Past Issues handled by the Lead Manager:**

No.	Issue name	Issue size (Rs in 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.	Prabhat Telecom	11.22 Cr.	51	August 03,2016	61.20	43.14%	47.06%	37.25%

Source: Price Information [www.bseindia.com](http://www.bseindia.com). & [www.bseindia.com](http://www.bseindia.com) , Issue Information from respective Prospectus.

**Summary statement of Disclosure:**

Financial Year	Total no. of IPOs	Total amount of funds raised (Rs. Cr.)	No. of IPOs trading at discount- 30th calendar days from listing			No. of IPOs trading at Premium- 30th calendar days from listing			No. of IPOs trading at discount- 180th calendar days from listing			No. of IPOs trading at Premium- 180th calendar days from listing		
			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 %
2016-17	1	11.22	0	0	0	0	1	0	0	0	0	0	1	0

Note:

- ❖ *BSE SENSEX and CNX NIFTY has been considered as the benchmark index.*
- ❖ *Prices on BSE/NSE are considered for all of the above calculations.*
- ❖ *In case 30th /90th /180th day is not a trading day, closing price on BSE/NSE of the next trading day has been considered.*
- ❖ *In case 30th /90th /180th day, scripts 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 max. 10 issues (initial public issue managed by the lead manager. Hence, disclosures pertaining to recent 10 issues handled by lead manager are provided.*

### **Track Record of past issues handled by the Lead Manager**

For details regarding track record of LM to the Issue as specified in the Circular reference no. CIR/MIRSD/1/2012 dated January 10, 2012 issued by the SEBI, please refer the website of the LM at: [www.navigantcorp.com](http://www.navigantcorp.com)

### **Disclaimer from our Company and the Lead Manager**

Our Company and the Lead Manager accept no responsibility for statements made otherwise than those contained in this Draft Prospectus or, in case of the Company, in any advertisements or any other material issued by or at our Company's instance and anyone placing reliance on any other source of information would be doing so at his or her own risk.

The LM accept no responsibility, save to the limited extent as provided in the MOU entered between the LM and our Company on February 22, 2017 and the Underwriting Agreement dated February 22, 2017 entered into between the Underwriters and our Company and the Market Making Agreement dated February 22, 2017 entered into among the Market Maker and our Company.

All information shall be made available by our Company and the Lead Manager to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports, at collection centers or elsewhere.

The Lead Manager and their respective associates and affiliates may engage in transactions with, and perform services for, our Company, our Promoter Group, Group Entities, or our affiliates or associates in the ordinary course of business and have engaged, or may in future engage, in commercial banking and investment banking transactions with our Company, our Promoter Group, Group Entities, and our affiliates or associates, for which they have received and may in future receive compensation.

### **Caution**

Investors who apply in the Issue will be required to confirm and will be deemed to have represented to our Company and the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company and will not offer, sell, pledge or transfer the Equity Shares of our Company to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company. Our Company, the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares in the Issue.

### **Disclaimer in Respect of Jurisdiction**

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are majors, HUFs, companies, corporate bodies and societies registered under applicable laws in India and authorized to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, cooperative 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 the Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with a minimum corpus of 2,500.00 Lakhs and pension funds with a minimum corpus of Rs. 2,500.00 Lakhs, and permitted non-residents including FIIs, Eligible NRIs, multilateral and bilateral development financial institutions, FVCIs and eligible foreign investors, insurance funds set up and managed by army, navy or air force of the Union of India and insurance funds set up and managed by the Department of Posts, India provided that they are eligible under all applicable laws and regulations to hold Equity Shares of our Company. This Draft Prospectus does not, however, constitute an offer to sell or an invitation to subscribe for Equity

Shares offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions.

Any dispute arising out of this Issue will be subject to jurisdiction of the competent court(s) in Mumbai, Maharashtra, India only.

No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose. Accordingly, the Equity Shares represented hereby may not be offered or sold, directly or indirectly, and this Draft Prospectus may not be distributed in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

#### **Disclaimer Clause of the SME Platform of BSE**

As required, a copy of this Offer Document has been submitted to BSE Limited (hereinafter referred to as BSE). BSE has given vide its letter [ ] permission to the Issuer to use the Exchange's name in this Offer Document as one of the stock exchanges on which this Issuer's securities are proposed to be listed. The Exchange has scrutinized draft offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by BSE should not in any way be deemed or construed that the offer document has been cleared or approved by BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its Promoter, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription /acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

#### **Disclaimer Clause under Rule 144A of the U.S. Securities Act**

The Equity Shares have not been, and will not be, registered under the U.S. Securities Act 1933, as amended (the "Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares will be offered and sold outside the United States in compliance with Regulation S of the 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 Bids 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 and legislations in each jurisdiction, including India.

#### **Filing**

A copy of this Draft Prospectus shall not be filed with the SEBI, nor will SEBI issue any observation on the Prospectus in term of Regulation 106(M) (3) of the SEBI (ICDR) Regulations. However, a copy of the Prospectus shall be filed with SEBI at the Securities and Exchange Board of India, Corporation Finance Department, SEBI Bhavan, Plot No. C4-A, G Block, 3rdFloor, Bandra Kurla Complex, Bandra (E), Mumbai 400 051, India for their record purpose only

A copy of the Prospectus, along with the documents required to be filed under Section 32 of the Companies Act, 2013 would be delivered for registration to the Registrar of Companies, ROC Bhavan , Opp. Rupal Park Society, Behind Ankur Bus Stop, Naranpura, Ahmedabad-380013, Gujarat

## **Listing**

The Equity Shares of our Company are proposed to be listed on SME Platform of BSE. Our Company has obtained in-principle approval from BSE by way of its letter dated [ ] for listing of equity shares on SME Platform of BSE.

BSE will be the Designated Stock Exchange, with which the Basis of Allotment will be finalized for the Issue. If the permission to deal in and for an official quotation of the Equity Shares on the SME Platform is not granted by BSE, our Company shall forthwith repay, without interest, all moneys received from the applicants in pursuance of this Draft Prospectus. If such money is not repaid within eight (8) days from the date our Company becomes liable to repay it, then our Company and every officer in default shall, on and from expiry of eight (8) days, be liable to repay such application money, with interest at the rate as prescribed under the Companies Act, 2013.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the SME Platform of BSE mentioned above are taken within Six (6) Working Days of the Issue Closing Date.

## **Impersonation**

Attention of the Applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

Any person who-

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 to action under section 447 of the Companies, Act 2013

## **Consents**

Consents in writing of (a) Our Directors, Our Promoters, Our Company Secretary & Compliance Officer, Chief Financial Officer, Our Statutory Auditor, Key Managerial Personnel, Our Peer Review Auditor, Our Banker(s) to the Company; (b) Lead Manager, Registrar to the Issue, Banker(s) to the Issue, Legal Advisor to the Issue, Underwriter(s) to the Issue and Market Maker to the Issue to act in their respective capacities shall be obtained as required under section 26 of the Companies Act, 2013 and shall be filed along with a copy of the Prospectus with the RoC, as required under Sections 32 of the Companies Act, 2013 and such consents will not be withdrawn up to the time of delivery of the Prospectus for registration with the RoC.

In accordance with the Companies Act and the SEBI (ICDR) Regulations, Kansaliwala & Chevli, Chartered Accountants., Auditors of the Company has agreed to provide their written consent to the inclusion of their respective reports on “**Statement of Tax Benefits**” relating to the possible tax benefits and restated financial statements as included in this Draft Prospectus/Prospectus in the form and context in which they appear therein and such consent and reports will not be withdrawn up to the time of delivery of this Draft Prospectus.

## **Experts Opinion**

Except for the reports in the section “**Financial information of the Company**” and “**Statement of Tax Benefits**” on page 106 and page 66 of this Draft Prospectus from the Peer Review Auditors and Statutory Auditor respectively, our Company has not obtained any expert opinions. However, the term “expert” shall not be construed to mean an “expert” as defined under the U.S. Securities Act 1933.

## **Expenses of the Issue**

The Estimated Issue expenses are as under:-

<b>Activity</b>	<b>Expenses (Rs in Lakhs)</b>	<b>% of Total Estimated Expenditure</b>	<b>% of Total Issue Size</b>
Payment to Merchant Banker including, Underwriting and Selling commissions, Brokerages, payment to other intermediaries such as Legal Advisors, Registrars, Bankers etc and other Out of Pocket Expenses	18.75	78.13%	2.52%
Printing and Stationery and Postage Expenses	2.00	8.33%	0.27%
Advertising and Marketing Expenses	1.25	5.21%	0.17%
Regulatory Fee and Expenses	2.00	8.33%	0.27%
Total	24.00	100.00	3.23%

### **Fees, Brokerage and Selling Commission payable to the LM**

The total fees payable to the Lead Manager will be as per the (i) Memorandum of Understanding dated, February 22 , 2017 with the Lead Manager, (ii) the Underwriting Agreement dated February 22 , 2017 with Underwriter Navigant Corporate Advisors Limited and (iii) the Market Making Agreement dated February 22 , 2017 with Market Maker Alacrity Securities Limited, a copy of which is available for inspection at our Registered Office from 10.00 am to 5.00 pm on Working Days from the date of the Draft Prospectus until the Issue Closing Date.

### **Fees Payable to the Registrar to the Issue**

The fees payable to the Registrar to the Issue for processing of applications, data entry, printing of refund orders, preparation of refund data on magnetic tape and printing of bulk mailing register will be as per the agreement between our Company and the Registrar to the Issue dated September 28, 2016 a copy of which is available for inspection at our Company's Registered Office.

The Registrar to the Issue will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty, and communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable it to make refunds in any of the modes described in this Draft Prospectus or send allotment advice by registered post/speed post.

### **Particulars regarding Public or Rights Issues during the last five (5) years**

Our Company has not made any previous public or rights issue in India or Abroad the five (5) years preceding the date of this Draft Prospectus.

### **Previous issues of Equity Shares otherwise than for cash**

For detailed description please refer to section titled "Capital Structure" beginning on page 38 of this Draft Prospectus.

### **Underwriting Commission, brokerage and selling commission on Previous Issues**

Since this is the initial public offering of our Company's Equity Shares, no sum has been paid or has been payable as commission or brokerage for subscribing for or procuring or agreeing to procure subscription for any of the Equity Shares since our incorporation.

Particulars in regard to our Company and other listed group-companies / subsidiaries/ associates under the same management within the meaning of Section 370(1B) of the Companies Act, 1956 / Section 186 of the Companies Act, 2013 which made any capital issue during the last three years:

Neither our Company nor any other companies under the same management within the meaning of Section 370(1B) of the Companies Act, 1956 has made/Section 186 of the Companies Act, 2013, had made any public issue or rights issue during the last three years.

## **Performance vis-a-vis objects – Public/right issue of our Company and /or listed Group Companies/ subsidiaries and associates of our Company**

Except as stated under section titled "Capital Structure" beginning on page 38 of this Draft Prospectus our Company has not undertaken any previous public or rights issue. None of the Group Companies/ Entities or associates of our Company are listed on any stock exchange.

## **Performance vis-a-vis objects - Last Issue of Group/Associate Companies**

All of our Group / Associate are unlisted and have not made a public issue of shares in the last ten (10) years proceeding the date of this Draft Prospectus.

## **Outstanding Debentures or Bond Issues or Redeemable Preference Shares**

Our Company does not have any outstanding debentures or bonds or Preference Redeemable Shares as on the date of filing this Draft Prospectus.

## **Outstanding Convertible Instruments**

Our Company does not have any outstanding convertible instruments as on the date of filing this Draft Prospectus.

## **Option to Subscribe**

Equity Shares being offered through the Draft Prospectus can be applied for in dematerialized form only.

## **Stock Market Data of the Equity Shares**

This being a public issue of the Equity Shares of our Company, the Equity Shares are not listed on any Stock Exchanges.

## **Mechanism for Redressal of Investor Grievances**

The Agreement amongst the Registrar to the Issue, our Company provides for retention of records with the Registrar to the Issue for a period of at least three (3) year from the last date of dispatch of the letters of allotment, or demat credit or where refunds are being made electronically, giving of unblocking instructions to the clearing system, to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, application number, number of Equity Shares applied for, amount paid on application, Depository Participant, and the bank branch or collection centre where the application was submitted.

All grievances relating to the ASBA process may be addressed to the SCSBs, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the relevant Designated Branch or the collection centre of the SCSBs where the Application Form was submitted by the ASBA Applicants.

The Applicant should give full details such as name of the sole/ first Applicant, Application Form number, Applicant DP ID, Client ID, PAN, date of the Application Form, address of the Applicant, number of the Equity Shares applied for and the name and address of the Designated Intermediary where the Application Form was submitted by the Applicant. Further, the investor shall also enclose the Acknowledgement Slip from the Designated Intermediaries in addition to the documents or information mentioned hereinabove.

## **Disposal of Investor Grievances by our Company**

Our Company estimates that the average time required by our Company or the Registrar to the Issue for the redressal of routine investor grievances shall be fifteen (15) Working Days from the date of receipt of the complaint. In case of complaints that are not routine or where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

Our Company has appointed Ankitkumar Tank, Company Secretary, as the Compliance Officer to redress complaints, if any, of the investors participating in the Issue. Contact details for our Company Secretary and Compliance Officer are as follows:



**Mr. Ankitkumar Tank**  
**Company Secretary and Compliance Officer**  
**Pure Giftcarat Limited**  
Plot-828/829, 3rd Floor, Office-3,  
Shree Kuberji Complex, Athugar Street,  
Nanpura Main Road,  
Surat – 395001, Gujarat.  
**Telephone:** 0261-2473233  
**Email id:** [compliance@puregiftcarat.com](mailto:compliance@puregiftcarat.com)

Investors can contact the Compliance Officer or the Registrar in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of allocation, credit of allotted Equity Shares in the respective beneficiary account etc.

Pursuant to the press release no. PR. No. 85/2011 dated June 8, 2011, SEBI has launched a centralized web based complaints redress system "SCORES". This would enable investors to lodge and follow up their complaints and track the status of redressal of such complaints from anywhere. For more details, investors are requested to visit the website [www.scores.gov.in](http://www.scores.gov.in)

### **Status of Investor Complaints**

We confirm that we have not received any investor complaint during the three years preceding the date of this Draft Prospectus and hence there are no pending investor complaints as on the date of this Draft Prospectus.

Disposal of investor grievances by listed companies under the same management as our Company

We do not have any listed company under the same management.

### **Change in Auditors during the last three (3) years**

Except for appointment of M/s. Ramanand & Associates, Chartered Accountants, as peer review auditor in addition to the existing auditors, there have been no changes in our Company's auditors in the last three (3) years.

M/s. Paras S. Shah & Co., resigned from the post of statutory Auditor w.e.f. January, 04, 2016 and M/s. Kansariwala & Chevli has appointed in an Extra Ordinary General Meeting held on February 08, 2016.

### **Capitalization of Reserves or Profits**

Except as disclosed under section titled "Capital Structure" beginning on page 38 of this Draft Prospectus, our Company has not capitalized its reserves or profits at any time during the last five (5) years.

### **Revaluation of Assets**

Our Company has not revalued its assets in five (5) years preceding the date of this Draft Prospectus.

### **Tax Implications**

Investors who are allotted Equity Shares in the Issue will be subject to capital gains tax on any resale of the Equity Shares at applicable rates, depending on the duration for which the investors have held the Equity Shares prior to such resale and whether the Equity Shares are sold on the Stock Exchanges. For details, please refer the section titled "Statement of Tax Benefits" beginning on page 66 of this Draft Prospectus.

### **Purchase of Property**

Other than as disclosed under section titled "Our Business" beginning on page 74 of this Draft 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 Issue or the purchase or acquisition of which has not been completed on the date of the Draft Prospectus, other than property, in respect of which:-

The contract for the purchase or acquisition was entered into in the ordinary course of business, or the contract was entered into in contemplation of the Issue, or that the Issue was contemplated in consequence of the contract; or the amount of the purchase money is not material.

Except as stated elsewhere in the Draft Prospectus, our Company has not purchased any property in which the Promoter and/or Directors have any direct or indirect interest in any payment made there under.

**Servicing Behavior**

Except as stated in this Draft Prospectus, there has been no default in payment of statutory dues or of interest or principal in respect of our borrowings or deposits.

**Payment or benefit to officers of Our Company**

Except statutory benefits upon termination of their employment in our Company or superannuation, no officer of our Company is entitled to any benefit upon termination of his employment in our Company or superannuation.

Except as disclosed under sections titled "Our Management" and "Related Party Transactions" beginning on pages 90 and 104 respectively of this Draft Prospectus none of the beneficiaries of loans and advances and sundry debtors are related to the Directors of our Company.

## SECTION VIII: ISSUE INFORMATION

### TERMS OF THE ISSUE

*The Equity Shares being offered are subject to the provisions of the Companies Act, SCRA, SCRR, SEBI (ICDR) Regulations, the SEBI Listing Regulations, our Memorandum and Articles of Association, the terms of this Draft Prospectus, the Prospectus, the abridged prospectus, Application Form, CAN, the Revision Form, Allotment advices, and other terms and conditions as may be incorporated in the documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to all applicable laws, guidelines, rules, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the GoI, the Stock Exchanges, the RoC, the FIPB, the RBI and/or other authorities, as in force on the date of the Issue and to the extent applicable.*

*Please note that in terms of SEBI Circular CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015, all the investors applying in this issue shall use only Application Supported by Blocked Amount (ASBA) facility for making payment i.e. just writing their bank account numbers and authorising the banks to make payment in case of allotment by signing the application forms,*

#### **Authority for the Present Issue**

The present Issue of 57,30,000 Equity Shares in terms of Draft Prospectus has been authorized pursuant to a resolution of our Board of Directors dated November 18, 2016 and by special resolution passed under Section 62(1) (c) of the Companies Act, 2013 at the Extra Ordinary General Meeting of the members held on December 24, 2016.

#### **Ranking of Equity Shares**

The Equity Shares being issued shall be subject to the provisions of the Companies Act, 2013 and our Memorandum and Articles of Association and shall rank *pari-passu* in all respects with the existing Equity Shares of our Company including rights in respect of dividend. The allottees, upon Allotment of Equity Shares under this Issue, will be entitled to receive dividends and other corporate benefits, if any, declared by our Company after the date of Allotment. For further details, please refer to section titled "Main Provisions of Articles of Association" beginning on page 188 of this Draft Prospectus.

#### **Mode of Payment of Dividend**

Our Company shall pay dividend to the shareholders of our Company in accordance with the provisions of the previous Companies Act, 1956 and the Companies Act, 2013, as may be applicable, the Articles of Association of our Company, the provisions of the SEBI Listing Regulations and any other rules, regulations or guidelines as may be issued by the Government of India in connection thereto and as per the recommendation by our Board of Directors and approved by our Shareholders at their discretion and will depend on a number of factors, including but not limited to earnings, capital requirements and overall financial condition of our Company. We shall pay dividends in cash and as per provisions of the Companies Act, For further details in relation to dividends, please refer to sections titled "Dividend Policy" and "Main Provisions of the Articles of Association" beginning on pages 105 and 188 respectively of this Draft Prospectus.

#### **Face Value and Issue Price**

The Issue Price is determined by our Company in consultation with the Lead Manager and is justified under the section titled "Basis for Issue Price" beginning on page 64 of this Draft Prospectus. At any given point of time there shall be only one denomination of the Equity Shares of our Company, subject to applicable laws.

#### **Compliance with SEBI (ICDR) Regulations**

Our Company shall comply with all requirements of the SEBI (ICDR) Regulations as amended time to time. 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 of our Company, 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 other preferential claims being satisfied;
- Right of free transferability of the Equity Shares, subject to applicable law, including any RBI Rules and Regulations; and
- Such other rights, as may be available to a shareholder of a listed public company under the previous Companies Act, 1956 and Companies Act, 2013, as may be applicable, terms of the SEBI Listing Regulations and the Memorandum and Articles of Association of our Company.

For further details on the main provision of our Company's Articles of Association dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/ or consolidation / splitting, etc., please refer to section titled "Main Provisions of Articles of Association" beginning on page 188 of this Draft 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 dematerialised form. As per the existing SEBI (ICDR) Regulations, the trading of the Equity Shares shall only be in dematerialised form for all investors.

The trading of the Equity Shares will happen in the minimum contract size of 10000 Equity Shares and the same may be modified by the SME Platform of BSE from time to time by giving prior notice to investors at large.

Allocation and allotment of Equity Shares through this Draft Prospectus will be done in multiples of 10000 Equity Shares subject to a minimum allotment of 10000 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 the Issue shall be fifty (50) shareholders. In case the minimum number of prospective allottees is less than fifty (50), no allotment will be made pursuant to this Issue and the amounts in the ASBA Account shall be unblocked forthwith.

### **Joint Holders**

Where two (2) or more persons are registered as the holders of any Equity Shares, they will be deemed to hold such Equity Shares as joint-holders with benefits of survivorship.

### **Nomination Facility to Investor**

In accordance with Section 72 of the Companies Act, 2013 the sole or first applicant, along with other joint applicant, may nominate any one person in whom, in the event of the death of sole applicant or in case of joint applicant, death of all the applicants, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 72 of the Companies Act, 2013 be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office of our Company or to the Registrar and Transfer Agents of our Company.

In accordance with Section 72 of the Companies Act, 2013 any Person who becomes a nominee by virtue of this section shall upon the production of such evidence as may be required by the Board, elect either:

- To register himself or herself as the holder of the Equity Shares; or
- To make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety (90) days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the allotment of Equity Shares in the Issue will be made only in dematerialized form, there is no need to make a separate nomination with our Company. Nominations registered with the respective depository participant of the applicant would prevail. If the investors require changing the nomination, they are requested to inform their respective depository participant.

Period of Operation of Subscription List of Public Issue

<b>ISSUE OPENS ON</b>	[ ]
<b>ISSUE CLOSSES ON</b>	[ ]

### **Minimum Subscription**

In accordance with Regulation [106P] (1) of SEBI (ICDR) Regulations, this Issue is 100% underwritten. Also, in accordance with explanation to Regulation [106P](1) of SEBI (ICDR) Regulations, the underwriting shall not be restricted to any minimum subscription level. This Issue is 100% underwritten and the details of the same have been disclosed under section titled "General Information" beginning on page 31 of this Draft Prospectus.

As per section 39 of the new Companies Act, if the "stated minimum amount" has not been subscribed and the sum payable on application is not received within a period of thirty (30) days from the date of issue of Prospectus, the application money has to be returned within such period as may be prescribed.

If our Company does not receive the subscription of 100% of the Issue through this Offer Document including devolvement of Underwriters within sixty (60) days from the date of closure of the issue, our Company shall forthwith unblocked the entire subscription amount received. If there is a delay beyond eight (8) days after our Company becomes liable to pay the amount, our Company shall pay interest prescribed under section 73 of the Companies Act, 2013 and applicable law.

Further, in accordance with Regulation [106R] of SEBI (ICDR) Regulations, the minimum number of allottees in this Issue shall be fifty (50). In case the minimum number of prospective allottees is less than fifty (50), no allotment will be made pursuant to this Issue and the amounts in the ASBA Account shall be unblocked forthwith.

Further, in accordance with Regulation [106Q] of the SEBI (ICDR) Regulations the minimum application size in terms of number of specified securities shall not be less than 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.

### **Arrangements for disposal of odd lots**

The trading of the Equity Shares will happen in the minimum contract size of 10000 equity 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 NSE.

### **Application by Eligible NRIs, FPIs/FIIs registered with SEBI, VCFs registered with SEBI**

It is to be understood that there is no reservation for Eligible NRIs or FPIs/FIIs registered with SEBI or VCFs. Such Eligible NRIs, FPIs/FIIs registered with SEBI will be treated on the same basis with other categories for the purpose of Allocation.

### **As per the extant policy of the Government of India, OCBs cannot participate in this Issue.**

NRIs, FPIs/FIIs and foreign venture capital investors registered with SEBI are permitted to purchase shares of an Indian company in a public offer without the prior approval of the RBI, so long as the price of the equity shares to be issued is not

less than the price at which the equity shares are issued to residents. The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the FIPB or the RBI, provided that (i) the activities of the investee company are under the automatic route under the foreign direct investment ("**FDI**") Policy and the non-resident shareholding is within the sectoral limits under the FDI policy; and (ii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI.

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, FPIs 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.

### **Restrictions on transfer and transmission of shares or debentures and on their consolidation or splitting**

Except for lock-in of the Pre- Issue Equity Shares and Promoter minimum contribution in the Issue as detailed in the section titled "Capital Structure" beginning on page 38 of this Draft Prospectus, and except as provided in the Articles of Association of our Company, there are no restrictions on transfer and transmission and on their consolidation / splitting of Equity Shares. For further details, please refer to the section titled "Main Provisions of Articles of Association" beginning on page 188 of this Draft 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 Managers 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 to inform the investors of any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Draft Prospectus. Applicants are advised to make their independent investigations and ensure that the number of Equity Shares Applied for do not exceed the applicable limits under laws or regulations.*

### **Option to receive Equity Shares in Dematerialized Form**

As per Section 29 of the Companies Act, 2013 and in accordance with SEBI (ICDR) Regulations, every company making public offer shall issue securities only in dematerialized form only. Hence, the Equity Shares being offered can be applied for in the dematerialized form only. The investors have an option either to receive the security certificate or to hold the securities with depository. However, as per SEBI's circular RMB (compendium) series circular no. 2 (1999-2000) dated February 16, 2000, it has been decided by the SEBI that trading in securities of companies making an initial public issue shall be in dematerialized form only. The Equity Shares on Allotment will be traded only on the dematerialized segment of the SME Exchange. Applicants will not have an option of Allotment of the Equity Shares in physical form. Allottees shall have the option to re-materialise the Equity Shares, if they so desire, as per the provisions of the Companies Act, 2013 and the Depositories Act.

### **Migration to Main Board**

In accordance with the BSE Circular dated November 26, 2012, our Company will have to be mandatorily listed and traded on the SME Platform of the BSE for a minimum period of two years from the date of listing and only after that it can migrate to the Main Board of the BSE as per the guidelines specified by SEBI and as per the procedures laid down under Chapter XB of the SEBI (ICDR) Regulations. Our Company may migrate to the main board of BSE from the SME Exchange on a later date subject to the following:

- If the Paid up Capital of our Company is likely to increase above Rs. 25 Crores by virtue of any further issue of capital by way of rights, preferential issue, bonus issue etc. (which has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the promoters in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal and for which our Company has obtained in-principal approval from the main board), we shall have to apply to BSE for listing our shares on its Main Board subject to the fulfillment of the eligibility criteria for listing of specified securities laid down by the Main Board

OR

- If the Paid up Capital of the company is more than Rs. 10 crores but below Rs. 25 crores, we may still apply for

migration to the main board if the same has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the promoters in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal.

### Market Making

The Equity Shares offered through this Issue are proposed to be listed on the SME Platform of BSE (SME Exchange), wherein Alacrity Securities Limited is the Market Maker to this Issue shall ensure compulsory Market Making through the registered Market Makers of the SME Exchange for a minimum period of three (3) years from the date of listing on the SME Platform of BSE. For further details of the agreement entered into between our Company, the Lead Manager and the Market Maker please refer to section titled "General Information - Details of the Market Making Arrangements for this Issue" beginning on page 31 of this Draft Prospectus.

In accordance with the SEBI Circular No. CIR/MRD/DSA/31/2012 dated November 27, 2012; it has been decided to make applicable limits on the upper side for the Market Makers during market making process taking into consideration the Issue size in the following manner:

Issue size	Buy quote exemption threshold (including mandatory initial inventory of 5% of issue size)	Re-entry threshold for buy quotes (including mandatory initial inventory of 5% of issue size)
Upto Rs. 20 Crore, as applicable in our case	25%	24%

Further, the Market Maker shall give two (2) way quotes till it reaches the upper limit threshold; thereafter it has the option to give only sell quotes. Two (2) way quotes shall be resumed the moment inventory reaches the prescribed re-entry threshold.

In view of the Market Maker obligation, there shall be no exemption/threshold on downside. However, in the event the Market Maker exhausts its inventory through market making process on the platform of the exchange, the concerned stock exchange may intimate the same to SEBI after due verification.

### New Financial Instruments

There are no new financial instruments such as deep discounted bonds, debenture, warrants, secured premium notes, etc. issued by our Company through this issue.

### Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with the competent courts / authorities in Mumbai, 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 to, or for the account or benefit of "U.S. persons" (as defined in Regulation S), except pursuant to an exemption from or in a transaction not subject to, registration requirements of the U.S. Securities Act and applicable U.S. state Securities laws. Accordingly, the Equity Shares are only being offered or sold outside the United States in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdictions where those offers and sales occur.

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

## ISSUE STRUCTURE

This Issue is being made in terms of Regulation 106M (2) of Chapter XB of the SEBI (ICDR) Regulations, whereby, an issuer whose post issue face value capital does not exceed ten crores, shall issue shares to the public and propose to list the same on the Small and Medium Enterprise Exchange ("*SME Exchange*", in this case being the SME Platform of BSE). For further details regarding the salient features and terms of such this Issue, please refer to sections titled "Terms of the Issue" and "Issue Procedure" beginning on pages 143 and 150 respectively of this Draft Prospectus.

The present issue of 57,30,000 Equity Shares at a price of Rs.13 aggregating to Rs.744.90 lakhs by our Company. The issue of Equity Shares will constitute 26.50% of the fully diluted post-issue equity share capital of our Company.

Particulars of the Issue	Net Issue to Public*	Market Maker Reservation Portion
<b>Number of Equity Shares</b>	54,40,000 Equity Shares	2,90,000 Equity Shares
<b>Percentage of Issue Size available for allocation</b>	94.94 % of the Issue Size	5.06 % of the Issue Size
<b>Basis of Allotment/ Allocation if respective category is oversubscribed</b>	Proportionate subject to minimum allotment of 10000 Equity Shares and further allotment in multiples of 10000 Equity Shares each.  For further details please refer to "Basis of Allotment" under section titled "Issue Procedure" beginning on page 150 of this Draft Prospectus.	Firm Allotment
<b>Mode of Application</b>	Through ASBA Process Only	Through ASBA Process Only
<b>Mode of Allotment</b>	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.
<b>Minimum Application Size</b>	<b>For Other than Retail Individual Investors:</b>  Such number of Equity Shares in multiples of 10000 Equity Shares such that the Application Value exceeds Rs.2,00,000.  <b>For Retail Individuals:</b> 10000 Equity Shares at issue price of Rs. 13 each.	2,90,000 Equity Shares of Face Value Rs.10.00
<b>Maximum Application Size</b>	<b>For Other than Retail Individual Investors:</b>  The maximum application size is the Net Issue to public subject to limits the investor has to adhere under the relevant laws and regulations applicable.  <b>For Retail Individuals Investors:</b>  Such number of Equity Shares in multiples of 10000 Equity Shares such that the application value does not exceed Rs. 2, 00,000.	2,90,000 Equity Shares of Face Value Rs.10.00
<b>Trading Lot</b>	10000 Equity Shares	2,90,000 Equity Shares. However the Market Makers may accept odd lots if any in the market as required under the SEBI (ICDR) Regulations, 2009.
<b>Terms of Payment</b>	100%	100%

This Issue is being made in terms of Chapter XB of the SEBI (ICDR) Regulations. For further details please refer to section titled "Issue Structure" beginning on page 148 of this Draft Prospectus.



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

- a) Minimum fifty percent to Retail Individual Investors; and
- b) Remaining to Investors Other than Retail Individual Investors
- 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 (50%) on proportionate basis, the retail individual investors shall be allocated that higher percentage"

**Withdrawal of the Issue**

Our Company, in consultation with the Lead Manager, reserves the right not to proceed with the Issue at any time before the Issue Opening Date, without assigning any reason thereof. Notwithstanding the foregoing, the Issue is also subject to obtaining the following:

- (i) The final listing and trading approvals of BSE for listing of Equity Shares offered through this Issue on its SME Platform, which the Company shall apply for after Allotment; and
- (ii) The final RoC approval of this Prospectus after it is filed with the RoC.
- (iii) In case, our Company wishes to withdraw the Issue after Issue Opening but before allotment, our Company will give public notice giving reasons for withdrawal of Issue. The public notice will appear in two (2) widely circulated national newspapers (one each in English and Hindi) and one (2) in regional newspaper.

The Lead Manager, through the Registrar to the Issue, will instruct the SCSBs to unblock the ASBA Accounts within one (1) Working Day from the day of receipt of such instruction. The notice of withdrawal will be issued in the same newspapers where the pre-Issue advertisements have appeared and the Stock Exchange will also be informed promptly. If our Company withdraws the Issue after the Issue Closing Date and subsequently decides to undertake a public offering of Equity Shares, our Company will file a fresh offer document with the stock exchange where the Equity Shares may be proposed to be listed.

Notwithstanding the foregoing, the Issue is subject to obtaining (i) the final listing and trading approvals of the Stock Exchange with respect to the Equity Shares offered through this Prospectus, which our Company will apply for only after Allotment; and (ii) the final RoC approval of the Prospectus.

**Issue Programme**

<b>ISSUE OPENING DATE</b>	[ ]
<b>ISSUE CLOSING DATE</b>	[ ]

Applications and any revisions to the same will be accepted only between 10.00 a.m. to 5.00 p.m. (Indian Standard Time) during the Issue Period at the Application Centers mentioned in the Application Form, .On the Issue Closing Date when applications will be accepted only between 10.00 a.m. to 4.00 p.m. (Indian Standard Time).

Due to limitation of time available for uploading the application on the Issue Closing Date, Applicants are advised to submit their applications one day prior to the Issue Closing Date and, in any case, not later than 1.00 p.m. IST on the Issue Closing Date. Any time mentioned in this Draft Prospectus is IST. Applicants are cautioned that, in the event a large number of applications are received on the Issue Closing Date, as is typically experienced in public offerings, some applications may not get uploaded due to lack of sufficient time. Such applications that cannot be uploaded will not be considered for allocation under this Issue.

Applications will be accepted only on Working Days, i.e., Monday to Friday (excluding any public holiday)

## ISSUE PROCEDURE

All Applicants should review the General Information Document for Investing in Public Issues prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013 notified by SEBI ("General Information Document") **included below under section "-PART B – General Information Document"**, which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act 2013 (to the extent notified), the Companies Act, 1956 (to the extent not repealed by the Companies Act, 2013), the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 and the SEBI ICDR Regulations as amended. The General Information Document has been updated to include reference to the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, SEBI Listing Regulations 2015 and certain notified provisions of the Companies Act, 2013, to the extent applicable to a public issue. The Document is also available on the websites of the Stock Exchanges and the Lead Manager. Please refer to the relevant portions of the General Information Document which are applicable to this Issue.

Pursuant to the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements)(Fifth Amendment)Regulations, 2015, there have been certain changes in the issue procedure for initial public offerings including making ASBA Process mandatory for all investors, allowing registrar, share transfer agents, collecting depository participants and stock brokers to accept application forms. Further, SEBI, by its circular No. (CIR/CFD/POLICYCELL/11/2015) dated November 10, 2015, reduced the time taken for listing after the closure of an issue to six working days. These changes are applicable for all public issues which open on or after January 1, 2016.

**Please note that the information stated/ covered in this section may not be complete and/or accurate and as such would be subject to modification/change.** Our Company and the Lead Manager do not accept any responsibility for the completeness and accuracy of the information stated in this section and the General Information Document. Applicants are advised to make their independent investigations and ensure that their Applications do not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or as specified in this Draft Prospectus and the Prospectus.

This section applies to all the Applicants, please note that all the Applicants are required to make payment of the full Application Amount along with the Application Form.

**Our Company and the LM are not liable for any amendments, modifications or change in applicable laws or regulations, which may occur after the date of this Draft Prospectus.**

### PART A

#### Fixed Price Issue Procedure

The Issue is being made under Regulation 106(M) (1) of Chapter XB of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 via Fixed Price Process.

Applicants are required to submit their Applications to the Designated Intermediaries i.e. Self- Certified Syndicate Bank (SCSB) or Registered Brokers of Stock Exchanges or Registered Registrar to the Issue and Share Transfer Agents (RTAs) or Depository Participants (DPs) registered with SEBI. In case of QIB Applicants, our Company in consultation with the Lead Manager may reject Applications at the time of acceptance of Application Form provided that the reasons for such rejection shall be provided to such Applicant in writing.

In case of Non-Institutional Applicants and Retail Individual Applicants, our Company would have a right to reject the Applications only on technical grounds.

Investors should note that according to section 29(1) of the Companies Act, 2013, allotment of Equity Shares to all successful Applicants will only be in the 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

Pursuant to SEBI Circular dated January 01, 2016 and bearing No. CIR/CFD/DIL/1/2016, the Application Form has been standardized. Also please note that pursuant to SEBI Circular CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 all the investors can apply through ASBA Mode. The prescribed colour of the Application Form for various categories applying in this issue is as follows:

Category	Colour
Indian Public / eligible NRI's applying on a non-repatriation basis (ASBA)	White
Non-Residents including eligible NRI's, FPI's, FIIs, FVCIs, etc. 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 this Draft 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.

Pursuant to SEBI Circular No. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015, an Investor, intending to subscribe to this Issue, shall submit a completed application form to any of the following Intermediaries (Collectively called “**Designated Intermediaries**”):

Sr. No.	Designated Intermediaries
1.	An SCSB, with whom the bank account to be blocked, is maintained
2.	A syndicate member (or sub-syndicate member)
3.	A stock broker registered with a recognized stock exchange (and whose name is mentioned on the website of the stock exchange as eligible for this activity) (‘broker’)
4.	A depository participant (‘DP’) (whose name is mentioned on the website of the stock exchange as eligible for this activity)
5.	A registrar to an issue and share transfer agent (‘RTA’) (whose name is mentioned on the website of the stock exchange as eligible for this activity)

*The aforesaid intermediary 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 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:

<b>For Applications submitted by investors to SCSB:</b>	After accepting the form, SCSB shall capture and upload the relevant details in the electronic bidding system as specified by the stock exchange and may begin blocking funds available in the bank account specified in the form, to the extent of the application money specified.
<b>For applications submitted by investors to intermediaries other than SCSBs:</b>	After accepting the application form, respective Intermediary shall capture and upload the relevant details in the electronic bidding system of the stock exchange. Post uploading, they shall forward a schedule as per prescribed format along with the application forms to designated branches of the respective SCSBs for blocking of funds within one day of closure of Issue.

Upon completion and submission of the Application Form to Application Collecting Intermediaries, the Applicants are deemed to have authorized our Company to make the necessary changes in the Draft 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 Issue, Registrar to the Issue, as mentioned in the Application Form. The application forms may also be downloaded from the website of BSE Limited i.e. [www.bseindia.com](http://www.bseindia.com)

#### **Who can apply?**

In addition to the category of Applicants as set forth under “**Part B -General Information Document for Investing in Public Issues-Category of Investors Eligible to participate in an Issue**” on page 166 of this Draft Prospectus, the following persons are also eligible to invest in the Equity Shares under all applicable laws, regulations and guidelines, including:

- FPIs and sub-accounts registered with SEBI other than Category III foreign portfolio investor;
- Category III foreign portfolio investors, which are foreign corporate or foreign individuals only under the Non Institutional Investors category;

- Scientific and / or industrial research organizations authorized in India to invest in the Equity Shares.
- Any other persons eligible to apply in this Issue under the laws, rules, regulations, guidelines and policies applicable to them.

## **MAXIMUM AND MINIMUM APPLICATION SIZE**

The applicants in this Offer, being a fixed price, will be categorized into two;

### **1. For Retail Individual Applicants**

The Application must be for a minimum of 10000 Equity Shares and in multiples of 10000 Equity Shares thereafter, so as to ensure that the Application Price payable by the Applicant does not exceed Rs. 2,00,000. In case of revision of Applications, the Retail Individual Applicants have to ensure that the Application Price does not exceed Rs. 2,00,000.

### **2. For Other than Retail Individual Applicants (Non-Institutional Applicants and QIBs):**

The Application must be for a minimum of such number of Equity Shares that the Application Amount exceeds Rs.2,00,000 and in multiples of 10000 Equity Shares thereafter. An Application cannot be submitted for more than the Net Issue Size. However, the maximum Application by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. Under existing SEBI Regulations, a QIB Applicant cannot withdraw its Application after the Issue Closing Date and is required to pay 100% QIB Margin upon submission of Application.

In case of revision in Applications, the Non-Institutional Applicants, who are individuals, have to ensure that the Application Amount is greater than Rs. 2, 00,000 for being considered for allocation in the Non-Institutional Portion.

**Applicants are advised to ensure that any single Application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Draft Prospectus.**

**The above information is given for the benefit of the Applicants. The Company and the LM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft 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.**

### **Participation by Associates /Affiliates of LM and the Syndicate Members**

The LM and Syndicate Members, if any shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting and market making obligations. However, associates/affiliates of the LM and Syndicate Members, if any may subscribe for Equity Shares in the Issue, either in the QIB Category or in the Non- Institutional Category as may be applicable to the Applicants, where the allocation is on a proportionate basis and such subscription may be on their own account or on behalf of their clients.

### **Option to Subscribe in the Issue**

- As per Section 29(1) of the Companies Act 2013, allotment of Equity Shares shall be dematerialized form only. Investors will not have the option of getting allotment of specified securities in physical form. However, they may get the specified securities re-materialized subsequent to allotment.
- 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 Equity Shares that can be held by him/her/it under the relevant regulations/statutory guidelines and applicable law.

### **Application by Indian Public including eligible NRIs applying on Non-Repatriation Basis**

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 Indian (except for those applying on non-repatriation), trusts, (unless the Trust is registered under the Societies Registration Act, 1860 or any other applicable Trust laws and is authorized under its constitution to hold shares and debentures in a company), 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 should authorize their SCSB to block their NRE/FCNR accounts as well as NRO accounts.

### **Applications by eligible NRI's/ FPI's on Repatriation Basis**

Application Forms have been made available for eligible NRIs at our Registered Office and at the Registered Office of the Lead manager. Eligible NRI Applicants may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for Allotment under the reserved category. The eligible NRIs who intend to make payment through Non Resident Ordinary (NRO) accounts shall use the Forms meant for Resident Indians and should not use the forms meant for the reserved category. Under FEMA, general permission is granted to companies vide notification no. FEMA/20/2000 RB dated 03/05/2000 to issue securities to NRIs subject to the terms and conditions stipulated therein. Companies are required to file the declaration in the prescribed form to the concerned Regional Office of RBI within 30 days from the date of issue of shares for allotment to NRIs on repatriation basis. Allotment of equity shares to Non Resident Indians shall be subject to the prevailing Reserve Bank of India Guidelines. Sale proceeds of such investments in equity shares will be allowed to be repatriated along with the income thereon subject to permission of the RBI and subject to the Indian tax laws and regulations and any other applicable laws.

As per the current regulations, the following restrictions are applicable for investments by FPIs:

1. A foreign portfolio investor shall invest only in the following securities, namely- (a) Securities in the primary and secondary markets including shares, debentures and warrants of companies, listed or to be listed on a recognized stock exchange in India; (b) Units of schemes floated by domestic mutual funds, whether listed on a recognized stock exchange or not; (c) Units of schemes floated by a collective investment scheme; (d) Derivatives traded on a recognized stock exchange; (e) Treasury bills and dated government securities; (f) Commercial papers issued by an Indian company; (g) Rupee denominated credit enhanced bonds; (h) Security receipts issued by asset reconstruction companies; (i) Perpetual debt instruments and debt capital instruments, as specified by the Reserve Bank of India from time to time; (j) Listed and unlisted non-convertible debentures/bonds issued by an Indian company in the infrastructure sector, where "infrastructure" is defined in terms of the extant External Commercial Borrowings (ECB) guidelines; (k) Non-convertible debentures or bonds issued by Non-Banking Financial Companies categorized as Infrastructure Finance Companies (IFCs) by the Reserve Bank of India; (l) Rupee denominated bonds or units issued by infrastructure debt funds; (m) Indian depository receipts; and (n) Such other instruments specified by the Board from time to time.
2. Where a foreign institutional investor or a sub account, prior to commencement of these regulations, holds equity shares in a company whose shares are not listed on any recognized stock exchange, and continues to hold such shares after initial public offering and listing thereof, such shares shall be subject to lock-in for the same period, if any, as is applicable to shares held by a foreign direct investor placed in similar position, under the policy of the Government of India relating to foreign direct investment for the time being in force.
3. In respect of investments in the secondary market, the following additional conditions shall apply:
  - a. A foreign portfolio investor shall transact in the securities in India only on the basis of taking and giving delivery of securities purchased or sold;
  - b. Nothing contained in clause (a) shall apply to:
    - (i) Any transactions in derivatives on a recognized stock exchange;
    - (ii) Short selling transactions in accordance with the framework specified by the Board;
    - (iii) Any transaction in securities pursuant to an agreement entered into with the merchant banker in the process of market making or subscribing to unsubscribed portion of the issue in accordance with Chapter XB of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
    - (iv) Any other transaction specified by the Board.
  - c. No transaction on the stock exchange shall be carried forward;
  - d. The transaction of business in securities by a foreign portfolio investor shall be only through stock brokers registered by the Board; provided nothing contained in this clause shall apply to:
    - (i) Transaction in Government securities and such other securities falling under the purview of the Reserve Bank of India which shall be carried out in the manner specified by the Reserve Bank of India;
    - (ii) Sale of securities in response to a letter of offer sent by an acquirer in accordance with the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

- (iii) Sale of securities in response to an offer made by any promoter or acquirer in accordance with the Securities and Exchange Board of India (Delisting of Equity shares) Regulations, 2009;
  - (iv) Sale of securities, in accordance with the Securities and Exchange Board of India (Buy-back of securities) Regulations, 1998;
  - (v) Divestment of securities in response to an offer by Indian Companies in accordance with Operative Guidelines for Disinvestment of Shares by Indian Companies in the overseas market through issue of American Depository Receipts or Global Depository Receipts as notified by the Government of India and directions issued by Reserve Bank of India from time to time;
  - (vi) Any bid for, or acquisition of, securities in response to an offer for disinvestment of shares made by the Central Government or any State Government;
  - (vii) Any transaction in securities pursuant to an agreement entered into with merchant banker in the process of market making or subscribing to unsubscribed portion of the issue in accordance with Chapter XB of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (viii) Any other transaction specified by the Board.
- e. A foreign portfolio investor shall hold, deliver or cause to be delivered securities only in dematerialized form. Provided that any shares held in non-dematerialized form, before the commencement of these regulations, can be held in non-dematerialized form, if such shares cannot be dematerialized. Unless otherwise approved by the Board, securities shall be registered in the name of the foreign portfolio investor as a beneficial owner for the purposes of the Depositories Act, 1996.
4. The purchase of equity shares of each company by a single foreign portfolio investor or an investor group shall be 239 below ten percent of the total issued capital of the company.
5. The investment by the foreign portfolio investor shall also be subject to such other conditions and restrictions as may be specified by the Government of India from time to time.
6. In cases where the Government of India enters into agreements or treaties with other sovereign Governments and where such agreements or treaties specifically recognize certain entities to be distinct and separate, the Board may, during the validity of such agreements or treaties, recognize them as such, subject to conditions as may be specified by it.
7. A foreign portfolio investor may lend or borrow securities in accordance with the framework specified by the Board in this regard. No foreign portfolio investor may issue, subscribe to or otherwise deal in offshore derivative instruments, directly or indirectly, unless the following conditions are satisfied:
- a. Such offshore derivative instruments are issued only to persons who are regulated by an appropriate foreign regulatory authority;
  - b. Such offshore derivative instruments are issued after compliance with "know your client" norms. Provided that those unregulated broad based funds, which are classified as Category II foreign portfolio investor by virtue of their investment manager being appropriately regulated shall not issue, subscribe or otherwise deal in offshore derivatives instruments directly or indirectly. Provided further that no Category III foreign portfolio investor shall issue, subscribe to or otherwise deal in offshore derivatives instruments directly or indirectly.

A foreign portfolio investor shall ensure that further issue or transfer of any offshore derivative instruments issued by or on behalf of it is made only to persons who are regulated by an appropriate foreign regulatory authority.

Foreign portfolio investors shall fully disclose to the Board any information concerning the terms of and parties to offshore derivative instruments such as participatory notes, equity linked notes or any other such instruments, by whatever names they are called, entered into by it relating to any securities listed or proposed to be listed in any stock exchange in India, as and when and in such form as the Board may specify.

Any offshore derivative instruments issued under the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995 before commencement of SEBI (Foreign Portfolio Investors) Regulations, 2014 shall be deemed to have been issued under the corresponding provisions of SEBI (Foreign Portfolio Investors) Regulations, 2014. The purchase of equity shares of each company by a single foreign portfolio investor or an investor group shall be below 10% of the total issued capital of the company.

An FII or its subaccount which holds a valid certificate of registration shall, subject to payment of conversion fees, be eligible to continue to buy, sell or otherwise deal in securities till the expiry of its registration as a foreign institutional investor or sub-account, or until he obtains a certificate of registration as foreign portfolio investor, whichever is earlier.

A qualified foreign investor may continue to buy, sell or otherwise deal in securities subject to the provisions of the SEBI (Foreign Portfolio Investors) Regulations, 2014, for a period of one year from the date of commencement of the aforesaid regulations, or until it obtains a certificate of registration as foreign portfolio investor, whichever is earlier.

### **Application by Mutual Funds**

As per the Current regulations, the following restrictions are applicable for investments by Mutual Fund:

No mutual fund scheme shall invest more than 10% of its net asset value in the 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 Application made by Asset Management Companies or custodians of Mutual Funds shall specifically state the names of the concerned schemes for which the Applications are made.

### **Application by SEBI registered Alternative Investment Fund (AIF), Venture Capital Funds and Foreign Venture Capital Investors**

The SEBI (Venture Capital) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. As per the current regulations, the following restrictions are applicable for SEBI registered venture capital funds and foreign venture capital investors: Accordingly, the holding by any individual venture capital fund registered with SEBI in one Company should not exceed 25% of the corpus of the venture capital fund; a Foreign Venture Capital Investor can invest its entire funds committed for investments into India in one Company. Further, Venture Capital Funds and Foreign Venture Capital investor can invest only up to 33.33% of the funds available for investment by way of subscription to an Initial Public Issue. The SEBI (Alternative Investment funds) Regulations, 2012 prescribes investment restrictions for various categories of AIF's. 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 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 Regulations shall continue to be regulated by the VCF Regulations.

### **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 LLP Act, 2008 must be attached to the Application Form. Failing this, our Company reserves the right to reject any Application without assigning any reason thereof. Limited Liability Partnerships can participate in the Issue only through the ASBA Process.

### **Applications by Insurance Companies**

In case of applications made by insurance companies registered with IRDA, certified copy of certificate of registration issued by IRDA must be attached to the Application Form. Failing this, our Company in consultation with the LM, reserves the right to reject any application, without assigning any reason thereof.

The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority (Investment Scheme) (5th Amendment) Regulations, 2010, as amended (the "IRDA Investment Regulations"), are broadly set forth below:

- (a) Equity shares of a company: The lesser of 10% of the investee company's subscribed capital (face value) or 10% of the respective fund in case of life insurer or 10% of investment assets in case of general insurer or reinsurer;
- (b) The entire group of the investee company: at least 10% of the respective fund in case of a life insurer or 10% of investment assets in case of general insurer or reinsurer (25% in case of Unit Linked Insurance Plans); and
- (c) The industry sector in which the investee company operates: 10% of the insurer's total investment exposure to the

industry sector (25% in case of Unit Linked Insurance Plans).

In addition, the IRDA partially amended the exposure limits applicable to investments in public limited companies in infrastructure and housing sectors i.e. 26th December, 2008, providing, among other things, that the exposure of an insurer to an infrastructure Company may be increased to not more than 20%, provided that in case of equity investment, a dividend of not less than 4% including bonus should have been declared for at least five preceding years. This limit of 20% would be combined for debt and equity taken together, without sub ceilings.

Further, investments in equity including preference shares and the convertible part of debentures shall not exceed 50% of the exposure norms specified under the IRDA Investment Regulations.

### **Applications under Power of Attorney**

In case of applications made pursuant to a power of attorney by limited companies, corporate bodies, registered societies, FIIs, FPI's, Mutual Funds, insurance companies and provident funds with minimum corpus of Rs. 2,500 Lakhs (subject to applicable law) and pension funds with a minimum corpus of Rs. 2,500 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 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.

With respect to the applications by VCFs, FVCIs and FPIs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may belong with a certified copy of their SEBI registration certificate must be lodged along with the Application Form. Failing this, 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 the case of Applications made pursuant to a power of attorney by Mutual Funds, a certified copy of the power of attorney or the relevant resolutions or authority, as the case may be, along with the certified copy of their SEBI registration certificate must be submitted 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 therefore.

In the case of Applications made by insurance companies registered with the IRDA, a certified copy of certificate of registration issued by the IRDA must be lodged along with the Application Form. Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

In the case of Applications made by to the power of attorney by FIIs, a certified copy of the power of attorney the relevant resolution or authority, as the case may be along with the certified copy of SEBI registration certificate must be lodged with the Application Form. Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

In the case of Applications made by provident funds, subject to applicable law, with minimum corpus of Rs. 2500 Lacs and pension funds with minimum corpus of Rs. 2500 Lacs, 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. Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

### **Application by Provident Funds/Pension Funds**

In case of Applications made by provident funds with minimum corpus of Rs. 2500 Lacs (subject to applicable law) and pension funds with minimum corpus of Rs. 2500 Lacs, 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, our 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 the LM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of filing of this Draft Prospectus. Applicants are advised to make their independent investigations and ensure that the maximum number of Equity Shares applied for or maximum investment limits do not exceed the applicable limits under laws or regulations or as specified in this Draft Prospectus.

### **Information for the Applicants:**

1. Our Company and the Lead Managers shall declare the Issue Opening Date and Issue Closing Date in the Prospectus to be registered with the RoC and also publish the same in two national newspapers (one each in English and Hindi) and in a regional newspaper with wide circulation. This advertisement shall be in prescribed format.



2. Our Company will file the Prospectus with the RoC at least 3 (three) days before the Issue Opening Date.
3. Copies of the Application Form along with Abridge Prospectus and copies of the Prospectus will be available with the, the Lead Managers, the Registrar to the Issue, and at the Registered Office of our Company. Electronic Application Forms will also be available on the websites of the Stock Exchange,
4. Any applicant who would like to obtain the Prospectus and/ or the Application Form can obtain the same from our Registered Office.
5. Applicants who are interested in subscribing for the Equity Shares should approach Designated Intermediaries to register their applications.
6. Application Forms submitted directly to the SCSBs should bear the stamp of the SCSBs and/or the Designated Branch, or the respective Designated Intermediaries. Application Form submitted by Applicants whose beneficiary account is inactive shall be rejected.
7. The Application Form can be submitted either in physical or electronic mode, to the SCSBs with whom the ASBA Account is maintained, or other Designated Intermediaries (Other than SCSBs). SCSBs 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.
8. Applicants applying directly through the SCSBs should ensure that the Application Form is submitted to a Designated Branch of SCSB, where the ASBA Account is maintained. Applications submitted directly to the SCSBs or other Designated Intermediaries (Other than SCSBs) , the relevant SCSB , shall block an amount in the ASBA Account equal to the Application Amount specified in the Application Form, before entering the ASBA application into the electronic system.
9. 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 participating transacting in the securities market, irrespective of the amount of transaction. Any Application Form without PAN is liable to be rejected. The demat accounts of Applicants for whom PAN details have not been verified, excluding persons resident in the State of Sikkim or persons who may be exempted from specifying their PAN for transacting in the securities market, shall be “suspended for credit” and no credit of Equity Shares pursuant to the Issue will be made into the accounts of such Applicants.
10. 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 Designated 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.

### **Method and Process of Applications**

1. Applicants are required to submit their applications during the Issue Period only through the following Application collecting intermediary
  - i. an SCSB, with whom the bank account to be blocked, is maintained
  - ii. a syndicate member (or sub-syndicate member)
  - iii. a stock broker registered with a recognised stock exchange (and whose name is mentioned on the website of the stock exchange as eligible for this activity) (“broker”)
  - iv. a depository participant (“DP”) (whose name is mentioned on the website of the stock exchange as eligible for this activity)
  - v. a registrar to an issue and share transfer agent (“RTA”) (whose name is mentioned on the website of the stock exchange as eligible for this activity)
2. The Issue Period shall be for a minimum of three Working Days and shall not exceed 10 (ten) Working Days. The Issue Period may be extended, if required, by an additional three Working Days, subject to the total Issue Period not exceeding 10 (ten) Working Days.
3. During the Issue Period, Applicants who are interested in subscribing to the Equity Shares should approach the Designated Intermediaries to register their applications.

4. The Applicant cannot apply on another Application Form after applications on one Application Form have been submitted to the Designated Intermediaries. Submission of a second Application form to either the same or to another Designated Intermediaries 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 prior to the allocation or Allotment of Equity Shares in this Issue.
5. The intermediaries shall, at the time of receipt of application, give an acknowledgement to investor, by giving the counter foil or specifying the application number to the investor, as a proof of having accepted the application form, in physical or electronic mode, respectively. The upload of the details in the electronic bidding system of stock exchange and post that blocking of funds will be done by as given below:

<b>For Applications submitted by investors to SCSB:</b>	After accepting the form, SCSB shall capture and upload the relevant details in the electronic bidding system as specified by the stock exchange and may begin blocking funds available in the bank account specified in the form, to the extent of the application money specified.
<b>For applications submitted by investors to intermediaries other than SCSBs:</b>	After accepting the application form, respective Intermediary shall capture and upload the relevant details in the electronic bidding system of the stock exchange. Post uploading, they shall forward a schedule as per prescribed format along with the application forms to designated branches of the respective SCSBs for blocking of funds within one day of closure of Issue.

6. Upon receipt of the Application Form, submitted whether in physical or electronic mode, the Designated Intermediaries shall verify if sufficient funds equal to the Application Amount are available in the ASBA Account, as mentioned in the Application Form, prior to uploading such applications with the Stock Exchange.
7. If sufficient funds are not available in the ASBA Account, the Designated Intermediaries shall reject such applications and shall not upload such applications with the Stock Exchange.
8. 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 Applicant on request.
9. The Application Amount shall remain blocked in the aforesaid ASBA Account until finalization of the Basis of Allotment and consequent transfer of the Application Amount against the Allotted Equity Shares to the Public Issue Account, or until withdrawal/ failure of the Issue or until withdrawal/ rejection of the Application Form, as the case may be. Once the Basis of Allotment is finalized, the Registrar to the Issue shall send an appropriate request to the Controlling Branch of the SCSB for unblocking the relevant ASBA Accounts and for transferring the amount allocable to the successful Applicants to the Public Issue Account. In case of withdrawal/ failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the Registrar to the Issue.

### **Terms of payment**

The entire Issue price of Rs. 13 per share is payable on application. In case of allotment of lesser number of Equity Shares than the number applied, the Registrar shall instruct the SCSBs to unblock the excess amount paid on Application to the Applicants.

SCSBs will transfer the amount as per the instruction of the Registrar to the Public Issue Account, the balance amount after transfer will be unblocked by the SCSBs.

The applicants should note that the arrangement with Bankers to the Issue or the Registrar is not prescribed by SEBI and has been established as an arrangement between our Company, Banker to the Issue and the Registrar to the Issue to facilitate collections from the Applicants.

### **Payment mechanism for Applicants**

The applicants shall specify the bank account number in their Application Form and the SCSBs shall block an amount equivalent to the Application Amount in the bank account specified in the Application Form. The SCSB shall keep the Application Amount in the relevant bank account blocked until withdrawal/ rejection of the Application or receipt of

instructions from the Registrar to unblock the Application Amount. However Non Retail Applicants shall neither withdraw nor lower the size of their applications at any stage. In the event of withdrawal or rejection of the Application Form or for unsuccessful Application Forms, the Registrar to the Issue shall give instructions to the SCSBs to unblock the application money in the relevant bank account within one day of receipt of such instruction. The Application Amount shall remain blocked in the ASBA Account until finalization of the Basis of Allotment in the Issue and consequent transfer of the Application Amount to the Public Issue Account, or until withdrawal/ failure of the Issue or until rejection of the Application by the ASBA Applicant, as the case may be.

*Please note that pursuant to SEBI circular CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 investors in the public issue can only invest through ASBA Mode.*

### **Electronic Registration of Applications**

1. The Designated Intermediaries will register the applications using the on-line facilities of the Stock Exchange.
2. The Designated Intermediaries will undertake modification of selected fields in the application details already uploaded before 1.00 p.m. of next Working Day from the Issue Closing Date.
3. The Designated Intermediaries shall be responsible for any acts, mistakes or errors or omissions 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) with respect to applications by Applicants, applications accepted and uploaded by any Designated Intermediary other than SCSBs , the Application form along with relevant schedules shall be sent to the SCSBs or the Designated Branch of the relevant SCSBs for blocking of funds and they will be responsible for blocking the necessary amounts in the ASBA Accounts. In case of Application accepted and Uploaded by SCSBs, the SCSBs or the Designated Branch of the relevant SCSBs will be responsible for blocking the necessary amounts in the ASBA Accounts.
4. Neither the Lead Managers nor our Company nor the Registrar to the Issue, shall be responsible for any acts, mistakes or errors or omission and commissions in relation to,
  - (i) the applications accepted by any Designated Intermediaries
  - (ii) the applications uploaded by any Designated Intermediaries or
  - (iii) the applications accepted but not uploaded by any Designated Intermediaries
5. The Stock Exchange will offer an electronic facility for registering applications for the Issue. This facility will be available at the terminals of Designated Intermediaries and their authorized agents during the Issue Period. The Designated Branches or agents of Designated Intermediaries can also set up facilities for off-line electronic registration of applications subject to the condition that they will subsequently upload the off-line data file into the online facilities on a regular basis. On the Issue Closing Date, the Designated 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 Syndicate Members, DPs and RTAs shall forward a Schedule as per format given below along with the Application Forms to Designated Branches of the SCSBs for blocking of funds:

<b>S. No.</b>	<b>Details*</b>
1.	Symbol
2.	Intermediary Code
3.	Location Code
4.	Application No.
5.	Category
6.	PAN
7.	DP ID
8.	Client ID
9.	Quantity
10.	Amount

*\*Stock Exchanges shall uniformly prescribe character length for each of the above-mentioned fields*

7. With respect to applications by Applicants, at the time of registering such applications, the Designated Intermediaries shall enter the following information pertaining to the Applicants into the on-line system:
  - Name of the Applicant;
  - IPO Name;
  - Application Form Number;
  - Investor Category;
  - PAN (of First Applicant, if more than one Applicant);
  - DP ID of the demat account of the Applicant;
  - Client Identification Number of the demat account of the Applicant;
  - Number of Equity Shares Applied for;
  - Bank Account details;
  - Locations of the Banker to the Issue or Designated Branch, as applicable, and bank code of the SCSB branch where the ASBA Account is maintained; and
  - Bank account number.
8. 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 ASBA Application Form number which shall be system generated.
9. The aforesaid Designated Intermediaries shall, at the time of receipt of application, give an acknowledgment to the investor, by giving the counter foil or specifying the application number to the investor, as a proof of having accepted the application form in physical as well as electronic mode. The registration of the Application by the Designated Intermediaries does not guarantee that the Equity Shares shall be allocated / allotted either by our Company.
10. Such acknowledgment will be non-negotiable and by itself will not create any obligation of any kind.
11. In case of Non Retail Applicants and Retail Individual Applicants, applications would not be rejected except on the technical grounds as mentioned in the Draft Prospectus. The Designated Intermediaries shall have no right to reject applications, except on technical grounds.
12. 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 Draft Prospectus, nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.
13. The Designated Intermediaries will be given time till 1.00 p.m. on the next working day after the Issue Closing Date to verify the DP ID and Client ID uploaded in the online IPO system during the Issue Period, after which the Registrar to the Issue will receive this data from the Stock Exchange and will validate the electronic application details with Depository's records. In case no corresponding record is available with Depositories, which matches the three parameters, namely DP ID, Client ID and PAN, then such applications are liable to be rejected.
14. The SCSBs shall be given one day after the Issue Closing Date to send confirmation of Funds blocked (Final certificate) to the Registrar to the Issue.
15. The details uploaded in the online IPO system shall be considered as final and Allotment will be based on such details for applications.

#### **Allocation of Equity shares**

- 1) The Issue is being made through the Fixed Price Process wherein 2,90,000 Equity Shares shall be reserved for Market Maker 27,20,000 Equity shares will be allocated on a proportionate basis to Retail Individual Applicants, subject to valid applications being received from Retail Individual Applicants at the Issue Price. The balance of the Net Issue will be available for allocation on 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, Eligible QFIs, 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 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 Issue.

#### **Signing of Underwriting Agreement and Filing of Prospectus with ROC**

- a) Our company has entered into an Underwriting Agreement dated February 22, 2017.
- b) A copy of Prospectus will be filed with the RoC in terms of Section 26 of Companies Act, 2013.

#### **Pre-Issue Advertisement**

Subject to Section 30 of the Companies Act 2013, our Company shall, after registering the Prospectus with the RoC, publish a pre-Issue advertisement, in the form prescribed by the SEBI Regulations, in (i) English National Newspaper; (ii) Hindi National News paper 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 Issue will dispatch an Allotment Advice to their Applicants who have been allocated Equity Shares in the Issue.

The dispatch of Allotment Advice shall be deemed a valid, binding and irrevocable contract for the Allotment to such Applicant.

#### **General Instructions**

##### **Do's:**

- Check if you are eligible to apply;
- Read all the instructions carefully and complete the applicable Application Form;
- Ensure that the details about the Depository Participant and the beneficiary account are correct as Allotment of Equity Shares will be in the dematerialized form only;
- 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 the ASBA account maintained with the SCSB before submitting the Application Form under the ASBA process to the respective member of the Syndicate (in the Specified Locations), the SCSBs, the Registered Broker (at the Broker Centers), the RTA (at the Designated RTA Locations) or CDP (at the Designated CDP Locations); Instruct your respective Banks to release the funds blocked in the ASBA Account under the ASBA process;
- 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 the Application Forms are delivered by the applicants within the time prescribed as per the Application Form and the Prospectus;
- Ensure that you have requested for and receive a TRS;
- Ensure that you request for and receive a stamped acknowledgement of the Application Form for all your application options;
- All Investors submit their applications through the ASBA process only;
- Ensure that you receive an acknowledgement from the concerned Designated Intermediary, for the submission of your Bid cum Application Form; and
- The Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

**Don'ts:**

- Do not apply for lower than the minimum Application size;
- Do not apply for 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 SCSBs, Registered Brokers of Stock Exchange, RTA and DPs registered with SEBI;
- 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 Designated Intermediary only;
- Do not submit the Application Forms to any non-SCSB bank or our Company
- Do not apply on an Application Form that does not have the stamp of the relevant Designated Intermediary;
- Do not submit the application without ensuring that funds equivalent to the entire application Amount are blocked in the relevant ASBA Account;
- Do not apply for an Application Amount exceeding Rs. 2,00,000 (for applications by Retail Individual Applicants);
- Do not fill up the Application Form such that the Equity Shares applied for exceeds the Issue Size and/or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;
- Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground;
- Do not submit incorrect details of the DP ID, beneficiary account number and PAN or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Issue;
- Do not submit applications on plain paper or incomplete or illegible Application Forms in a colour prescribed for another category of Applicant; and
- 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 Designated Intermediaries. ASBA Application Forms, which do not bear the stamp of the Designated 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 issues using the stock broker (Rs.broker) network of Stock Exchanges, who may not be syndicate members in an issue with effect from January 01, 2013. The list of Broker Centre is available on the websites of BSE i.e. [www.bseindia.com](http://www.bseindia.com) and BSE i.e. [www.bsesme.com](http://www.bsesme.com) With a view to broad base the reach of Investors by substantial), 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 Issue and Share Transfer Agent and Depository Participants registered with SEBI to accept the Application forms in Public Issue with effect front January 01, 2016. The List of ETA and DPs centers 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 Issue will obtain front the Depository the demographic details including address, Applicants bank account details, MICR code and occupation (hereinafter referred to as 'Demographic Details'). These Demographic Details would be used for all correspondence with the Applicants including mailing of the Allotment Advice. The Demographic Details given by Applicants in the Application Form would not be used for any other purpose by the Registrar to the Issue.

By signing the Application Form, the Applicant would be deemed to have authorized the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

**Submission of Application Form**

All Application Forms duly completed shall be submitted to the Designated Intermediaries. The aforesaid intermediaries shall, at the time of receipt of application, give an acknowledgement to investor, by giving the counter foil or specifying the application number to the investor, as a proof of having accepted the application form, in physical or electronic mode, respectively.

## **Communications**

All future communications in connection with Applications made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Applicant, Application Form number, Applicants Depository Account Details, number of Equity Shares applied for, date of Application form, name and address of the Designated Intermediary where the Application was submitted thereof and a copy of the acknowledgement slip.

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

## **Disposal of Application 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 BSE(SME Platform) where the Equity Shares are proposed to be listed are taken within 6 working days from Issue Closing Date. In accordance with the Companies Act, the requirements of the Stock Exchange and the SEBI Regulations.

Company further undertakes that:

1. Allotment and Listing of Equity Shares shall be made within 6 (Six) days of the Issue Closing Date;
2. The Company will provide adequate funds required for dispatch of Allotment Advice to the Registrar to the Issue.

## **Impersonation**

*Attention of the Applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:*

"Any person who—

- (a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or
- (b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or
- (c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,

***shall be liable for action under Section 447 of Companies Act, 2013 and shall be treated as Fraud."***

## **Undertakings by Our Company**

We undertake as follows:

- 1) That the complaints received in respect of the Issue shall be attended to by us expeditiously and satisfactorily;
- 2) That all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchange where the Equity Shares are proposed to be listed within 6 (six) Working days of Issue Closing Date.
- 3) That if the Company do not proceed with the Issue, the reason thereof shall be given as a public notice to be issued by our Company within two days of the Issue Closing Date. The public notice shall be issued in the same newspapers where the pre-Issue advertisements were published. The stock exchange on which the Equity Shares are proposed to be listed shall also be informed promptly;
- 4) That the our Promoters' contribution in full has already been brought in;
- 5) That funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by us;
- 6) That Company shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from the Stock Exchange where listing is sought has been received.

- 7) That no further issue of Equity Shares shall be made till the Equity Shares offered through the Prospectus are listed or until the Application monies are unblocked on account of non-listing, under subscription etc. and
- 8) That if the Company withdraws the Issue after the Issue Closing Date, our Company shall be required to file a fresh offer document with the RoC/ SEBI, in the event our Company subsequently decides to proceed with the Issuer;
- 9) That none of the promoters or directors of the company is willful defaulter under Section 4(5) of SEBI (ICDR) Regulations, 2009 as per the *(Third Amendment) in SEBI (ICDR) Regulations, 2016 dated May, 25, 2016*

### **Utilization of Issue Proceeds**

The Board of Directors of our Company certifies that:

- 1) All monies received out of the Issue 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) Details of all monies utilized out of the Issue referred above shall be disclosed and continue to be disclosed till the time any part of the issue proceeds remains unutilized, under an appropriate head in our balance sheet of our company indicating the purpose for which such monies have been utilized;
- 3) Details of all unutilized monies out of the Issue, if any shall be disclosed under the appropriate separate head in the balance sheet of our company indicating the form in which such unutilized monies have been invested and
- 4) Our Company shall comply with the requirements of SEBI Listing Regulations, 2015 pursuant to section 177 of the Company's Act, 2013 in relation to the disclosure and monitoring of the utilization of the proceeds of the Issue.
- 5) Our Company shall not have recourse to the Issue Proceeds until the approval for listing and trading of the Equity Shares from the Stock Exchange where listing is sought has been received.

The Lead Manager undertakes that the complaints or comments received in respect of the Issue shall be attended by our Company expeditiously and satisfactorily.

### **Equity Shares in Dematerialized Form with NSDL or CDSL**

To enable all shareholders of our Company to have their shareholding in electronic form, the Company had signed the following tripartite agreements with the Depositories and the Registrar and Share Transfer Agent:

- a) Agreement dated February 18, 2017 between NSDL, the Company and the Registrar to the Issue;
- b) Agreement dated January 31, 2017 between CDSL, the Company and the Registrar to the Issue;

The Company's equity Shares bear an ISIN No. INE594W01026

### **Other Instructions**

#### **Joint Applications in the case of Individuals**

Applications may be made in single or joint names (not more than three). In the case of joint Applications, all payments will be made out in favour of the Applicant whose name appears first in the Application Form or Revision Form. All communications will be addressed to the First Applicant and will be dispatched to his or her address as per the Demographic Details received from the Depository.

#### **Multiple Applications**

An Applicant should submit only one Application (and not more than one). Two or more Applications will be deemed to be multiple Applications if the sole or First Applicant is one and the same.

In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

- i. All applications are electronically strung on first name, address (1st line) and applicant's status. Further, these applications are electronically matched for common first name and address and if matched, these are checked manually for age, signature and father/ husband's name to determine if they are multiple applications
- ii. Applications which do not qualify as multiple applications as per above procedure are further checked for common DP ID/ beneficiary ID. In case of applications with common DP ID/ beneficiary ID, are manually checked to eliminate possibility of data entry error to determine if they are multiple applications.



- iii. Applications which do not qualify as multiple applications as per above procedure are further checked for common PAN. All such matched applications with common PAN are manually checked to eliminate possibility of data capture error to determine if they are multiple applications.

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.

In cases where there are more than 20 valid applications having a common address, such shares will be kept in abeyance, post allotment and released on confirmation of know your client norms by the depositories. The Company reserves the right to reject, in its absolute discretion, all or any multiple Applications in any or all categories.

After submitting an ASBA Application either in physical or electronic mode, an ASBA Applicant cannot apply (either in physical or electronic mode) to either the same or another Designated Branch of the SCSB Submission of a second Application in such manner will be deemed a multiple Application and would be rejected. More than one ASBA Applicant may apply for Equity Shares using the same ASBA Account, provided that the SCSBs will not accept a total of more than five Application Forms with respect to any single ASBA Account.

Duplicate copies of Application Forms downloaded and printed from the website of the Stock Exchange bearing the same application number shall be treated as multiple Applications and are liable to be rejected. The Company, in consultation with the Lead Manager reserves the right to reject, in its absolute discretion, all or any multiple Applications in any or all categories. In this regard, the procedure which would be followed by the Registrar to the Issue to detect multiple Applications is given below:

1. All Applications will be checked for common PAN. For Applicants other than Mutual Funds and FII sub-accounts, Applications bearing the same PAN will be treated as multiple Applications and will be rejected.
2. For Applications from Mutual Funds and FII sub-accounts, submitted under the same PAN, as well as Applications on behalf of the Applicants for whom submission of PAN is not mandatory such as the Central or State Government, an official liquidator or receiver appointed by a court and residents of Sikkim, the Application Forms will be checked for common DP ID and Client ID.

#### **Permanent Account Number or PAN**

Pursuant to the circular MRD/DoP/Circ 05/2007 dated April 27, 2007, SEBI has mandated Permanent Account Number ( PAN) to be the sole identification number for all participants transacting in the securities market, irrespective of the amount of the transaction w.e.f. July 2, 2007. Each of the Applicants should mention his/her PAN allotted under the IT Act. Applications without the PAN will be considered incomplete and are liable to be rejected. It is to be specifically noted that Applicants should not submit the GIR number instead of the PAN, as the Application is liable to be rejected on this ground.

**Our Company/ Registrar to the Issue/ Lead Manager can, however, accept the Application(s) in which PAN is wrongly entered into by ASBA SCSB's in the ASBA system, without any fault on the part of Applicant.**

## PART B

### GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC ISSUES

This General Information Document highlights the key rules, processes and procedures applicable to public issues in accordance with the provisions of the Companies Act, 2013 (to the extent notified and in effect), the Companies Act, 1956 (without reference to the provisions thereof that have ceased to have effect upon the notification of the Companies Act, 2013), the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. Applicants should not construe the contents of this General Information Document as legal advice and should consult their own legal counsel and other advisors in relation to the legal matters concerning the Issue. For taking an investment decision, the Applicants should rely on their own examination of the Issuer and the Issue, and should carefully read the Draft Prospectus/Prospectus before investing in the Issue

#### **Section 1: Purpose of the General Information Document (GID)**

This document is applicable to the public issues undertaken inter-alia through the Fixed Price Issues. The purpose of the “**General Information Document for Investing in Public Issues**” is to provide general guidance to potential Applicants in IPOs, on the processes and procedures governing IPOs, undertaken in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (“**SEBI ICDR Regulations, 2009**”).

Applicants should note that investment in equity and equity related securities involves risk and Applicant should not invest any funds in the Issue unless they can afford to take the risk of losing their investment. The specific terms relating to securities and/or for subscribing to securities in an Issue and the relevant information about the Issuer undertaking the Issue; are set out in the Prospectus filed by the Issuer with the Registrar of Companies (“**RoC**”). Applicants should carefully read the entire Prospectus and the Application Form and the Abridged Prospectus of the Issuer in which they are proposing to invest through the Issue. In case of any difference in interpretation or conflict and/or overlap between the disclosure included in this document and the Prospectus, the disclosures in the Prospectus shall prevail. The Prospectus of the Issuer is available on the websites of stock exchanges, on the website(s) of the **LM(s)** to the Issue and on the website of Securities and Exchange Board of India (“**SEBI**”) at [www.sebi.gov.in](http://www.sebi.gov.in).

For the definitions of capitalized terms and abbreviations used herein Applicants may refer to the section “Glossary and Abbreviations”.

#### **Section 2: Brief Introduction to IPOs on SME Exchange**

##### **2.1 Initial public offer (IPO)**

An IPO means an offer of specified securities by an unlisted Issuer to the public for subscription and may include an Offer for Sale of specified securities to the public by any existing holder of such securities in an unlisted Issuer.

For undertaking an IPO, an Issuer is inter-alia required to comply with the eligibility requirements of in terms of either Regulation 26(1) or Regulation 26(2) of the SEBI ICDR Regulations, 2009 if applicable. For details of compliance with the eligibility requirements by the Issuer Applicants may refer to the Prospectus.

The Issuer may also undertake IPO under Chapter XB of SEBI (ICDR) regulations, wherein as per,

- Regulation 106M(1) : An issuer whose post-issue face value capital does not exceed ten crore rupees shall issue its specified securities in accordance with provisions of this Chapter.
- Regulation 106M(2) : An issuer whose post-issue face value capital is more than ten crore rupees and upto twenty five crore rupees, may also issue its 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 and the Companies Act, 2013 as may be applicable (“the Companies Act), the Securities Contracts (Regulation) Rules, 1957 (the “**SCR**”), 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 SEBI (ICDR) Regulation, Issue has to be 100% underwritten and the LM has to underwrite at least 15% of the total issue size.
- b) In accordance with regulation 106(R) of SEBI (ICDR) Regulation, total number of proposed allottees in the Issue shall be greater than or equal to fifty, otherwise the entire application money will be blocked forthwith. If such

money is not repaid within eight days from the date the company becomes liable to repay it, than the Company and every officer in default shall, on and from expiry of eight days, be liable to repay such application money, with interest as prescribed under Section 40 of the Companies Act, 2013.

- c) In accordance with Regulation 106(O) of the SEBI (ICDR) Regulation, 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) Regulation, the LM has to ensure compulsory market making for a minimum period of three years from the date of listing of Equity Shares offered in the Issue.
- e) The Issuer shall have a track record of three years.
- f) The Net worth (excluding revaluation reserves) of the Issuer shall be positive as per the latest audited financial results.
- g) The Issuer should have positive cash accruals (earnings before depreciation and tax) from operations for at least 2 financial years.
- h) The Post-issue paid up capital of the Issuer shall be less than Rs. 25 Crores.
- i) The Issuer shall mandatorily facilitate trading in demat securities.
- j) The Issuer should not have 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

Issuer shall also comply with all the other requirements as laid down for such an Issue under Chapter X-B of SEBI (ICDR) Regulations and subsequent circulars and guidelines issued by SEBI and the Stock Exchange.

As per Regulation 106 (M) (3) of SEBI (ICDR) Regulation, 2009 the provisions of regulations 6(1), 6(2), 6(3), Regulation 7, Regulation 8, Regulation 9, Regulation 10, Regulation 25, Regulation 26, Regulation 27 and Sub regulation (1) of Regulation 49 of SEBI (ICDR) Regulations, 2009 shall not apply to this Issue.

Thus the Company is eligible for the Issue in accordance with Regulation 106M(1) and other provision of Chapter XB of SEBI (ICDR) Regulations as the post –issue face value capital does not exceed Rs.2500 Lacs. Company also complies with the eligibility conditions laid by the SME Platform of BSE for listing of our Equity Shares.

### **2.3 Types of Public Issues – Fixed Price Issues and Book Built Issues**

In accordance with the provisions of the SEBI ICDR Regulations, 2009, an Issuer can either determine the Issue Price through the Book Building Process (“**Book Built Issue**”) or undertake a Fixed Price Issue (“**Fixed Price Issue**”). An Issuer may mention Floor Price or Price Band in the RHP (in case of a Book Built Issue) and a Price or Price Band in this Draft Prospectus (in case of a fixed price Issue) and determine the price at a later date before registering the Prospectus with the Registrar of Companies.

The cap on the Price Band should be less than or equal to 120% of the Floor Price. The Issuer shall announce the Price or the Floor Price or the Price Band through advertisement in all newspapers in which the pre-issue advertisement was given at least five Working Days before the Bid/Issue Opening Date, in case of an IPO and at least one Working Day before the Bid/Issue Opening Date, in case of an FPO.

The Floor Price or the Issue price cannot be lesser than the face value of the securities.

Applicants should refer to the Prospectus or Issue advertisements to check whether the Issue is a Book Built Issue or a Fixed Price Issue.

### **2.4 Issue Period**

The Issue may be kept open for a minimum of three Working Days (for all category of Applicants) and not more than ten Working Days. Applicants are advised to refer to the Application Form and Abridged Prospectus or Prospectus for details of the Issue Period. Details of Issue Period are also available on the website of Stock Exchange.

### **2.5 Migration To Main Board**

SME Issuer may migrate to the Main Board of Stock Exchange 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 Promoters in favour of the proposal amount to

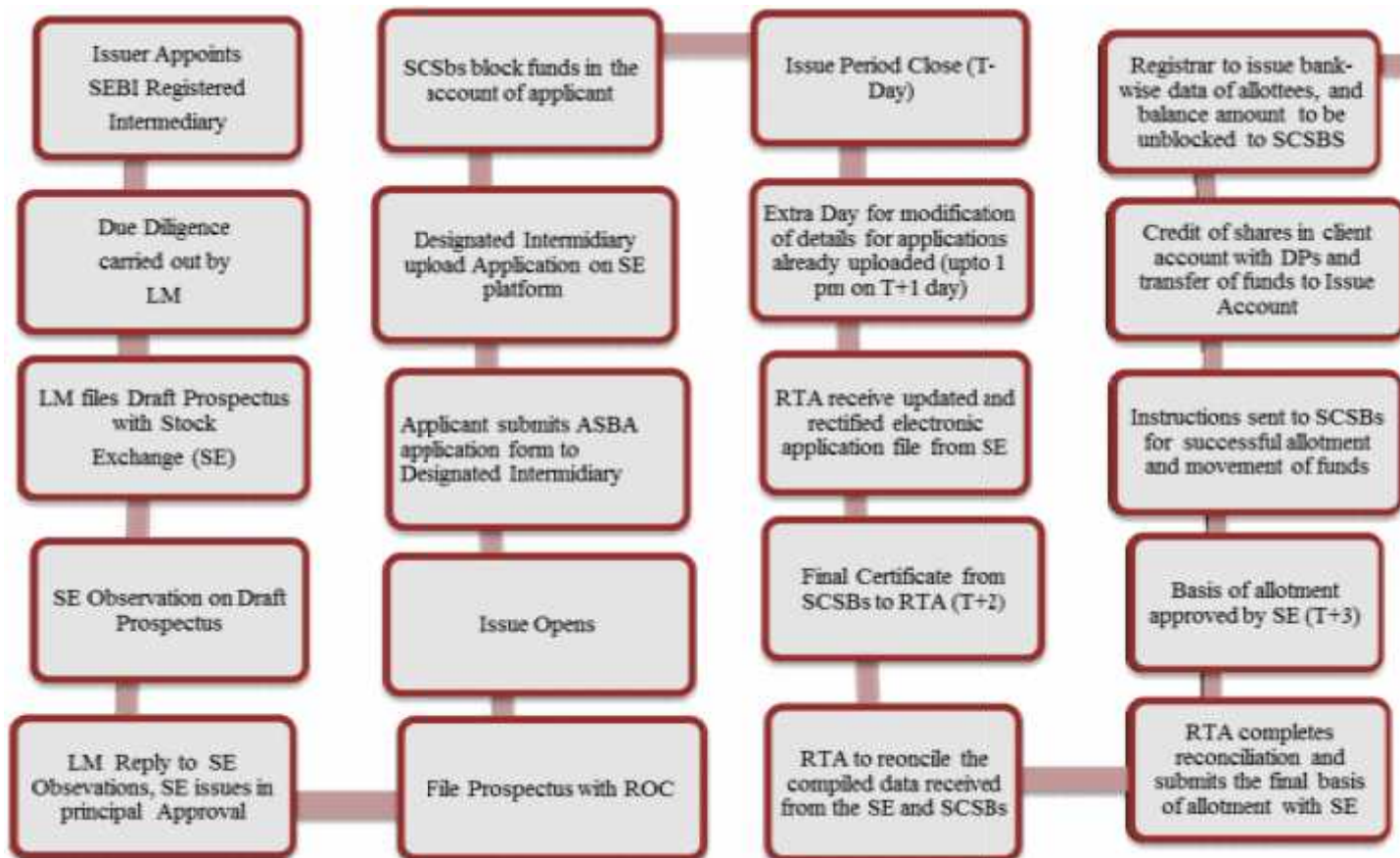
at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal and for which the company has obtained in-principal approval from the main board), The Company shall apply to SE for listing of its shares on its Main Board subject to the fulfillment of 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 Promoters in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal.

## **2.6 Flowchart Of Timelines**

A flow chart of process flow in Fixed Price Issues is as follows:



### **Section 3: Category of Investors Eligible to Participate in an Issue**

**Each Applicant should check whether it is eligible to apply under applicable law.** Furthermore, certain categories of Bidders/Applicants, such as NRIs, FII's, FPIs and FVCIs may not be allowed to apply in the Issue or to hold Equity Shares, in excess of certain limits specified under applicable law. Applicants are requested to refer to the Prospectus for more details.

Subject to the above, an illustrative list of Applicants is as follows:

- Indian nationals resident in India who are competent to contract under the Indian Contract Act, 1872, as amended, 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 Bidder/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 may be considered at par with those from individuals;
- Companies, corporate bodies and societies registered under applicable law in India and authorized to invest in 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 law; NRIs other than Eligible NRIs are not eligible to participate in this Issue.
- Indian Financial Institutions, scheduled commercial banks regional rural banks, co-operative banks (subject to RBI regulations and the SEBI ICDR Regulations, 2009 and other laws, as applicable);
- FPIs other than Category III foreign portfolio investors, VCFs and FVCIs registered with SEBI.
- Limited liability partnerships registered in India and authorized to invest in equity shares.
- Sub- accounts of FIIs registered with SEBI, which are foreign corporate or foreign individuals only under the Non-Institutional applicant's category.
- State Industrial Development Corporations.
- Trusts/societies registered under the Societies Registration Act, 1860, as amended or under any other law relating to trusts/societies and who are authorized under their respective constitutions 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. 2500 Lakhs and who are authorized under their constitution to hold and invest in equity shares;
- Eligible QFIs;
- 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, air force of the Union of India or by Department of Posts, India;
- Any other person eligible to apply to this Issue, under the laws, rules, regulations, guidelines, and policies applicable to them and under Indian Laws.

**Applications not to be made by:**

- Minors (except under guardianship)
- Partnership firms or their nominees
- Foreign Nationals (except NRIs)
- Overseas Corporate Bodies

As per the existing regulations, OCBs are not allowed to participate in an Issue.

### **Section 4: Applying in the Issue**

**Fixed Price Issue:** Applicants should only use the specified cum Application Form either bearing the stamp of Designated Intermediaries as available or downloaded from the websites of the Stock Exchanges. Application Forms are available with the registered office of the Issuer, and office of the RTA and at the office of the 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 color of the Application Form for various categories of Applicants is as follows:

<b>Category</b>	<b>Color of the Application</b>
Resident Indian, Eligible NRIs applying on a non -repatriation basis	White
NRIs, FVCIs, FIIs, their Sub-Accounts (other than Sub-Accounts which are foreign corporate(s) or foreign individuals bidding under the QIB), FPIs on a repatriation basis	Blue

Securities Issued in an IPO can only be in dematerialized form in compliance with Section 29 of the Companies Act, 2013. Applicants will not have the option of getting the allotment of specified securities in physical form. However, they may get the specified securities rematerialized subsequent to allotment.

#### 4.1 Instructions For Filing Application Form/ Application Form (Fixed Price Issue)

Applicants may note that forms not filled completely or correctly as per instructions provided in this GID, the Prospectus and Application Form are liable to be rejected.

Instructions to fill each field of the Application Form can be found on the reverse side of the Application Form. Specific instructions for filling various fields of the Resident Application Form and Non-Resident Application Form and samples are provided below.

The samples of the Application Form for resident Applicants and the Application Form for non-resident Applicants are reproduced below:

<b>COMMON BID CUM APPLICATION FORM</b>		<b>XYZ LIMITED - INITIAL PUBLIC ISSUE - R</b>		<b>FOR RESIDENT INDIANS, INCLUDING RESIDENT QIB, AND ELIGIBLE SEBI APPLYING ON A NON-REPATRIATION BASIS</b>																									
Address: _____		Contact Details: _____		CIN No. _____																									
TO, THE BOARD OF DIRECTORS, XYZ LIMITED		FIXED PRICE ISSUE		Bid cum Application Form No. _____																									
SYNDICATE MEMBER'S STAMP & CODE		BROKER/SCSB/DP/RTA STAMP & CODE		1. NAME & CONTACT DETAILS OF SOLE / FIRST BIDDER																									
Mr / Ms. _____		Address _____		Email _____																									
Tel. No. (with STD/INAC) / Mobile _____		2. PAN OF SOLE / FIRST BIDDER		_____																									
3. BIDDER'S DEPOSITORY ACCOUNT DETAILS <input type="checkbox"/> NSDL <input type="checkbox"/> CDSL		4. ISSUED CATEGORIES		<input type="checkbox"/> Individuals - IND <input type="checkbox"/> Mutual Funds - MF <input type="checkbox"/> Banks & Financial Institutions - BF <input type="checkbox"/> Insurance Companies - IC <input type="checkbox"/> Non-Resident Indians - NRI (Non-Repatriation Basis) <input type="checkbox"/> National Investment Fund - NIF <input type="checkbox"/> Insurance Funds - IF <input type="checkbox"/> Insurance Companies - IC <input type="checkbox"/> Venture Capital Funds - VCF <input type="checkbox"/> Alternative Investment Funds - AIF <input type="checkbox"/> Others (Please specify) - OTH																									
5. BIDDING OPTIONS (ONLY ONE OPTION IS AVAILABLE)		6. CATEGORY		<input type="checkbox"/> Retail Investor Bidder <input type="checkbox"/> Non-Resident Bidder <input type="checkbox"/> QIB																									
<table border="1"> <thead> <tr> <th>Bid Option</th> <th>No. of Equity Shares Bid (in Figures) (Bid cannot be in multiples of Bid Lot as advertised)</th> <th>Bid Price</th> <th>Retail Discount</th> <th>Net Price</th> <th>Cut-off Price (in Rs.)</th> </tr> </thead> <tbody> <tr> <td>Option 1</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>OR: Option 2</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>OR: Option 3</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>		Bid Option	No. of Equity Shares Bid (in Figures) (Bid cannot be in multiples of Bid Lot as advertised)	Bid Price	Retail Discount	Net Price	Cut-off Price (in Rs.)	Option 1						OR: Option 2						OR: Option 3						7. PAYMENT DETAILS		PAYMENT OPTION: FULL PAYMENT <input type="checkbox"/> PART PAYMENT <input type="checkbox"/> Amount paid (P in Figures) _____ (P in words) _____ ASBA Bank A/c No. _____ Bank Name & Branch _____	
Bid Option	No. of Equity Shares Bid (in Figures) (Bid cannot be in multiples of Bid Lot as advertised)	Bid Price	Retail Discount	Net Price	Cut-off Price (in Rs.)																								
Option 1																													
OR: Option 2																													
OR: Option 3																													
8. SIGNATURE OF SOLE / FIRST BIDDER		9. SIGNATURE OF ASBA BANK ACCOUNT HOLDERS (AS PER BANK RECORDS)		Signature / Seal / Stamp of Bidder (to be affixed on the back of this form) (In case of joint application, all the applicants must sign and affix their signatures on the back of this form)																									
<b>XYZ LIMITED</b> <b>INITIAL PUBLIC ISSUE - R</b>		<b>Acknowledgement Slip for Broker/SCSB/DP/RTA</b>		Bid cum Application Form No. _____ PAN of Sole / First Bidder: _____																									
Amount paid (P in Figures) _____		Bank & Branch _____		Stamp & Signature of SCIB Branch _____																									
Received from Mr./Ms. _____		Telephone / Mobile _____		Email _____																									
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	Option 1	Option 2	Option 3	Stamp & Signature of Broker / SCIB / DP / RTA	Name of Sole / First Bidder																								
No. of Equity Shares																													
Bid Price																													
Amount Paid (P)																													



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<b>COMMON BID CUM APPLICATION FORM</b>	<b>XYZ LIMITED - INITIAL PUBLIC ISSUE - NR</b>	For Eligible NRI, FI, FVC, applying on Restriction Basis
Address : _____ Contact Details : _____ CIN No _____		

LOGO **TO, THE BOARD OF DIRECTORS XYZ LIMITED** **FIXED PRICE DME ISSUE** **INE0000000000** Bid cum Application Form No. \_\_\_\_\_

<b>SYNDICATE MEMBER'S STAMP &amp; CODE</b>	<b>BROKER/SCSB/DP/RTA STAMP &amp; CODE</b>	<b>1. NAME &amp; CONTACT DETAILS OF SOLE / FIRST BIDDER</b>
		Mr / Ms _____
<b>DEPOSITORY'S / ISSUING DEPOSITORY'S STAMP &amp; CODE</b>	<b>ISSUING DEPOSITORY'S BRANCH'S STAMP &amp; CODE</b>	Address _____
		Email _____
<b>BANK BRANCH SERIAL NO.</b>	<b>SCSB SERIAL NO.</b>	Tel. No (with STD code) / Mobile _____
		<b>2. PAN OF SOLE / FIRST BIDDER</b>
		_____

<b>3. BIDDER'S DEPOSITORY ACCOUNT DETAILS</b> <input type="checkbox"/> NSDL <input type="checkbox"/> CDSL	<b>6. Investor Status</b>		
	<input type="checkbox"/> Non-Resident Indian (Repatriation basis) NR		
	<input type="checkbox"/> Foreign Institutional Investor FI		
	<input type="checkbox"/> Foreign Venture Capital Investor FVCI		
	<input type="checkbox"/> FI Job Account Corporate/Individual FISA		
	<input type="checkbox"/> Others (Please specify) OTH		
<small>For NSDL, enter 8 digit DP ID followed by 4 digit Client ID / For CDSL, enter 14 digit Client ID.</small>			
<b>4. BID OPTIONS (ONLY RETAIL INDIVIDUAL BIDDERS CAN BID AT "CUT-OFF")</b>			
Bid Option	No. of Equity Shares Bid (in Figures) <small>(This can't be in multiples of Bid Lot as advertised)</small>	Price per Equity Share (₹) "Cut-off" <small>(Price in multiples of ₹ 0.05) (in Figures)</small>	3. CATEGORY
Option 1	_____	_____	<input type="checkbox"/> Retail Investor Bidder
OR Option 2	_____	_____	<input type="checkbox"/> Non-Institutional Bidder
OR Option 3	_____	_____	<input type="checkbox"/> QIB
<b>5. PAYMENT DETAILS</b>		<b>PAYMENT OPTION - FULL PAY</b>	
Amount paid (₹ in Figures) _____		₹ in words _____	
ASBA Bank A/c No. _____			
Bank Name & Branch _____			

I/WE HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILING OF THE BIDDING APPLICATION FORM GIVEN OVERLEAF AND THE GENERAL INFORMATION REGARDING THE PROCEEDING PUBLIC ISSUE (PFI) AND HEREBY AGREE AND CONFIRM THE "SPECIAL UNDERTAKING" AS GIVEN OVERLEAF. I/WE, ON BEHALF OF JOINT APPLICANTS, IF ANY, HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILING OF THE BIDDING APPLICATION FORM GIVEN OVERLEAF.

<b>8A. SIGNATURE OF SOLE / FIRST BIDDER</b>	<b>8B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS)</b>	<b>BROKER / SCSB / DP / RTA STAMP</b> (Acknowledging receipt of Bid in Stock Exchange system)
	<small>(We warrant the SCSB/DP/RTA as an account holder to verify Application in its form)</small>	
	1) _____	
	2) _____	
	3) _____	
Date : _____		

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PLEASE FILL IN BLOCK LETTERS

LOGO	<b>XYZ LIMITED</b>	<b>Acknowledgement Slip for Broker/SCSB/DP/RTA</b>	Bid cum Application Form No. _____
<b>INITIAL PUBLIC ISSUE - NR</b>		<b>DP/RTA</b>	
PAN of Sole / First Bidder _____			
Amount paid (₹ in Figures) _____		Stamp & Signature of SCSB Branch	
ASBA Bank A/c No. _____			
Received from Mr./Ms. _____			
Telephone / Mobile _____ Email _____			

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<b>XYZ LIMITED - INITIAL PUBLIC ISSUE - NR</b>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 15%;">Option 1</td> <td style="width: 15%;">Option 2</td> <td style="width: 15%;">Option 3</td> <td style="width: 55%;">Stamp &amp; Signature of Broker / SCSB / DP / RTA</td> </tr> <tr> <td>No. of Equity Shares _____</td> <td>_____</td> <td>_____</td> <td> </td> </tr> <tr> <td>Bid Price _____</td> <td>_____</td> <td>_____</td> <td> </td> </tr> <tr> <td>Amount Paid (₹) _____</td> <td>_____</td> <td>_____</td> <td> </td> </tr> <tr> <td>ASBA Bank A/c No. _____</td> <td>_____</td> <td>_____</td> <td> </td> </tr> <tr> <td>Bank &amp; Branch _____</td> <td>_____</td> <td>_____</td> <td> </td> </tr> </table>	Option 1	Option 2	Option 3	Stamp & Signature of Broker / SCSB / DP / RTA	No. of Equity Shares _____	_____	_____		Bid Price _____	_____	_____		Amount Paid (₹) _____	_____	_____		ASBA Bank A/c No. _____	_____	_____		Bank & Branch _____	_____	_____		Name of Sole / First Bidder _____ <b>Acknowledgement Slip for Bidder</b> Bid cum Application Form No. _____
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ASBA Bank A/c No. _____	_____	_____																								
Bank & Branch _____	_____	_____																								

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#### 4.1.1 FIELD NUMBER 1: NAME AND CONTACT DETAILS OF THE SOLE/FIRST APPLICANT

Applicants should ensure that the name provided in this field is exactly the same as the name in which the Depository Account is held.

- a) **Mandatory Fields:** Applicants should note that the name and address fields are compulsory and e-mail and/or telephone number/mobile number fields are optional. Applicants should note that the contact details mentioned in the Application Form may be used to dispatch communications(including letters notifying the unblocking of the bank accounts of \Applicants) in case the communication sent to the address available with the Depositories are returned undelivered or are not available. The contact details provided in the Application Form may be used by the Issuer,
- b) The Designated Intermediaries and the Registrar to the Issue only for correspondence(s) related to an Issue and for no other purposes.
- c) **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 Bid cum Application Form/Application Form and such first Applicant would be deemed to have signed on behalf of the joint holders 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.
- d) **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.”
- e) **Nomination Facility to Applicant:** Nomination facility is available in accordance with the provisions of Section 72 of the Companies Act, 2013. In case of allotment of the Equity Shares in dematerialized form, there is no need to make a separate nomination as the nomination registered with the Depository may prevail. For changing nominations, the Applicants should inform their respective DP.

#### 4.1.2 FIELD NUMBER 2: PAN NUMBER OF SOLE/FIRST APPLICANT

- a) PAN (of the sole/ first Applicant) provided in the Application Form should be exactly the same as the PAN of the person(s) in whose name the relevant beneficiary account is held as per the Depositories’ records.
- b) PAN is the sole identification number for participants transacting in the securities market irrespective of the amount of transaction except for Applications on behalf of the Central or State Government, Applications by officials appointed by the courts and Applications by Applicants residing in Sikkim (“PAN Exempted Applicants”). Consequently, all Applicants, other than the PAN Exempted Applicants, are required to disclose their PAN in the Application Form, irrespective of the Application Amount. An Application Form without PAN, except in case of Exempted Applicants, is liable to be rejected. Applications by the Applicants whose PAN is not available as per the Demographic Details available in their Depository records, are liable to be rejected.
- c) The exemption for the PAN Exempted Applicants is subject to (a) the Demographic Details received from the respective Depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in “active status”; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same.
- d) Application Forms which provide the General Index Register Number instead of PAN may be rejected.
- e) Applications by Applicants whose demat accounts have been ‘suspended for credit’ are liable to be rejected pursuant to the circular issued by SEBI on July 29, 2010, bearing number CIR/MRD/DP/22/2010. Such accounts are classified as “Inactive demat accounts” and demographic details are not provided by depositories.

#### 4.1.3 FIELD NUMBER 3: APPLICANTS DEPOSITORY ACCOUNT DETAILS

- a) Applicants should ensure that DP ID and the Client ID are correctly filled in the Application Form. The DP ID and Client ID provided in the Application Form should match with the DP ID and Client ID available in the Depository database, **otherwise, the Application Form is liable to be rejected.**
- b) Applicants should ensure that the beneficiary account provided in the Application Form is active.
- c) Applicants should note that on the basis of DP ID and Client ID as provided in the Application Form, the Applicant may be deemed to have authorized the Depositories to provide to the Registrar to the Issue, any requested Demographic Details of the Applicant as available on the records of the depositories. These Demographic Details may be used, among other things, for unblocking of ASBA Account or for other correspondence(s) related to an Issue.
- d) Applicants are, advised to update any changes to their Demographic Details as available in the records of the Depository Participant to ensure accuracy of records. Any delay resulting from failure to update the Demographic Details would be at the Applicants' sole risk.

#### 4.1.4 FIELD NUMBER 4: APPLICATION DETAILS

- a) The Issuer may mention Price in the Draft Prospectus. However a Prospectus registered with RoC contains one price.
- b) Minimum and Maximum Application Size
  - i. For Retails Individual Applicants  
The Application must be for a minimum of 10000 equity shares. As the application price payable by the retail individual applicants cannot exceed Rs. 200000 they can make Application for only minimum Application size i.e. for 10000 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. 200000 and in multiples of 10000 equity shares thereafter. An application cannot be submitted for more than the Issue Size. However, the maximum application by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. Under existing SEBI Regulations, a QIB Applicant cannot withdraw its Application after the Issue Closing Date and is required to pay 100% QIB Margin upon submission of Application. In case of revision of Applications, the Non Institutional Applicants, who are individuals, have to ensure that the Application Amount is greater than Rs. 200000 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 prescribed law or regulation or as specified in this Draft Prospectus.
- c) **Multiple Applications:** An applicant should submit only one Application Form. Submission of a second Application Form to either the same or to the Designated Intermediaries and duplicate copies of Application Forms bearing the same application number shall be treated as multiple applications and are liable to be rejected.
- d) Applicants are requested to note the following procedures may be followed by the Registrar to the issue to detect multiple applications:
  - i. All applications may be checked for common PAN as per the records of the Depository. For Applicants other than Mutual Funds and PFI 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:
- iv. Application by Reserved Categories in their respective reservation portion as well as that made by them in the Net Issue portion in public category.
- v. Separate applications by Mutual Funds in respect of more than one scheme of the Mutual Fund provided that the Application clearly indicates the scheme for which the application has been made.
- vi. Application 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**

- a) The categories of Applicants identified as per the SEBI ICDR Regulations, 2009 for the purpose of Application, allocation and allotment in the Issue are RIIs, Individual applicants other than RIIs, and other investors (including corporate bodies or institutions, irrespective of the number of specified securities applied for).
- b) An Issuer can make reservation for certain categories of Applicants as permitted under the SEBI ICDR Regulations, 2009. For details of any reservations made in the Issue, Applicants may refer to the Prospectus.
- c) The SEBI ICDR Regulations, 2009, specify the allocation or allotment that may be made to various categories of Applicants in an Issue depending upon compliance with the eligibility conditions. For details pertaining to allocation and Issue specific details in relation to allocation Applicant may refer to the Prospectus.

#### **4.1.6 FIELD NUMBER 6: INVESTOR STATUS**

- a) Each Applicant should check whether it is eligible to apply under applicable law and ensure that any prospective allotment to it in the Issue is in compliance with the investment restrictions under applicable law.
- b) Certain categories of Applicants, such as NRIs, FIIs, FPIs and FVCIs may not be allowed to Apply in the Issue or hold Equity Shares exceeding certain limits specified under applicable law. Applicants are requested to refer to the Prospectus for more details.
- c) Applicants should check whether they are eligible to apply on non-repatriation basis or repatriation basis and should accordingly provide the investor status. Details regarding investor status are different in the Resident Application Form and Non-Resident Application Form.
- d) Applicants should ensure that their investor status is updated in the Depository records.

#### **4.1.7 FIELD NUMBER 7: PAYMENT DETAILS**

- a) All Applicants are required to use ASBA facility to block the full Amount (net of any Discount, as applicable) along-with the Application Form. If the Discount is applicable in the Issue, the RIIs should indicate the full Amount in the Application Form and the funds shall be blocked for Amount net of Discount. Only in cases where the Prospectus indicates that part payment may be made, such an option can be exercised by the Applicant.
- b) All categories of investors can participate in the Issue only through ASBA mechanism.
- c) Application Amount cannot be paid in cash, through money order or through postal order or through stock invest.

##### **4.1.7.1 Payment instructions for Applicants**

- (a) Applicants may submit the Application Form either in physical mode or online mode to any Designated Intermediaries.
- (b) Applicants should specify the Bank Account number in the Application Form. The application form submitted by an applicant and which is accompanied by cash, demand draft, money order, postal order or any mode of payment other than blocked amounts in the ASBA Account maintained with an SCSB, may not be accepted.
- (c) Applicant 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) Applicant shall note that for the purpose of blocking funds under ASBA facility clearly demarcated funds shall be available in the account.
- (e) From one ASBA Account, a maximum of five Application Forms can be submitted.
- (f) Applicants applying through a member of the Syndicate should ensure that the Application Form is submitted to a member of the Syndicate only at the Specified Locations. Applicants should also note that Application Forms submitted to the Syndicate at the Specified Locations may not be accepted by the member of the Syndicate if the SCSB where the ASBA Account, as specified in the Application Form, is maintained has not named at least one branch at that location for the members of the Syndicate to deposit Application Forms (a list of such branches is available on the website of SEBI at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>).

- (g) Applicants applying through a Registered Broker, RTA or CDP should note that Application Forms submitted to them may not be accepted, if the SCSB where the ASBA Account, as specified in Application Form, is maintained has not named at least one branch at that location for the Registered Brokers, RTA or CDP, as the case may be, to deposit Application Forms.
- (h) ASBA Applicant 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.
- (i) Upon receipt of 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.
- (j) 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 may upload the details on the Stock Exchange Platform.
- (k) 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.
- (l) Upon submission of a completed Application Form each Applicant may be deemed to have agreed to block the entire Application Amount and authorized the Designated Branch of the SCSB to block the Application Amount specified in the Application Form in the ASBA Account maintained with the SCSBs.
- (m) The Application Amount may remain blocked in the aforesaid ASBA Account until finalisation of the Basis of allotment and consequent transfer of the Application Amount against the Allotted Equity Shares to the Public Issue Account, or until withdrawal or failure of the Issue, or until withdrawal or rejection of the Application, as the case may be.
- (n) SCSBs applying in the Issue must apply through an Account maintained with any other SCSB; else their Application is liable to be rejected.

#### **4.1.8 Unblocking of ASBA Account**

- a) Once the Basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the Issue may provide the following details to the controlling branches of each SCSB, along with instructions to unblock the relevant bank accounts and for successful applications transfer the requisite money to the Public Issue Account designated for this purpose, within the specified timelines: (i) the number of Equity Shares to be Allotted, if any, against each Application, (ii) the amount to be transferred from the relevant bank account to the Public Issue Account, for each Application, (iii) the date by which funds referred to in (ii) above may be transferred to the Public Issue Account, and (iv) details of rejected/ non allotment / partial allotment ASBA Application, if any, along with reasons for rejection and details of withdrawn or unsuccessful Application, if any, to enable the SCSBs to unblock the respective bank accounts.
- b) On the basis of instructions from the Registrar to the Issue, the SCSBs may transfer the requisite amount against each successful Application to the Public Issue Account and may unblock the excess amount, if any, in the ASBA Account.

In the event of withdrawal or rejection of the Application Form and for unsuccessful Application, the Registrar to the Issue may give instructions to the SCSB to unblock the Application Amount in the relevant ASBA Account within 6 Working Days of the Issue Closing Date.

##### **4.1.8.1 Discount (if applicable)**

- a) The Discount is stated in absolute rupee terms.
- b) RII, Employees and Retail Individual Shareholders are only eligible for discount. For Discounts offered in the Issue, Applicants may refer to the Prospectus.
- c) For the Applicants entitled to the applicable Discount in the Issue the Application Amount less Discount (if applicable) shall be blocked.

##### **4.1.8.2 Additional 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 Application by NRIs applying on a repatriation basis, blocking of funds in their NRO account shall not be accepted.

#### **4.1.9 FIELD NUMBER 8: SIGNATURES AND OTHER AUTHORISATIONS**

- a) Only the First Applicant is required to sign the Application Form. Applicants should ensure that signatures are in one of the languages specified in the Eighth Schedule to the Constitution of India.
- b) If the ASBA Account is held by a person or persons other than the Applicant, then the Signature of the ASBA Account holder(s) is also required.
- c) In relation to the 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 the Designated Intermediary, as applicable, for submission of the Application Form.

- a) All communications in connection with Applications made in the Issue should be addressed as under:
  - i. In case of queries related to Allotment, non-receipt of Allotment Advice, credit of allotted equity shares, unblocking of funds, the Applicants should contact the Registrar to the Issue.
  - ii. In case of Applications submitted to the Designated Branches of the SCSBs or Registered Brokers or Registered RTA/DP, the Applicants should contact the relevant Designated Branch of the SCSB or Registered Brokers or Registered RTA/DP, as the case maybe.
  - iii. Applicant may contact the Company Secretary and Compliance Officer or LM(s) in case of any other complaints in relation to the Issue.
- b) The following details (as applicable) should be quoted while making any queries -
  - i. Full name of the sole or Applicant, Application Form number, Applicants' DP ID, Client ID, PAN, number of Equity Shares applied for, amount paid on application.
  - ii. name and address of the Designated Intermediary, where the Application was submitted; or
  - iii. In case of ASBA Applications, ASBA Account number in which the amount equivalent to the Application Amount was blocked.

For further details, Applicant may refer to the Prospectus and the Application Form.

#### **4.2 INSTRUCTIONS FOR FILING THE REVISIONFORM**

- a) During the Issue Period, any Applicant (other than QIBs and NIIs, who can only revise their application upwards) who has registered his or her interest in the Equity Shares at a particular number of shares is free to revise number of shares applied using revision forms available separately.
- b) RII may revise their applications till closure of the issue period or withdraw their applications until finalization of allotment.
- c) Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form.
- d) The Applicant can make this revision any number of times during the Issue Period. However, for any revision(s) in the Application, the Applicants will have to use the services of the same Designated Intermediary through which such Applicant had placed the original Application.

A sample Revision form is reproduced below:

<b>COMMON BID REVISION FORM</b>		<b>XVZ LIMITED - INITIAL PUBLIC ISSUE - R</b>		<b>FOR RESIDENT INDIANS, INCLUDING RESIDENT QIBs, AND FOREIGNERS APPLYING ON A NON-REPATRIATION BASIS</b>	
Address : _____		Contact Details : _____		CIN No : _____	
LOCO	TO, THE BOARD OF DIRECTORS XVZ LIMITED	BOOK BUILT ISSUE	ISIN : _____	Bid cum Application Form No.	_____
SYNDICATE MEMBER'S STAMP & CODE		BROKER/SCSB/DP/STAMP & CODE		NAME & CONTACT DETAILS OF SOLE / FIRST BIDDER	
EDMONEY'S / EDAGENT'S STAMP & CODE		BOOK BUILD BRANCH STAMP & CODE		Mr./Ms. _____	
BANK BRANCH SERIAL NO.		SCSB SERIAL NO.		Address _____	
				Tel. No. (with STD code) / Mobile _____	
				E-MAIL OF SOLE / FIRST BIDDER _____	
				A. BIDDERS DEPOSITARY ACCOUNT DETAILS	
				PAN _____	
				The PANs, come 2 digit DP ID followed by 8 digit Client ID / For QIBs, come 10 digit Client ID :-	
<b>PLEASE CHANGE MY BID</b>					
<b>FROM (AS PER LAST BID OR REVISION)</b>					
Bid Options		No. of Equity Shares Bid (Must meet the minimum of bid 1 or 2 as appropriate) (In Figures)		Price per Equity Share (₹) "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures)	
Option 1				Bid Price	
Option 2				Bid Discount	
Option 3				Net Price	
				"Cut-off" (Please tick) <input type="checkbox"/>	
<b>TO (Current Bid) (Only Retail Individual Bidders can Bid as "Cut-off")</b>					
Bid Options		No. of Equity Shares Bid (Must meet the minimum of bid 1 or 2 as appropriate) (In Figures)		Price per Equity Share (₹) "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures)	
Option 1				Bid Price	
Option 2				Bid Discount	
Option 3				Net Price	
				"Cut-off" (Please tick) <input type="checkbox"/>	
<b>4. PAYMENT DETAILS</b>					
Additional Amount Paid (₹) in figures _____ (₹ in words)			PAYMENT OPTION : FULL PAYMENT <input type="checkbox"/> PART PAYMENT <input type="checkbox"/>		
ASBA Bank A/c No. _____					
Bank Name & Branch _____					
THE SIGNATURE OF SOLE / FIRST BIDDER					
THE SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AN RW BANK NETWORK)					
BROKER / SCSB / DP / STCA STAMP (Acknowledging receipt of bid in book built issue)					
TEAR HERE					
LOCO	<b>XVZ LIMITED</b> BID REVISION FORM - INITIAL PUBLIC ISSUE - R		Acknowledgement Slip for Broker/SCSB/DP/STCA		Bid cum Application Form No. _____
DPID / CLID	Additional Amount Paid (₹)		Bank & Branch		Name & Signature of SCSB Branch
ASBA Bank A/c No.		Received from Mr./Ms.		Telephone / Mobile _____	
Bank & Branch		Email _____			
TEAR HERE					
COLLECTOR'S DEPOSITARY ACCOUNT NUMBER	No. of Equity Shares		Option 1	Option 2	Option 3
	Bid Price		Stamp & Signature of Broker / SCSB / DP / STCA		
	Additional Amount Paid (₹)		Name of Sole / First Bidder		
	ASBA Bank A/c No.		Acknowledgement Slip for Bidder		
Bank & Branch		Bid cum 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 OPTIONS REVISION 'FROM' AND 'TO'

- Apart from mentioning the revised options in the Revision Form, the Applicant must also mention the details of the share applied for given in his or her Application Form or earlier Revision Form.
- In case of revision of Applications by RIIs, Employees and Retail Individual Shareholders, such Applicants should ensure that the Application Amount, should not exceed Rs.2,00,000/- due to revision and the application may be considered, subject to the eligibility, for allocation under the Non-Institutional Category.

#### 4.2.3 FIELD 6: PAYMENT DETAILS

- Applicants are required to make payment of the full application along with the Revision Form.
- Applicant may Issue instructions to block the revised amount in the ASBA Account, to the Designated Branch through whom such Applicant had placed the original Application to enable the relevant SCSB to block the additional Application Amount, if any.

#### 4.2.4 FIELDS 7: SIGNATURES AND ACKNOWLEDGEMENTS

Applicants may refer to instructions contained at paragraphs 4.1.8 and 4.1.9 for this purpose.

#### 4.3 SUBMISSION OF REVISION FORM/APPLICATION FORM

Applicants may submit completed application form / Revision Form in the following manner:-

Mode of Application	Submission of Application Form
All Investor Applications	To the Designated Intermediaries

The aforesaid intermediaries shall, at the time of receipt of application, give an acknowledgement to investor, by giving the counter foil or specifying the application number to the investor, as a proof of having accepted the application form, in physical or electronic mode respectively

## **SECTION 5: ISSUE PROCEDURE IN FIXED PRICE ISSUE**

### **5.1 Applicants may note that there is no Bid cum Application Form in a Fixed Price Issue.**

As the Issue Price is mentioned in the Fixed Price Issue therefore on filing of the Prospectus with the RoC, the Application so submitted is considered as the application form. Applicants may only use the specified Application Form for the purpose of making an Application in terms of the Prospectus which may be submitted through Designated Intermediary.

Applicants may submit an Application Form either in physical/ electronic form to Designated Intermediaries or the Designated Branches of the SCSBs 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 Issue Opening Date.

In a fixed price Issue, allocation in the net offer to the public category is made as follows: minimum fifty per cent to Retail Individual Investors; and remaining to (i) individual investors other than Retail Individual Investors; and (ii) other Applicants including corporate bodies or institutions, irrespective of the number of specified securities applied for. The unsubscribed portion in either of the categories specified above may be allocated to the Applicants in the other category.

### **5.2 GROUNDS FOR TECHNICAL REJECTIONS**

Applicants are advised to note that the Applications are liable to be rejected, inter-alia, on the following technical grounds:-

- Amount paid does not tally with the amount payable for the Equity shares applied for;
- In case of partnership firms, Application for Equity Shares made in the name 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 person.
- PAN not mentioned in the Application Form.
- GIR number furnished instead of PAN.
- Applications for lower number of Equity Shares than the minimum specified for that category of investors;
- Applications at a price other than the Fixed Price of the Issue;
- Applications for number of Equity Shares which are not in multiples of 10000;
- Category not ticked;
- Multiple Applications as defined in this Draft Prospectus as such, based on common PAN;
- In case of Applications under power of attorney or by limited companies, corporate, trust etc., relevant documents are not being submitted;
- Signature of sole Applicant is missing;
- Application Forms are not delivered by the Applicants within the time prescribed as per the Application Form, Issue Opening Date advertisement and Prospectus as per the instructions in the Prospectus and Application Forms;
- In case no corresponding record is available with the Depositories that matches the DP ID, the Client ID and the PAN;
- Applications for amounts greater than the maximum permissible amounts prescribed by the regulations;
- Applications by OCBs;
- Applications by US person other than in reliance on Regulation S or "qualified institutional buyers" as defined in Rule 144A under the Securities Act;
- Application not duly signed by the sole applicant;
- Application by any person outside India if not in compliance with applicable foreign and Indian Laws;
- Application 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;
- Application by person not eligible to acquire equity shares of the company in terms of all applicable laws, rules, regulations, guidelines, and approvals.
- Application or revision thereof by QIB Applicants, Non Institutional Applicants where the Application Amount is in excess of Rs. 200000 received after 3.00 pm on the issue Closing date unless the extended time is permitted by BSE.
- Inadequate funds in the bank account to block the Application Amount specified in the Application Form/Application Form at the time of blocking such Application Amount in the bank account;
- Where no confirmation is received from SCSB for blocking of funds;
- Applications by Applicants not submitted through ASBA process;
- Applications not uploaded on the terminals of the Stock Exchanges; and

- Applications by SCSBs wherein a separate account in its own name held with any other SCSB is not mentioned as the ASBA Account in the Application Form.
- Details of ASBA Account not provided in the Application form

For details of instructions in relation to the Application Form, Applicants may refer to the relevant section of GID.

**APPLICANT 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 EXCHANGE BY THE BROKERS DO NOT MATCH WITH PAN, THE DP ID AND CLIENT ID AVAILABLE IN THE DEPOSITORY DATABASE, THE APPLICATION FORM IS LIABLE TO BE REJECTED.**

#### **SECTION 6: ISSUE PROCEDURE IN BOOK BUILT ISSUE**

This being the Fixed Price Issue this section is not applicable for this Issue.

#### **SECTION 7: ALLOTMENT PROCEDURE AND BASIS OF ALLOTMENT**

##### **7.1 Basis of Allotment**

Allotment will be made in consultation with BSE (SME Platform) (The Designated Stock Exchange). In the event of oversubscription, the allotment will be made on a proportionate basis in marketable lots as set forth here:

- a) The total number of Shares to be allocated to each category as a whole shall be arrived at on a proportionate basis i.e. the total number of Shares applied for in that category multiplied by the inverse of the over subscription ratio (number of applicants in the category x number of Shares applied for).
- b) The number of Shares to be allocated to the successful applicants will be arrived at on a proportionate basis in marketable lots (i.e. Total number of Shares applied for into the inverse of the over subscription ratio).
- c) For applications where the proportionate allotment works out to less than [ ] Equity Shares the allotment will be made as follows:
  - i. Each successful applicant shall be allotted [ ] Equity Shares;
  - ii. The successful applicants out of the total applicants for that category shall be determined by the drawal of lots in such a manner that the total number of Shares allotted in that category is equal to the number of Shares worked out as per (2) above.
- d) If the proportionate allotment to an applicant works out to a number that is not a multiple of [ ] Equity Shares, the applicant would be allotted Shares by rounding off to the lower nearest multiple of [ ] Equity Shares subject to a minimum allotment of [ ] Equity Shares.
- e) If the Shares allotted on a proportionate basis to any category is more than the Shares allotted to the applicants in that category, the balance available Shares for 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 of applicants applying for the minimum number of Shares. If as a result of the process of rounding off to the lower nearest multiple of [ ] Equity Shares, results in the actual allotment being higher than the shares offered, the final allotment may be higher at the sole discretion of the Board of Directors, upto 110% of the size of the offer specified under the Capital Structure mentioned in this Prospectus.
- f) The above proportionate allotment of shares in an Issue that is oversubscribed shall be subject to the reservation for Retail Individual applicants as described below:
  - i. As per Regulation 43(4) of the SEBI (ICDR) Regulations, as the Retail Individual Investor category is entitled to more than fifty percent on proportionate basis, the retail individual investors shall be allocated that higher percentage.
  - ii. 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;
  - iii. The unsubscribed portion in either of the categories specified in (a) or (b) above may be available for allocation to the 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 SME Platform of BSE.

The Executive Director / Managing Director of BSE - the Designated Stock Exchange in addition to Lead Manager and Registrar to the Public Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner in accordance with the SEBI (ICDR) Regulations, 2009.

As per the RBI regulations, OCBs are not permitted to participate in the Issue. There is no reservation for Non Residents, NRIs, FPIs and foreign venture capital funds and all Non Residents, NRI, FPI and Foreign Venture Capital Funds applicants will be treated on the same basis with other categories for the purpose of allocation.



## 7.2 DESIGNATED DATE AND ALLOTMENT OF EQUITY SHARES

- a) **Designated Date:** On the Designated Date, the SCSBs shall transfer the funds represented by allocation of Equity Shares into the Public Issue Account with the Bankers to the Issue.
- b) **Issuance of Allotment Advice:** Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall upload the same on its website. On the basis of the approved Basis of Allotment, the Issuer shall pass necessary corporate action to facilitate the Allotment and credit of Equity Shares. Applicants **are advised to instruct their Depository Participant to accept the Equity Shares that may be allotted to them pursuant to the Issue.**

Pursuant to confirmation of such corporate actions, the Registrar will dispatch Allotment Advice to the Applicants who have been Allotted Equity Shares in the Issue.

- c) The dispatch of Allotment Advice shall be deemed a valid, binding and irrevocable contract.
- d) Issuer will ensure that: (i) the Allotment of Equity Shares; and (ii) initiate corporate action for credit of shares to the successful Applicants Depository Account will be completed within 5 Working Days of the Issue Closing Date. The Issuer also ensures the credit of shares to the successful Applicant's depository account is completed within 5 Working Days of the Issue Closing 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 Issue Closing Date. The Registrar to the Issue may give instructions for credit to Equity Shares the beneficiary account with DPs, and dispatch the Allotment Advice within 6 Working Days of the Issue Closing Date.

### 8.2 GROUNDS FOR UNBLOCKING OF FUNDS

#### 8.2.1 Non Receipt of Listing Permission

An Issuer makes an application to the Stock Exchange(s) for permission to deal in/list and for an official quotation of the Equity Shares. All the Stock Exchanges from where such permission is sought are disclosed in Prospectus. The Designated Stock Exchange may be as disclosed in the Prospectus with which the Basis of Allotment may be 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 initiate action to unblock the application amount from the Investors accounts.

If such money is not repaid within the 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 Companies Act, and disclosed in the Prospectus.

#### 8.2.2 Minimum Subscription

This Issue is not restricted to any minimum subscription level. This Issue is 100% underwritten.

As per Section 39 of Companies Act, 2013 if the "stated minimum amount" has not been subscribed and the sum payable on application is not received within a period of 30 days from the date of the Prospectus, the application money has to be returned within such period as may be prescribed. If our company does not receive the 100% subscription of the offer through the Offer Document including devolvement of underwriters, if any, within sixty (60) days from the date of closure of the issue, our company shall forthwith unblocked the entire application amount received. If there is a delay beyond eighty 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 SEBI Regulations, the Companies Act, 2013.

The minimum number of allottees in this Issue shall be 50 shareholders. In case the minimum number of prospective allottees is less than 50 no allotment will be made pursuant to this Issue and the amounts in the ASBA Account shall be unblocked within 6 working days of closure of the issue.

Further in accordance with Regulation 106(Q) of the SEBI (ICDR) Regulations, our Company shall ensure that the minimum application size in terms of number of specified securities shall not be less than Rs.100000/- (Rupees One Lakh) per application.

The equity shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and applications may not be made by persons in any such jurisdiction, except in compliance without the applicable laws of such jurisdiction.

### 8.2.3 MINIMUM NUMBER OF ALLOTTEES

The Issuer may ensure that the number of prospective allottees to whom Equity Shares may be allotted may not be less than 50 failing which the entire application monies may be unblocked forthwith.

### 8.3 Mode of Unblocking of Funds

Within 6 Working Days of the Issue Closing Date, the Registrar to the Issue may give instructions to SCSBs for unblocking the amount in ASBA Account on unsuccessful Application and also for any excess amount blocked on Application.

#### 8.3.1 Mode of making refunds for Applicants

The Registrar to the Issue may instruct the controlling branch of the SCSB to unblock the funds in the relevant ASBA Account for any withdrawn, rejected or unsuccessful ASBA applications or in the event of withdrawal or failure of the Issue.

### 8.4 Interest In Case Of Delay in Allotment

The Issuer may pay interest at the rate of 15% per annum if demat credits are not made to Applicants or instructions for unblocking of funds in the ASBA Account are not dispatched within the 6 Working days of the Issue Closing Date.

The Issuer may pay interest at 15% per annum for any delay beyond 6 working days from the Issue Closing Date, if Allotment is not made.

## SECTION 9: GLOSSARY AND ABBREVIATIONS

*Unless the context otherwise indicates or implies, certain definitions and abbreviations used in this document may have the meaning as provided below. References to any legislation, act or regulation may be to such legislation, act or regulation as amended from time to time.*

<b>Term</b>	<b>Description</b>
Allotment/ Allot/ Allotted	The allotment of Equity Shares pursuant to the Issue to successful Applicants
Allottee	An Applicant to whom the Equity Shares are Allotted
Allotment Advice	Note or advice or intimation of Allotment sent to the Applicants who have been allotted Equity Shares after the Basis of Allotment has been approved by the designated Stock Exchanges
Application	An indication to make an offer during the Issue Period by a prospective pursuant to submission of Application Form or during the Anchor Investor Issue Period by the Anchor Investors, to subscribe for or purchase the Equity Shares of the Issuer at a price including all revisions and modifications thereto.
Application Form	The form in terms of which the Applicant should make an application for Allotment in case of issues other than Book Built Issues, includes Fixed Price Issue
Application Supported by Blocked Amount/ (ASBA)/ASBA	An application, whether physical or electronic, used by Applicants to make a Application authorizing an SCSB to block the Bid Amount in the specified bank account maintained with such SCSB
ASBA Account	Account maintained with an SCSB which may be blocked by such SCSB to the extent of the Application Amount of the ASBA Applicant
ASBA Application	An Application made by an ASBA Applicant
Applicant	Prospective Applicants in the Issue who apply through ASBA
Basis of Allotment	The basis on which the Equity Shares may be Allotted to successful Applicants under the Issue
Bid	An indication to make an offer during the Issue Period by a prospective Applicant pursuant to submission of Application Form or during the Anchor Investor Issue Period by the Anchor Investors, to subscribe for or purchase the Equity Shares of the Issuer at a price within the Price Band, including all revisions and modifications thereto.

<b>Term</b>	<b>Description</b>
Issue Closing Date	The date after which the SCSBs may not accept any application for the Issue, which may be notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Issuer is situated, each with wide circulation. Applicants may refer to the Prospectus for the Issue Closing Date
Issue Opening Date	The date on which the SCSBs may start accepting application for the Issue, which may be the date notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Issuer is situated, each with wide circulation. Applicants may refer to the Prospectus for the Issue Opening Date
Issue Period	Except in the case of Anchor Investors (if applicable), the period between the Issue Opening Date and the Issue Closing Date inclusive of both days and during which prospective Applicants (other than Anchor Investors) can submit their Application, inclusive of any revisions thereof. The Issuer may consider closing the Issue Period for QIBs one working day prior to the Issue Closing Date in accordance with the SEBI ICDR Regulations, 2009. Applicants may refer to the Prospectus for the Issue Period
Application Amount	The value indicated in the Application Form and payable by the Applicant upon submission of the Application (except for Anchor Investors), less discounts (if Applicable).
Application Form	The form in terms of which the Applicant should make an offer to subscribe for or purchase the Equity Shares and which may be considered as the application for Allotment for the purposes of the Draft Prospectus, whether applying through the ASBA or otherwise.
Applicant	Any prospective investor (including an ASBA Applicant) who makes an Application pursuant to the terms of the Prospectus and the Application Form. In case of issues undertaken through the fixed price process, all references to a Applicant should be construed to mean an Applicant
Basis of Allotment	The basis on which the Equity Shares may be Allotted to successful Applicants under the Issue
Bid	An indication to make an offer during the Issue Period by a prospective Applicant pursuant to submission of Application Form or during the Anchor Investor Issue Period by the Anchor Investors, to subscribe for or purchase the Equity Shares of the Issuer at a price within the Price Band, including all revisions and modifications thereto.
Issue Closing Date	The date after which the SCSBs may not accept any application for the Issue, which may be notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Issuer is situated, each with wide circulation. Applicants may refer to the Prospectus for the Issue Closing Date
Issue Opening Date	The date on which the SCSBs may start accepting application for the Issue, which may be the date notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Issuer is situated, each with wide circulation. Applicants may refer to the Prospectus for the Issue Opening Date
Issue Period	Except in the case of Anchor Investors (if applicable), the period between the Issue Opening Date and the Issue Closing Date inclusive of both days and during which prospective Applicants (other than Anchor Investors) can submit their Application, inclusive of any revisions thereof. The Issuer may consider closing the Issue Period for QIBs one working day prior to the Issue Closing Date in accordance with the SEBI ICDR Regulations, 2009. Applicants may refer to the Prospectus for the Issue Period
Application Amount	The value indicated in the Application Form and payable by the Applicant upon submission of the Application (except for Anchor Investors), less discounts (if applicable).
Application Form	The form in terms of which the Applicant should make an offer to subscribe for or purchase the Equity Shares and which may be considered as the application for Allotment for the purposes of the Draft Prospectus, whether applying through the ASBA or otherwise.
Book Built Process/ Book Building Process/ Book Building Method	The book building process as provided under SEBI ICDR Regulations, 2009,
Broker Centers	Broker centers notified by the Stock Exchanges, where Applicants can submit the Application Form to a Registered Broker. The details of such broker centers, along with the names and contact details of the Registered Brokers are available on the websites of the Stock Exchanges.

<b>Term</b>	<b>Description</b>
Lead Manager/ LM	The Lead Manager to the Issue as disclosed in the Prospectus and the Application Form of the Issuer.
Business Day	Monday to Friday (except public holidays)
CAN/Confirmation of Allotment Note	The note or advice or intimation sent to each successful Applicant indicating the Equity Shares which may be Allotted, after approval of Basis of Allotment by the Designated Stock Exchange
Client ID	Client Identification Number maintained with one of the Depositories in relation to demat account
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
DP	Depository Participant
DP ID	Depository Participant's Identification Number
Depositories	National Securities Depository Limited and Central Depository Services (India) Limited
Demographic Details	Details of the Applicants including the Applicant's address, name of the Applicant's father/husband, investor status, occupation and bank account details
Designated Branches	Such branches of the SCSBs which may collect the Application Forms used by the ASBA Applicants applying through the ASBA and a list of which is available on <a href="http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries">http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries</a> .
Designated CDP Locations	Such locations of the CDPs where Applicant can submit the Application Forms to Collecting Depository Participants.  The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept Application Forms are available on the websites of the Stock Exchange i.e. <a href="http://www.bseindia.com">www.bseindia.com</a>
Designated RTA Locations	Such locations of the RTAs where Applicant can submit the Application Forms to RTAs.  The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept Application Forms are available on the websites of the Stock Exchange i.e. <a href="http://www.bseindia.com">www.bseindia.com</a>
Designated Date	The date on or after which funds are transferred by the SCSBs to the Public Issue Account of the Issuer.
Designated Stock Exchange	The designated stock exchange as disclosed in the Draft Prospectus of the Issuer
Designated Intermediaries /Collecting Agent	Syndicate Members, Sub-Syndicate/Agents, SCSBs, Registered Brokers, Brokers, the CDPs and RTAs, who are authorized to collect Application Forms from the Applicants, in relation to the Issue
Discount	Discount to the Issue Price that may be provided to Applicants in accordance with the SEBI ICDR Regulations, 2009.
Draft Prospectus	This Draft Prospectus filed with SEBI in case of Fixed Price Issues and which may mention a price
Employees	Employees of an Issuer as defined under SEBI ICDR Regulations, 2009 and including, in case of a new company, persons in the permanent and full time employment of the promoting companies excluding the promoters and immediate relatives of the promoter. For further details Applicant may refer to the Prospectus
Equity Shares	Equity shares of the Issuer
FCNR Account	Foreign Currency Non-Resident Account
First Applicant	The Applicant whose name appears first in the Application Form or Revision Form
FII(s)	Foreign Institutional Investors as defined under the SEBI (Foreign Institutional Investors) Regulations, 1995 and registered with SEBI under applicable laws in India
Fixed Price Issue/Fixed Price Process/Fixed Price Method	The Fixed Price process as provided under SEBI ICDR Regulations, 2009, in terms of which the Issue is being made
FPIs	Foreign Portfolio Investors as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
FPO	Further public offering
Foreign Venture Capital Investors or FVCIs	Foreign Venture Capital Investors as defined and registered with SEBI under the SEBI (Foreign Venture Capital Investors) Regulations, 2000
IPO	Initial public offering
Issue	Public Issue of Equity Shares of the Issuer including the Offer for Sale if applicable

<b>Term</b>	<b>Description</b>
Issuer/ Company	The Issuer proposing the initial public offering/further public offering as applicable
Issue Price	The final price, less discount (if applicable) at which the Equity Shares may be Allotted in terms of the Prospectus. The Issue Price may be decided by the Issuer in consultation with the Book Running Lead Manager(s)
Maximum RII Allottees	The maximum number of RIIs who can be allotted the minimum Application Lot. This is computed by dividing the total number of Equity Shares available for Allotment to RIIs by the minimum Application Lot.
MICR	Magnetic Ink Character Recognition - nine-digit code as appearing on a cheque leaf
Mutual Fund	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996
NECS	National Electronic Clearing Service
NEFT	National Electronic Fund Transfer
NRE Account	Non-Resident External Account
NRI	NRIs from such jurisdictions outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom the Prospectus constitutes an invitation to subscribe to or purchase the Equity Shares
NRO Account	Non-Resident Ordinary Account
Net Issue	The Issue less reservation portion
Non-Institutional Investors or NIIs	All Applicants, including sub accounts of FIIs registered with SEBI which are foreign corporate or foreign individuals and FPIs which are Category III foreign portfolio investors, that are not QIBs or RIBs and who have Applied for Equity Shares for an amount of more than Rs. 200,000 (but not including NRIs other than Eligible NRIs)
Non-Institutional Category	The portion of the Issue being such number of Equity Shares available for allocation to NIIs on a proportionate basis and as disclosed in the Prospectus and the Application Form
Non-Resident	A person resident outside India, as defined under FEMA and includes Eligible NRIs, FIIs, FPIs and FVCI
OCB/Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA
Offer for Sale	Public offer of such number of Equity Shares as disclosed in the Prospectus through an offer for sale by the Selling Shareholder
Other Investors	Investors other than Retail Individual Investors in a Fixed Price Issue. These include individual applicants other than retail individual investors and other investors including corporate bodies or institutions irrespective of the number of specified securities applied for.
PAN	Permanent Account Number allotted under the Income Tax Act, 1961
Pricing Date	The date on which the Issuer in consultation with the Book Running Lead Manager(s), finalize the Issue Price
Prospectus	The prospectus to be filed with the RoC in accordance with Section 32 of the Companies Act, 2013 read with section 26 of Companies Act 2013 after the Pricing Date, containing the Issue Price, the size of the Issue and certain other information
Public Issue Account	An account opened with the Banker to the Issue to receive monies from the Escrow Account and from the ASBA Accounts on the Designated Date
QIB Category	The portion of the Issue being such number of Equity Shares to be Allotted to QIBs on a proportionate basis
Qualified Institutional Buyers or QIBs	As defined under SEBI ICDR Regulations, 2009
RTA	Registrar to the Issue and Share Transfer Agent
Registered Broker	Stock Brokers registered with the Stock Exchanges having nationwide terminals, other than the members of the Syndicate
Registrar to the Issue/RTI	The Registrar to the Issue as disclosed in the Prospectus and Application Form
Reserved Category/ Categories	Categories of persons eligible for making application/bidding under reservation portion
Reservation Portion	The portion of the Issue reserved for category of eligible Applicants as provided under the SEBI ICDR Regulations, 2009
Retail Individual Investors / RIIs	Investors who applies or bids for a value of not more than Rs. 200,000.

<b>Term</b>	<b>Description</b>
Retail Individual Shareholders	Shareholders of a listed Issuer who applies or bids for a value of not more than Rs. 200,000.
Retail Category	The portion of the Issue being such number of Equity Shares available for allocation to RIIs which shall not be less than the minimum bid lot, subject to availability in RII category and the remaining shares to be allotted on proportionate basis.
Revision Form	The form used by the Applicant in an issue through Book Building process to modify the quantity of Equity Shares and/or bid price indicates therein in any of their Application Forms or any previous Revision Form(s)
RoC	The Registrar of Companies
SEBI	The Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992
SEBI ICDR Regulations, 2009	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
Self Certified Syndicate Bank(s) or SCSB(s)	A bank registered with SEBI, which offers the facility of ASBA and a list of which is available on <a href="http://www.sebi.gov.in/cms/sebi_data/attachdocs/1316087201341.html">http://www.sebi.gov.in/cms/sebi_data/attachdocs/1316087201341.html</a>
Specified Locations	Refer to definition of Broker Centers
Stock Exchanges/ SE	The stock exchanges as disclosed in the Prospectus of the Issuer where the Equity Shares Allotted pursuant to the Issue are proposed to be listed
Syndicate	The Book Running Lead Manager(s) and the Syndicate Member
Syndicate Agreement	The agreement to be entered into among the Issuer, and the Syndicate in relation to collection of the Bids in this Issue (excluding Application from ASBA Applicants)
Syndicate Member(s)/SM	The Syndicate Member(s) as disclosed in the Prospectus
Underwriters	The Lead Manager(s)
Underwriting Agreement	The agreement dated entered into between the Underwriters and our company.
Working Day	Working days shall be all trading days of stock exchanges excluding Sundays and bank holidays

## RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and 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 FIPB and the RBI.

The Government has from time to time made policy pronouncements on FDI through press notes and press releases. The Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India ("*DIPP*"), issued the Consolidated FDI Policy, which with effect from May 12, 2015, consolidates and supersedes all previous press notes, press releases and clarifications on FDI issued by the DIPP that were in force and effect as on May 12, 2015. The Government proposes to update the consolidated circular on FDI Policy once every year and therefore, the Consolidated FDI Policy will be valid until the DIPP issues an updated circular.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the FIPB or the RBI, provided that (i) the activities of the investee company are under the automatic route under the Consolidated FDI Policy and transfer does not attract the provisions of the SEBI Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the Consolidated FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/ RBI.

As per the existing policy of the GoI, OCBs cannot participate in the Issue.

**The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States, and, unless so registered, may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws.**

**Accordingly, the Equity Shares are being offered and sold (a) in the United States only to persons reasonably believed to be "qualified institutional buyers" (as defined in Rule 144A under the Securities Act and referred to in this Draft Prospectus as "U.S. QIBs" pursuant to the private placement exemption set out in Section 4(a)(2) of the Securities Act; for the avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investor defined under applicable Indian regulations and referred to in this Draft Prospectus as "QIBs"), in transactions exempt from the registration requirements of the Securities Act and (b) outside the United States in offshore transactions in reliance on Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.**

**The above information is given for the benefit of the Bidders. Our Company and the Lead Manager are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.**

## SECTION IX: MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

*Capitalised terms used in this section have the meaning given to such terms in the Articles of Association of the Company. Pursuant to Schedule I of the Companies Act, 2013 and the SEBI (ICDR) Regulations, the main provisions of the Articles of Association of the Company are detailed below:*

4. The Authorized Share Capital of the Company shall be as prescribed in Clause V of the Memorandum of Association of the Company.
5. Subject to the provisions of the Act and these Articles, the shares in the capital of the Company for the time being (including any shares forming part of any increased capital of the Company) shall be under the control of the Board who may allot 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 or at a discount (subject to compliance with the provisions of the Act) and at such terms as they may, from time to time, think fit and proper and with the sanction of the Company in General Meeting by a Special Resolution give to any person the option to call for or be allotted shares of any class of the Company, either at par, at a premium or subject as aforesaid at a discount, such option being exercisable at such times and for such consideration as the Board thinks fit unless the Company in General Meeting, by a Special Resolution, otherwise decides. Any offer of further shares shall be deemed to include a right, exercisable by the person to whom the shares are offered, to renounce the shares offered to him in favour of any other person.  
Subject to the provisions of the Act, any redeemable Preference Share, including Cumulative Convertible Preference Share may, with the sanction of an ordinary resolution be issued on the terms that they are, or at the option of the Company are liable to be redeemed or converted on such terms and in such manner as the Company, before the issue of the shares may, by special resolution, determine.
6. The Company in General Meeting, by a Special Resolution, may determine that any share (whether forming part of the original capital or of any increased capital of the Company) shall be offered to such persons (whether members or holders of debentures of the Company or not), giving them the option to call or be allotted shares of any class of the Company either at a premium or at par or at a discount, (subject to compliance with the provisions of Section 53) such option being exercisable at such times and for such consideration as may be directed by a Special Resolution at a General Meeting of the Company or in General Meeting and may take any other provisions whatsoever for the issue, allotment or disposal of any shares.
7. The Board may at any time increase the subscribed capital of the Company by issue of new shares out of the unissued part of the Share Capital in the original or subsequently created capital, but subject to Section 62 of the Act, and subject to the following conditions namely:
  - I.
    - (a) Such further shares shall be offered to the persons who, at the date of the offer, are holder of the equity shares of the Company in proportion, as nearly as circumstances admit, to the capital paid up on those shares at that date.
    - (b) The offer aforesaid shall be made by notice specifying the number of shares offered and limiting a time not being less than twenty-one days, from the date of the offer within which the offer, if not accepted, will be deemed to have been declined.
    - (c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person and the notice referred to in clause (b) shall contain a statement of this right.
    - d) After the expiry of the time specified in the notice aforesaid, or in respect of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board may dispose of them in such manner as it thinks most beneficial to the Company.
  - II. The Directors may, with the sanction of the Company in General Meeting by means of a special resolution, offer and allot shares to any person at their discretion by following the provisions of section 62 of the Act and other applicable provisions, if any.
  - III. Nothing in this Article shall apply to the increase in the subscribed capital of the Company which has been approved by:
    - (a) A Special Resolution passed by the Company in General Meeting before the issue of the debentures or the raising of the loans, and



(b) The Central Government before the issue of the debentures or raising of the loans or is in conformity with the rules, if any, made by that Government in this behalf.

8. (1) The rights attached to each class of shares (unless otherwise provided by the terms of the issue of the shares of the class) may, subject to the provisions of Section 48 of the Act, be varied 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 General Meeting of the holders of the shares of that class.
- (2) To every such separate General Meeting, the provisions of these Articles relating to General Meeting shall Mutatis Mutandis apply, but so that the necessary quorum shall be two persons at least holding or representing by proxy one-tenth of the issued shares of that class.

**Issue of further shares with disproportionate rights**

9. Subject to the provisions of the Act, the rights conferred upon the holders of the shares of any class issued with preferred or other rights or not, unless otherwise expressly provided for by the terms of the issue of shares of that class, be deemed to be varied by the creation of further shares ranking pari passu therewith.

**Not to issue shares with disproportionate rights**

10. The Company shall not issue any shares (not being Preference Shares) which carry voting rights or rights in the Company as to dividend, capital or otherwise which are disproportionate to the rights attached to the holders of other shares not being Preference Shares.

**Power to pay commission**

11. The Company may, at any time, pay a commission to any person for subscribing or agreeing to subscribe (whether absolutely or conditionally) for any share, debenture or debenture stock of the Company or procuring or agreeing to procure subscriptions (whether absolute or conditional) for shares, such commission in respect of shares shall be paid or payable out of the capital, the statutory conditions and requirements shall be observed and complied with and the amount or rate of commission shall not exceed five percent of the price at which the shares are issued and in the case of debentures, the rate of commission shall not exceed, two and half percent of the price at which the debentures are issued. The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other. The Company may also, on any issue of shares, pay such brokerage as may be lawful.

**Liability of joint holders of shares**

12. The joint holders of a share or shares shall be severally as well as jointly liable for the payment of all installments and calls due in respect of such share or shares.

**Trust not recognised**

13. Save as otherwise provided by these Articles, the Company shall be entitled to treat the registered holder of any share as the absolute owner thereof and accordingly, the Company shall not, except as ordered by a Court of competent jurisdiction or as by a statute required, be bound to recognise any equitable, contingent, future or partial interest lien, pledge or charge in any share or (except only by these presents otherwise provided for) any other right in respect of any share except an absolute right to the entirety thereof in the registered holder.

**Issue other than for cash**

14. a. The Board may issue and allot shares in the capital of the Company as payment or part payment for any property sold or goods transferred or machinery or appliances supplied or for services rendered or to be rendered to the Company in or about the formation or promotion of the Company or the acquisition and or conduct of its business and shares may be so allotted as fully paid-up shares, and if so issued, shall be deemed to be fully paid-up shares.
- b. As regards all allotments, from time to time made, the Board shall duly comply with Section 39 of the Act.

**Acceptance of shares**

15. An application signed by or on behalf of the applicant for shares in the Company, followed by an allotment of any share therein, shall be acceptance of the shares within the meaning of these Articles; and every person who thus or otherwise accepts any share and whose name is on the Register shall, for the purpose of these Articles, be a shareholder.

**Member' right to share Certificates**

16. 1. Every person whose name is entered as a member in the Register shall be entitled to receive without payment:

- a. One certificate for all his shares; or
  - b. Share certificate shall be issued in marketable lots, where the share certificates are issued either for more or less than the marketable lots, sub-division/consolidation into marketable lots shall be done free of charge.
2. The Company shall, within two months after the allotment and within fifteen days after application for registration of the transfer of any share or debenture, complete and have it ready for delivery; the share certificates for all the shares and debentures so allotted or transferred unless the conditions of issue of the said shares otherwise provide.
  3. Every certificate shall be under the seal and shall specify the shares to which it relates and the amount paid-up thereon.
  4. The certificate of title to shares and duplicates thereof when necessary shall be issued under the seal of the Company and signed by two Directors and the Secretary or authorised official(s) of the Company.

**One Certificate for joint holders**

17. In respect of any share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate for the same share or shares and the delivery of a certificate for the share or shares to one of several joint holders shall be sufficient delivery to all such holders. Subject as aforesaid, where more than one share is so held, the joint holders shall be entitled to apply jointly for the issue of several certificates in accordance with Article 20 below.

**Renewal of Certificate**

18. If a certificate be worn out, defaced, destroyed, or lost or if there is no further space on the back thereof for endorsement of transfer, it shall, if requested, be replaced by a new certificate without any fee, provided however that such new certificate shall not be given except upon delivery of the worn out or defaced or used up certificate, for the purpose of cancellation, or upon proof of destruction or loss, on such terms as to evidence, advertisement and indemnity and the payment of out of pocket expenses as the Board may require in the case of the certificate having been destroyed or lost. Any renewed certificate shall be marked as such in accordance with the provisions of the act in force.
19. For every certificate issued under the last preceding Article, no fee shall be charged by the Company.

**Splitting and consolidation of Share Certificate**

20. The shares of the Company will be split up/consolidated in the following circumstances:
  - (i) At the request of the member/s for split up of shares in marketable lot.
  - (ii) At the request of the member/s for consolidation of fraction shares into marketable lot.

**Directors may issue new Certificate(s)**

21. Where any share under the powers in that behalf herein contained are sold by the Directors and the certificate thereof has not been delivered up to the Company by the former holder of the said shares, the Directors may issue a new certificate for such shares distinguishing it in such manner as they think fit from the certificate not so delivered up.

**Person by whom installments are payable**

22. If, by the conditions of allotment of any share, the whole or part of the amount or issue price thereof shall be payable by instalments, every such instalment, 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 or representatives, if any.

**LIEN**

**Company's lien on shares**

23. The Company shall have first and paramount lien upon all shares other than fully paid-up shares registered in the name of any member, either or jointly with any other person, and upon the proceeds or sale thereof for all moneys called or payable at a fixed time in respect of such shares and such lien shall extend to all dividends from time to time declared in respect of such shares. But the Directors, at any time, may declare any share to be exempt, wholly or partially from the provisions of this Article. Unless otherwise agreed, the registration of transfer of shares shall operate as a waiver of the Company's lien, if any, on such shares.

**As to enforcing lien by sale**

24. For the purpose of enforcing such lien, the Board of Directors may sell the shares subject thereto in such manner as it thinks fit, but no sale shall be made until the expiration of 14 days after a notice in writing stating and demanding payment of such amount in respect of which the lien exists has been given to the registered holders of the shares for the time being or to the person entitled to the shares by reason of the death of insolvency of the register holder.

**Authority to transfer**

25. a. To give effect to such sale, the Board of Directors may authorise any person to transfer the shares sold to the purchaser thereof and the purchaser shall be registered as the holder of the shares comprised in any such transfer.
- b. The purchaser shall not be bound to see the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale.

**Application of proceeds of sale**

26. The net proceeds of any such sale shall be applied in or towards satisfaction of the said moneys due from the member and the balance, if any, shall be paid to him or the person, if any, entitled by transmission to the shares on the date of sale.

**CALLS ON SHARES**

**Calls**

27. Subject to the provisions of Section 49 of the Act, the Board of Directors may, from time to time, make such calls as it thinks fit upon the members in respect of all moneys unpaid on the shares held by them respectively and not by the conditions of allotment thereof made payable at fixed times, and the member shall pay the amount of every call so made on him to the person and at the time and place appointed by the Board of Directors.

**When call deemed to have been made**

28. A call shall be deemed to have been made at the time when the resolution of the Directors authorising such call was passed. The Board of Directors making a call may by resolution determine that the call shall be deemed to be made on a date subsequent to the date of the resolution, and in the absence of such a provision, a call shall be deemed to have been made on the same date as that of the resolution of the Board of Directors making such calls.

**Length of Notice of call**

29. Not less than thirty day's notice of any call shall be given specifying the time and place of payment provided that before the time for payment of such call, the Directors may, by notice in writing to the members, extend the time for payment thereof.

**Sum payable in fixed instalments to be deemed calls**

30. If by the terms of issue of any share or otherwise, any amount is made payable at any fixed times, or by instalments at fixed time, whether on account of the share or by way of premium, every such amount or instalment shall be payable as if it were a call duly made by the Directors, on which due notice had been given, and all the provisions herein contained in respect of calls shall relate and apply to such amount or instalment accordingly.

**When interest on call or instalment payable**

31. If the sum payable in respect of any call or, instalment be not paid on or before the day appointed for payment thereof, the holder for the time being of the share in respect of which the call shall have been made or the instalment shall fall due, shall pay interest for the same at the rate of 12 percent per annum, from the day appointed for the payment thereof to the time of the actual payment or at such lower rate as the Directors may determine. The Board of Directors shall also be at liberty to waive payment of that interest wholly or in part.

**Sums payable at fixed times to be treated as calls**

32. The provisions of these Articles as to payment of interest shall apply in the case of non-payment of any such sum which by the terms of issue of a share, become payable at a fixed time, whether on account of the amount of the share or by way of premium, as if the same had become payable by virtue of a call duly made and notified.

**Payment of call in advance**

33. The Board of Directors, may, if it thinks fit, receive from any member willing to advance all of or any part of the moneys uncalled and unpaid upon any shares held by him and upon all or any

part of the moneys so advance may (until the same would, but for such advance become presently payable) pay interest at such rate as the Board of Directors may decide but shall not in respect of such advances confer a right to the dividend or participate in profits.

**Partial payment not to preclude forfeiture**

34. Neither a judgement nor a decree in favour of the Company for calls or other moneys due in respect of any share 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 in respect of any share, either by way of principal or interest nor any indulgency granted by the Company in respect of the payment of any such money shall preclude the Company from thereafter proceeding to enforce a forfeiture of such shares as herein after provided.

**FORFEITURE OF SHARES**

**If call or instalment not paid, notice may be given**

35. If a member fails to pay any call or instalment of a call on the day appointed for the payment not paid thereof, the Board of Directors may during such time as any part of such call or instalment remains unpaid serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest, which may have accrued. The Board may accept in the name and for the benefit of the Company and upon such terms and conditions as may be agreed upon, the surrender of any share liable to forfeiture and so far as the law permits of any other share.

**Evidence action by Company against shareholders**

36. On the trial or hearing of any action or suit brought by the Company against any shareholder or his representative to recover any debt or money claimed to be due to the Company in respect of his share, it shall be sufficient to prove that the name of the defendant is or was, when the claim arose, on the Register of shareholders of the Company as a holder, or one of the holders of the number of shares in respect of which such claim is made, and that the amount claimed is not entered as paid in the books of the Company and it shall not be necessary to prove the appointment of the Directors who made any call nor that a quorum of Directors was present at the Board at which any call was made nor that the meeting at which any call was made was duly convened or constituted nor any other matter whatsoever; but the proof of the matters aforesaid shall be conclusive evidence of the debt.

**Form of Notice**

37. The notice shall name a further day (not earlier than the expiration of fourteen days from the date of service of the notice), on or before which the payment required by the notice is to be made, and shall state that, in the event of non-payment on or before the day appointed, the shares in respect of which the call was made will be liable to be forfeited.

**If notice not complied with, shares may be forfeited**

38. If the requirements of any such notice as, aforementioned are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture.

**Notice after forfeiture**

39. When any share shall have been so forfeited, notice of the resolution shall be given to the member in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture shall not be in any manner invalidated by any omission or neglect to give such notice or to make such entry as aforesaid.

**Boards' right to dispose of forfeited shares or cancellation of forfeiture**

40. A forfeited or surrendered share may be sold or otherwise disposed off on such terms and in such manner as the Board may think fit, and at any time before such a sale or disposal, the forfeiture may be cancelled on such terms as the Board may think fit.

**Liability after forfeiture**

41. A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding such forfeiture, remain liable to pay and shall forthwith pay the Company all moneys, which at the date of forfeiture is payable by him to the Company in respect of the share, whether such claim be barred by limitation on the date of the forfeiture or not, but his liability shall cease if and when the Company received payment in full of all such moneys due in respect of the shares.

**Effect of forfeiture**

42. The forfeiture of a share shall involve in the extinction of all interest in and also of all claims and demands against the Company in respect of the shares and all other rights incidental to the share, except only such of these rights as by these Articles are expressly saved.

**Evidence of forfeiture**

43. A duly verified declaration in writing that the declarant is a Director of the Company and that a share in the Company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share, and that declaration and the receipt of the Company for the consideration, if any, given for the shares on the sale or disposal thereof, shall constitute a good title to the share and the person to whom the share is sold or disposed of shall be registered as the holder of the share and shall not be bound to see to the application of the purchase money (if any ) nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.

**Non-payment of sums payable at fixed times**

44. The provisions of these regulations as to forfeiture shall apply in the case of non-payment of any sum which by terms of issue of a share, becomes payable at a fixed time, whether, on account of the amount of the share or by way of premium or otherwise as if the same had been payable by virtue of a call duly made and notified.

**Validity of such sales**

45. Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers herein before given, the Directors may cause the purchaser's name to be entered in the register in respect of the shares sold and may issue fresh certificate in the name of such a purchaser. The purchaser shall not be bound to see to the regularity of the proceedings, nor to the application of the purchase money and after his name has been entered in the register in respect of such shares, the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

**TRANSFER AND TRANSMISSION OF SHARES**

**Transfer**

46. a. The instrument of transfer of any share in the Company shall be executed both by the transferor and the transferee and the transferor shall be deemed to remain holder of the shares until the name of the transferee is entered in the register of members in respect thereof.
- b. The Board shall not register any transfer of shares unless a proper instrument of transfer duly stamped and executed by the transferor and the transferee has been delivered to the Company along with the certificate and such other evidence as the Company may require to prove the title of the transferor or his right to transfer the shares.

Provided that where it is proved to the satisfaction of the Board that an instrument of transfer signed by the transferor and the transferee has been lost, the Company may, if the Board thinks fit, on an application on such terms in writing made by the transferee and bearing the stamp required for an instrument of transfer, register the transfer on such terms as to indemnity as the Board may think fit.

- c. An application for the registration of the transfer of any share or shares may be made either by the transferor or the transferee, provided that where such application is made by the transferor, no registration shall, in the case of partly paid shares, be effected unless the Company gives notice of the application to the transferee. The Company shall, unless objection is made by the transferee within two weeks from the date of receipt of the notice, enter in the register the name of the transferee in the same manner and subject to the same conditions as if the application for registration was made by the transferee.
- d. For the purpose of Sub-clause (c), notice to the transferee shall be deemed to have been duly given if despatched by prepaid registered post to the transferee at the address given in the instrument of transfer and shall be delivered in the ordinary course of post.
- e. Nothing in Sub-clause (d) shall prejudice any power of the Board to register as a shareholder any person to whom the right to any share has been transmitted by operation of law.

**Form of transfer**

47. Shares in the Company shall be transferred by an instrument in writing in such common form as specified in Section 56 of the Companies Act.

**Board's right to refuse to register**

48. a. The Board, may, at its absolute discretion and without assigning any reason, decline to register
1. The transfer of any share, whether fully paid or not, to a person of whom it do not approve or
  2. Any transfer or transmission of shares on which the Company has a lien
    - a. Provided that registration of any transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except a lien on the shares.
    - b. If the Board refuses to register any transfer or transmission of right, it shall, within fifteen days from the date of which the instrument or transfer of the intimation of such transmission was delivered to the Company, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission as the case may be.
    - c. In case of such refusal by the Board, the decision of the Board shall be subject to the right of appeal conferred by Section 58.
    - d. The provisions of this clause shall apply to transfers of stock also.

**Further right of Board of Directors to refuse to register**

49. a. The Board may, at its discretion, decline to recognise or accept instrument of transfer of shares unless the instrument of transfer is in respect of only one class of shares.
- b. No fee shall be charged by the Company for registration of transfers or for effecting transmission on shares on the death of any member or for registering any letters of probate, letters of administration and similar other documents.
- c. Notwithstanding anything contained in Sub-articles (b) and (c) of Article 46, the Board may not accept applications for sub-division or consolidation of shares into denominations of less than hundred (100) except when such a sub-division or consolidation is required to be made to comply with a statutory order or an order of a competent Court of Law or a request from a member to convert his holding of odd lots, subject however, to verification by the Company.
- d. The Directors may not accept applications for transfer of less than 100 equity shares of the Company, provided however, that these restrictions shall not apply to:
- i. Transfer of equity shares made in pursuance of a statutory order or an order of competent court of law.
  - ii. Transfer of the entire equity shares by an existing equity shareholder of the Company holding less than hundred (100) equity shares by a single transfer to joint names.
  - iii. Transfer of more than hundred (100) equity shares in favour of the same transferee under one or more transfer deeds, one or more of them relating to transfer of less than hundred (100) equity shares.
  - iv. Transfer of equity shares held by a member which are less than hundred (100) but which have been allotted to him by the Company as a result of Bonus and/or Rights shares or any shares resulting from Conversion of Debentures.
  - v. The Board of Directors be authorised not to accept applications for sub-division or consolidation of shares into denominations of less than hundred (100) except when such sub-division or consolidation is required to be made to comply with a statutory order of a Court of Law or a request from a member to convert his holding of odd lots of shares into transferable/marketable lots, subject, however, to verification by the Company.

Provided that where a member is holding shares in lots higher than the transferable limit of trading and transfers in lots of transferable unit, the residual shares shall be

permitted to stand in the name of such transferor notwithstanding that the residual holding shall be below hundred (100).

**Rights to shares on death of a member for transmission**

50. a. In the event of death of any one or more of several joint holders, the survivor, or survivors, alone shall be entitled to be recognised as having title to the shares.
- b. In the event of death of any sole holder or of the death of last surviving holder, the executors or administrators of such holder or other person legally entitled to the shares shall be entitled to be recognised by the Company as having title to the shares of the deceased.

Provided that on production of such evidence as to title and on such indemnity or other terms as the Board may deem sufficient, any person may be recognised as having title to the shares as heir or legal representative of the deceased shareholder.

Provided further that if the deceased shareholder was a member of a Hindu Joint Family, the Board, on being satisfied to that effect and on being satisfied that the shares standing in his name in fact belonged to the joint family, may recognise the survivors of Karta thereof as having titles to the shares registered in the name of such member.

Provided further that in any case, it shall be lawful for the Board in its absolute discretion, to dispense with the production of probate or letters of administration or other legal representation upon such evidence and such terms as to indemnity or otherwise as the Board may deem just.

**Rights and liabilities of person**

51. 1. Any person becoming entitled to a share in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time be required by the Board and subject as herein, after provided elect either
- a. to be registered himself as a holder of the share or
- b. to make such transfer of the share as the deceased or insolvent member could have made.
2. The Board, shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had transferred the share before his death or insolvency.

**Notice by such a person of his election**

52. a. If the person so becoming entitled shall elect to be registered as holder of the shares himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.
- b. If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share.
- c. All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice of transfer had been signed by that member.

**No transfer to infant, etc.**

53. No transfer shall be made to an infant or a person of unsound mind.

**Endorsement of transfer and issue of certificate**

54. Every endorsement upon the certificate of any share in favour of any transferee shall be signed by the Secretary or by some person for the time being duly authorised by the Board in that behalf.

**Custody of transfer**

55. The instrument of transfer shall, after registration, remain in the custody of the Company. The Board may cause to be destroyed all transfer deeds lying with the Company for a period of ten years or more.

**Register of members**

56. a. The Company shall keep a book to be called the Register of Members, and therein shall be entered the particulars of every transfer or transmission of any share and all other particulars of shares required by the Act to be entered in such Register.

**Closure of Register of members**

- b. The Board may, after giving not less than seven days previous notice by advertisement in some newspapers circulating in the district in which the Registered Office of the Company is situated, close the Register of Members or the Register of Debenture Holders for any period or periods not exceeding in the aggregate forty-five days in each year but not exceeding thirty days at any one time.

**When instruments of transfer to be retained**

- c. All instruments of transfer which shall be registered shall be retained by the Company but any instrument of transfer which the Directors may decline to register shall be returned to the person depositing the same.

**Company's right to register transfer by apparent legal owner**

57. The Company shall incur no liability or responsibility whatever in consequence of their registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of Members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the same shares not withstanding that the Company may have had notice of such equitable right or title or interest prohibiting registration of such transfer and may have entered such notice referred thereto in any book of the Company and the Company shall not be bound by or required to regard or attend to or give effect to any notice which may be given to it 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 the books of the Company; but the Company shall nevertheless be at liberty to have regard and to attend to any such notice and give effect thereto, if the Board shall so think fit.

**ALTERATION OF CAPITAL**

**Alteration and consolidation, sub-division and cancellation of shares**

58. a. The Company may, from time to time, in accordance with the provisions of the Act, alter by Ordinary Resolution, the conditions of the Memorandum of Association as follows:
1. increase its share capital by such amount as it thinks expedient by issuing new shares;
  2. consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
  3. convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of the denomination;
  4. sub-divide its shares, or any of them, into shares of smaller amount than is fixed by the Memorandum, so however, that in the sub-division on the proportion between the amount paid and the amount, if any, unpaid, on each reduced share shall be the same as it was in the case of the shares from which the reduced share is derived.
  5. a. Cancel shares which, at the date of passing of the resolution in that behalf, 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.  
b. The resolution whereby any share is sub-divided may determined that, as between the holder of the shares resulting from such sub-division, one or more such shares shall have some preference or special advantage as regards dividend, capital or otherwise over or as compared with the others.
  6. Classify and reclassify its share capital from the shares on one class into shares of other class or classes and to attach thereto respectively such preferential, deferred, qualified or other special rights, privileges, conditions or restrictions and to vary, modify or abrogate any such rights, privileges, conditions or restrictions in such manner as may for the time being be permitted under legislative provisions for the time being in force in that behalf.

**Reduction of capital, etc. by Company**

59. The Company may, by Special Resolution, reduce in any manner with and subject to any incident authorised and consent as required by law:
- a. its share capital;



- b. any capital redemption reserve account; or
- c. any share premium account.

#### **SURRENDER OF SHARES**

##### **Surrender of shares**

60. The Directors may, subject to the provisions of the Act, accept the surrender of any share by way of compromise of any question as to the holder being properly registered in respect thereof.

#### **MODIFICATION OF RIGHTS**

##### **Power of modify shares**

61. The rights and privileges attached to each class of shares may be modified, commuted, affected, abrogated in the manner provided in Section 48 of the Act.

#### **SET OFF OF MONEY DUE TO SHAREHOLDERS**

##### **Set-off of moneys due to shareholders**

62. Any money due from the Company to a shareholder may, without the consent of such shareholder, be applied by the Company in or towards payment of any money due from him, either alone or jointly with any other person, to the Company in respect of calls.

#### **CONVERSION OF SHARES INTO STOCK**

##### **Conversion of shares**

63. The Company may, by Ordinary Resolution, convert all or any fully paid share(s) of any denomination into stock and vice versa.

##### **Transfer of stock**

64. The holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations, under which, the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit; provided that the Board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose.

##### **Right of stockholders**

65. The holders of the stock shall, according to the amount of the stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company and other matters, as if they held the shares from which the stock arose, but no such privilege or advantage (except participation in the dividends and profits of the Company and its assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.

##### **Applicability of regulations to stock and stockholders**

66. Such of the regulations contained in these presents, other than those relating to share warrants as are applicable to paid-up shares shall apply to stock and the words shares and shareholder in these presents shall include stock and stockholder respectively.

#### **67. DEMATERIALISATION OF SECURITIES**

##### **a) Definitions**

For the purpose of this Article:

‘Beneficial Owner’ means a person or persons whose name is recorded as such with a depository;

‘SEBI’ means the Securities and Exchange Board of India;

‘Depository’ means a company formed and registered under the Companies Act, 2013, and which has been granted a certificate of registration to act as a depository under the Securities and Exchange Board of India Act, 1992, and

‘Security’ means such security as may be specified by SEBI from time to time.

##### **b) Dematerialisation of securities**

Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise or rematerialise its securities and to offer securities in a dematerialised form pursuant to the Depositories Act, 1996 and the rules framed thereunder, if any.

- c) Options for investors**  
Every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with a depository. Such a person, who is the beneficial owner of the securities, can at any time opt out of a depository, if permitted by law, in respect of any security in the manner provided by the Depositories Act and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificates of securities. If a person opts to hold his security with a depository, the Company shall intimate such depository the details of allotment of the security, and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security.
- d) Securities in depositories to be in fungible form**  
All securities held by a depository shall be dematerialised and be in fungible form. Nothing contained in Sections 89 and 186 of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.
- e) Rights of depositories and beneficial owners:**
- (i) Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner.
  - (ii) Save as otherwise provided in (a) above, the depository, as the registered owner of the securities, shall not have any voting rights or any other rights in respect of the securities held by it.
  - (iii) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of the securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a depository.
- f) Service of documents**  
Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.
- g) Transfer of securities**  
Nothing contained in Section 56 of the Act or these Articles shall apply to transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.
- h) Allotment of securities dealt with in a depository**  
Notwithstanding anything in the Act or these Articles, where securities are dealt with in a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.
- i) Distinctive numbers of securities held in a depository**  
Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers of securities issued by the Company shall apply to securities held in a depository.
- j) Register and Index of Beneficial owners**  
The Register and Index of Beneficial Owners, maintained by a depository under the Depositories Act, 1996, shall be deemed to be the Register and Index of Members and Security Holders for the purposes of these Articles.
- k) Company to recognise the rights of registered holders as also the beneficial owners in the records of the depository**  
Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share, as also the beneficial owner of the shares in records of the depository as the absolute owner thereof as regards receipt of dividends or bonus or services of notices and all or any other matters connected with the Company, and accordingly, the Company shall not, except as ordered by a Court of competent jurisdiction or as by law required, be bound to recognise any benami trust or equity or equitable, contingent or other claim to or interest in such

share on the part of any other person, whether or not it shall have express or implied notice thereof.

## GENERAL MEETINGS

### **Annual General Meeting**

68. The Company shall in each year hold in addition to the other meetings a general meeting which shall be styled as its Annual General Meeting at intervals and in accordance with the provisions of Section 96 of the Act.

### **Extraordinary General Meeting**

69. 1. Extraordinary General Meetings may be held either at the Registered Office of the Company or at such convenient place as the Board or the Managing Director (subject to any directions of the Board) may deem fit.

### **Right to summon Extraordinary General Meeting**

2. The Chairman or Vice Chairman may, whenever they think fit, and shall if so directed by the Board, convene an Extraordinary General Meeting at such time and place as may be determined.

### **Extraordinary Meeting by requisition**

70. a. The Board shall, on the requisition of such number of members of the Company as is specified below, proceed duly to call an Extraordinary General Meeting of the Company and comply with the provisions of the Act in regard to meetings on requisition.
- b. The requisition shall set out matters for the consideration of which the meeting is to be called, shall be signed by the requisitionists and shall be deposited at the Registered Office of the Company or sent to the Company by Registered Post addressed to the Company at its Registered Office.
- c. The requisition may consist of several documents in like forms, each signed by one or more requisitionists.
- d. The number of members entitled to requisition a meeting in regard to any matter shall be such number of them as hold, on the date of the deposit of the requisition, not less than 1/10th of such of the paid-up capital of the Company as at the date carries the right of the voting in regard to the matter set out in the requisition.
- e. If the Board does not, within 21 days from the date of receipt of deposit of the requisition with regard to any matter, proceed duly to call a meeting for the consideration of these matters on a date not later than 45 days from the date of deposit of the requisition, the meeting may be called by the requisitionists themselves or such of the requisitionists, as represent either majority in the value of the paid-up share capital held by them or of not less than one tenth of such paid-up capital of the Company as is referred to in Sub-clause (d) above, whichever is less.

### **Length of notice for calling meeting**

71. A General Meeting of the Company may be called by giving not less than twenty one days notice in writing, provided that a General Meeting may be called after giving shorter notice if consent thereto is accorded by the members holding not less than 95 per cent of the part of the paid-up share capital which gives the right to vote on the matters to be considered at the meeting.

Provided that where any member of the Company is entitled to vote only on some resolution or resolutions to be moved at a meeting and not on the others, those members, shall be taken into account for purpose of this clause in respect of the former resolution or resolutions and not in respect of the latter.

### **Accidental omission to give notice not to invalidate meeting**

72. The accidental omission to give notice of any meeting to or the non-receipt of any such notice by any of the members shall not invalidate the proceedings of any resolution passed at such meeting.

### **Special business and statement to be annexed**

73. All business shall be deemed special that is transacted at an Extraordinary Meeting and also that is transacted at an Annual Meeting with the exception of declaration of a dividend, the consideration of financial statements and the reports of the Directors and Auditors thereon, the

election of the Directors in the place of those retiring, and the appointment of and the fixing of the remuneration of Auditors. Where any item of business to be transacted at the meeting is deemed to be special as aforesaid, there shall be annexed to the notice of the meeting a statement setting out all material facts concerning each such item of business including in particular the nature of the concern or interest, if any, therein, of every Director and the Manager, if any, every other Key Managerial Personnel and the relatives of Directors, Manager and other Key Managerial Personnel. Where any item of business consists of the according of approval to any document by the meeting, the time and place where the document can be inspected shall be specified in the statement aforesaid.

Where any item of special business to be transacted at a meeting of the company relates to or affects any other company, the extent of shareholding interest in that other company of every promoter, director, manager, if any, and of every other key managerial personnel of the first mentioned company shall, if the extent of such shareholding is not less than two per cent of the paid-up share capital of that company, also be set out in the statement.

#### **Quorum**

74. The quorum requirements for general meetings shall be as under and no business shall be transacted at any General Meeting unless the requisite quorum is present when the meeting proceeds to business:

Number of members upto 1000: 5 members personally present  
Number of members 1000-5000: 15 members personally present  
Number of members more than 5000: 30 members personally present

#### **If quorum not present, when meeting to be dissolved and when to be adjourned**

75. If within half an hour from the time appointed for the meeting, a quorum is not present, the meeting, if called upon the requisition of members, shall be dissolved; in any other case, it shall stand adjourned to the same day in the next week and at the same time and place or to such other day and to be at such other time and place as the Board may determine and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the members present shall be a quorum.

#### **Chairman of General Meeting**

76. The Chairman of the Board of Directors shall preside at every General Meeting of the Company and if he is not present within 15 minutes after the time appointed for holding the meeting, or if he is unwilling to act as Chairman, the Vice Chairman of the Board of Directors shall preside over the General Meeting of the Company.

#### **When Chairman is absent**

77. If there is no such Chairman, or Vice Chairman or if at any General Meeting, either the Chairman or Vice Chairman is not present within fifteen minutes after the time appointed for holding the meeting or if they are unwilling to take the chair, the members present shall choose one of their members to be the Chairman.

#### **Adjournment of meeting**

78. The Chairman may, with the consent of any meeting at which a quorum is present and shall, if so directed by the meeting, adjourn that meeting from time to time from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

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. Save as aforesaid, it shall not be necessary to give any notice of adjournment or of the business to be transacted at an adjourned meeting.

#### **Questions at General Meeting how decided**

79. At a General Meeting, a resolution put to the vote of the meeting shall be decided on a show of hands/result of electronic voting as per the provisions of Section 108, unless a poll is (before or on the declaration of the result of the show of hands/ electronic voting) demanded in accordance with the provisions of Section 109. Unless a poll is so demanded, a declaration by the Chairman that a resolution has, on a show of hands/ electronic voting, been carried unanimously or by a particular majority or lost and an entry to that effect in the book of the proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against that resolution.

**Casting vote**

80. In the case of an equality of votes, the Chairman shall, whether on a show of hands, or electronically or on a poll, as the case may be, have a casting vote in addition to the vote or votes to which he may be entitled as a member.

**Taking of poll**

81. If a poll is duly demanded in accordance with the provisions of Section 109, it shall be taken in such manner as the Chairman, subject to the provisions of Section 109 of the Act, may direct, and the results of the poll shall be deemed to be the decision of the meeting on the resolution on which the poll was taken.

**In what cases poll taken without adjournment**

82. A poll demanded on the election of Chairman or on a question of adjournment shall be taken forthwith. Where a poll is demanded on any other question, adjournment shall be taken at such time not being later than forty-eight hours from the time which demand was made, as the Chairman may direct.

**Votes**

83. a. Every member of the Company holding Equity Share(s), shall have a right to vote in respect of such capital on every resolution placed before the Company. On a show of hands, every such member present shall have one vote and shall be entitled to vote in person or by proxy and his voting right on a poll or on e-voting shall be in proportion to his share of the paid-up Equity Capital of the Company.
- b. Every member holding any Preference Share shall in respect of such shares have a right to vote only on resolutions which directly affect the rights attached to the Preference Shares and subject as aforesaid, every such member shall in respect of such capital be entitled to vote in person or by proxy, if the dividend due on such preference shares or any part of such dividend has remained unpaid in respect of an aggregate period of not less than two years preceding the date of the meeting. Such dividend shall be deemed to be due on Preference Shares in respect of any period, whether a dividend has been declared by the Company for such period or not, on the day immediately following such period.
- c. Whenever the holder of a Preference Share has a right to vote on any resolution in accordance with the provisions of this article, his voting rights on a poll shall be in the same proportion as the capital paid-up in respect of such Preference Shares bear to the total equity paid-up capital of the Company.

**Business may proceed notwithstanding demand for poll**

84. A demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than that on which a poll has been demanded; The demand for a poll may be withdrawn at any time by the person or persons who made the demand.

**Joint holders**

85. In the case of joint holders, the vote of the first named of such joint holders who tender a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.

**Member of unsound mind**

86. A member of unsound mind, or in respect of whom an order has been made by any Court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll vote by proxy.

**No member entitled to vote while call due to Company**

87. No member shall be entitled to vote at a General Meeting unless all calls or other sums presently payable by him in respect of shares in the Company have been paid.

**Proxies permitted on polls**

88. On a poll, votes may be given either personally or by proxy provided that no Company shall vote by proxy as long as resolution of its Directors in accordance with provisions of Section 113 is in force.

**Instrument of proxy**

89. a. The instrument appointing a proxy shall be in writing under the hand of the appointed or

of the attorney duly authorised in writing, or if the appointer is a Corporation, either under the common seal or under the hand of an officer or attorney so authorised. Any person may act as a proxy whether he is a member or not.

b. A body corporate (whether a company within the meaning of this Act or not) may:

1. If it is a member of the Company by resolution of its Board of Directors or other governing body, authorise such persons as it thinks fit to act as its representatives at any meeting of the Company, or at any meeting of any class of members of the Company;
2. If it is a creditor (including a holder of debentures) of the Company, by resolution of its Directors or other governing body, authorise such person as it thinks fit to act as its representative at any meeting of any creditors of the Company held in pursuance of this Act or of any rules made thereunder, or in pursuance of the provisions contained in any debenture or trust deed, as the case may be.

c. 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 which he represents, as if he were personally the member, creditor or debenture holder.

**Instrument of proxy to be deposited at the office**

90. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notary certified copy of that power of authority shall be deposited at the Registered Office of the Company not less than forty-eight hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposed to vote, and in default, the instrument of proxy shall not be treated as valid.

**Validity of vote by proxy**

91. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death of the appointer, or revocation of the proxy, or transfer of the share in respect of which the vote is given provided no intimation in writing of the death, revocation or transfer shall have been received at the Registered Office of the Company before the commencement of the meeting or adjourned meeting at which the proxy is used.

**Form of proxy**

92. Any instrument appointing a proxy may be a two way proxy form to enable the shareholders to vote for or against any resolution at their discretion. The instrument of proxy shall be in the prescribed form as given in Form MGT-11.

**DIRECTORS**

**Number of Directors**

93. Unless otherwise determined by a General Meeting, the number of Directors shall not be less than 3 and not more than 15.  
The First Directors of the Company are:

1. SHWET DHIRAJBHAI KORADIYA
2. VARSHABEN DHIRAJBHAI KORADIYA
3. JINAYKUMAR NAVINCHANDRA KORADIYA

94. Subject to the provisions of the Act as may be applicable, the Board may appoint any person as a Managing Director to perform such functions as the Board may decide from time to time. Such Director shall be a Member of the Board.

**Qualification of Directors**

95. Any person, whether a member of the Company or not, may be appointed as a Director. No qualification by way of holding shares in the capital of the Company shall be required of any Director.

**Director's remuneration**

96. a. Until otherwise determined by the Company in General Meeting, each Director shall be entitled to receive and be paid out of the funds of the Company a fee for each meeting of the Board of Directors or any committee thereof, attended by him as may be fixed by the Board of Directors from time to time subject to the provisions of Section 197 of the Act, and the Rules made thereunder. For the purpose of any resolution in this regard, none of the Directors shall be deemed to be interested in the subject matter of the resolution. The Directors shall also be entitled to be paid their reasonable travelling and hotel and other expenses incurred in consequence of their attendance at meetings of the Board or of any committee of the Board or otherwise in the execution of their duties as Directors either in India or elsewhere. The Managing/Whole-time Director of the Company who is a full time employee, drawing remuneration will not be paid any fee for attending Board Meetings.

- b. Subject to the provisions of the Act, the Directors may, with the sanction of a Special Resolution passed in the General Meeting and such sanction, if any, of the Government of India as may be required under the Companies Act, sanction and pay to any or all the Directors such remuneration for their services as Directors or otherwise and for such period and on such terms as they may deem fit.
- c. Subject to the provisions of the Act, the Company in General Meeting may by Special Resolution sanction and pay to the Director in addition to the said fees set out in sub-clause (a) above, a remuneration not exceeding one per cent (1%) of the net profits of the Company calculated in accordance with the provisions of Section 198 of the Act. The said amount of remuneration so calculated shall be divided equally between all the Directors of the Company who held office as Directors at any time during the year of account in respect of which such remuneration is paid or during any portion of such year irrespective of the length of the period for which they held office respectively as such Directors.
- d. Subject to the provisions of Section 188 of the Companies Act, and subject to such sanction of the Government of India, as may be required under the Companies Act, if any Director shall be appointed to advise the Directors as an expert or be called upon to perform extra services or make special exertions for any of the purposes of the Company, the Directors may pay to such Director such special remuneration as they think fit; such remuneration may be in the form of either salary, commission, or lump sum and may either be in addition to or in substitution of the remuneration specified in clause (a) of the Article.

**Directors may act notwithstanding vacancy**

97. The continuing Directors may act notwithstanding any vacancy in their body, but subject to the provisions contained in Article 119 below:

**Chairman or Vice-chairman of the Board**

- 98. a. Notwithstanding anything contained in these Articles and pursuant to provisions of the Act, Managing Director of the company will act as Chairman of the board and Deputy Managing Director will act as Vice chairman of the board.
- b. Subject to the provisions of the Act, the Chairman and the Vice Chairman may be paid such remuneration for their services as Chairman and Vice Chairman respectively, and such reasonable expenses including expenses connected with travel, secretarial service and entertainment, as may be decided by the Board of Directors from time to time.

**Casual vacancy**

99. If the office of any Director becomes vacant before the expiry of the period of his Directorship in normal course, the resulting casual vacancy may be filled by the Board at a Meeting of the Board subject to Section 161 of the Act. Any person so appointed shall hold office only upto the date which the Director in whose place he is appointed would have held office if the vacancy had not occurred as aforesaid.

**VACATION OF OFFICE BY DIRECTORS**

**Vacation of office by Directors**

100. The office of a Director shall be vacated if:
- 1. he is found to be unsound mind by a Court of competent jurisdiction;
  - 2. he applies to be adjudicated as an insolvent;
  - 3. he is an undischarged insolvent;
  - 4. he is convicted by a Court of any offence whether involving moral turpitude or otherwise and is sentenced in respect thereof to imprisonment for not less than six months and a period of five years has not elapsed from the date of expiry of the sentence;
  - 5. he fails to pay any call in respect of shares of the Company held by him, whether alone or jointly with others, within six months from the last date fixed for the payment of the call;
  - 6. an order disqualifying him for appointment as Director has been passed by court or tribunal and the order is in force.
  - 7. he has not complied with Subsection (3) of Section 152
  - 8. he has been convicted of the offence dealing with related party transaction under section 188 at any time during the preceding five years.

9. he absents himself from all meetings of the Board for a continuous period of twelve months, with or without seeking leave of absence from the Board;
10. he acts in contravention of Section 184 of the Act and fails to disclose his interest in a contract in contravention of section 184.
11. he becomes disqualified by an order of a court or the Tribunal
12. he is removed in pursuance of the provisions of the Act,
13. having been appointed a Director by virtue of holding any office or other employment in the Company, he ceases to hold such office or other employment in the Company;

notwithstanding anything in Clause (4), (6) and (8) aforesaid, the disqualification referred to in those clauses shall not take effect:

1. for thirty days from the date of the adjudication, sentence or order;
2. where any appeal or petition is preferred within the thirty days aforesaid against the adjudication, sentence or conviction resulting in the sentence or order until the expiry of seven days from the date on which such appeal or petition is disposed off; or
3. where within the seven days as aforesaid, any further appeal or petition is preferred in respect of the adjudication, sentence, conviction or order, and appeal or petition, if allowed, would result in the removal of the disqualification, until such further appeal or petition is disposed off.

**Alternate Directors**

101. (a) The Board may appoint an Alternate Director to act for a Director hereinafter called in this clause “the Original Director” during his absence for a period of not less than 3 months from India.

(b) An Alternate Director appointed as aforesaid shall vacate office if and when the Original Director returns to India.

**Independent Directors**

- (c) (i) The Directors may appoint such number of Independent Directors as are required under Section 149 of the Companies Act, 2013 or clause 49 of Listing Agreement, whichever is higher, from time to time.
- (ii) Independent directors shall possess such qualification as required under Section 149 of the companies Act, 2013 and clause 49 of Listing Agreement
- (iii) Independent Director shall be appointed for such period as prescribed under relevant provisions of the companies Act, 2013 and Listing Agreement and shall not be liable to retire by rotation.

**Women Director**

(d) The Directors shall appoint one women director as per the requirements of section 149 of the Act.

**Key Managerial Personnel**

(e) Subject to the provisions of the Act,—

- (i) A chief executive officer, manager, company secretary or chief financial officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit; and any chief executive officer, manager, company secretary or chief financial officer so appointed may be removed by means of a resolution of the Board;
- (ii) A director may be appointed as chief executive officer, manager, company secretary or chief financial officer.
- (iii) The Managing Director shall act as the Chairperson of the Company for all purposes subject to the provisions contained in the Act and these articles.

**Additional Directors**

102. The Directors may, from time to time, appoint a person as an Additional Director provided that the number of Directors and Additional Directors together shall not exceed the maximum number



of Directors fixed under Article 93 above. Any person so appointed as an Additional Director shall hold office upto the date of the next Annual General Meeting of the Company.

**Proportion of retirement by rotation**

- a. The proportion of directors to retire by rotation shall be as per the provisions of Section 152 of the Act.

**Debenture**

103. Any trust deed for securing debentures or debenture-stocks may, if so arranged, provide for the appointment, from time to time, by the Trustees thereof or by the holders of debentures or debenture-stocks, of some person to be a Director of the Company and may empower such Trustees, holder of debentures or debenture-stocks, from time to time, to remove and re-appoint any Director so appointed. The Director appointed under this Article is herein referred to as "Debenture Director" and the term "Debenture Director" means the Director for the time being in office under this Article. The Debenture Director shall not be bound to hold any qualification shares and shall not be liable to retire by rotation or be removed by the Company. The Trust Deed may contain such ancillary provisions as may be arranged between the Company and the Trustees and all such provisions shall have effect notwithstanding any other provisions herein contained.

**Corporation/Nominee Director**

104. a. Notwithstanding anything to the contrary contained in the Articles, so long as any moneys remain owing by the Company to the any finance corporation or credit corporation or body, (herein after in this Article referred to as "The Corporation") out of any loans granted by them to the Company or as long as any liability of the Company arising out of any guarantee furnished by the Corporation, on behalf of the Company remains defaulted, or the Company fails to meet its obligations to pay interest and/or instalments, the Corporation shall have right to appoint from time to time any person or persons as a Director or Directors (which Director or Directors is/are hereinafter referred to as "Nominee Director(s)") on the Board of the Company and to remove from such office any person so appointed, any person or persons in his or their place(s).
- b. The Board of Directors of the Company shall have no power to remove from office the Nominee Director/s as long as such default continues. Such Nominee Director/s shall not be required to hold any share qualification in the Company, and such Nominee Director/s shall not be liable to retirement by rotation of Directors. Subject as aforesaid, the Nominee Director/s shall be entitled to the same rights and privileges and be subject to the same obligations as any other Director of the Company.

The Nominee Director/s appointed shall hold the said office as long as any moneys remain owing by the Company to the Corporation or the liability of the Company arising out of the guarantee is outstanding and the Nominee Director/s so appointed in exercise of the said power shall ipso facto vacate such office immediately the moneys owing by the Company to the Corporation are paid off or on the satisfaction of the liability of the Company arising out of the guarantee furnished by the Corporation.

The Nominee Director/s appointed under this Article shall be entitled to receive all notices of and attend all General Meetings, and of the Meeting of the Committee of which the Nominee Director/s is/are member/s.

The Corporation shall also be entitled to receive all such notices. The Company shall pay to the Nominee Director/s sitting fees and expenses to which the other Director/s of the Company are entitled, but if any other fee, commission, monies or remuneration in any form is payable to the Director/s of the Company, the fee, commission, monies and remuneration in relation to such Nominee Director/s shall accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation. Any expenses that may be incurred by the Corporation or such Nominee Director/s in connection with their appointment to Directorship shall also be paid or reimbursed by the Company to the Corporation or, as the case may be, to such Nominee Director/s.

Provided that if any such Nominee Director/s is an officer of the Corporation, the sitting fees, in relation to such Nominee Director/s shall so accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation.

- c. The Corporation may at any time and from time to time remove any such Corporation Director appointed by it and may at the time of such removal and also in the case of death or resignation of the person so appointed, at any time appoint any other person as a Corporation Director in his place. Such appointment or removal shall be made in writing signed by the Chairman or Joint Chairman of the Corporation or any person and shall be delivered to the Company at its Registered office. It is clarified that every Corporation entitled to appoint a Director under this Article may appoint such number of persons as Directors as may be authorised by the Directors of the Company, subject to Section 152 of the Act and so that the number does not exceed 1/3 of the maximum fixed under Article 93.

**Disclosure of interest of Directors**

105. a. Subject to the provisions of the Act, the Directors shall not be disqualified by reason of their office as such from contracting with the Company either as vendor, purchaser, lender, agent, broker, or otherwise, nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company with any Director or with any company or partnership of or in which any Director shall be a member or otherwise interested be avoided nor shall any Director so contracting or being such member or so interested be liable to account to the Company for any profit realised by such contract or arrangement by reason only of such Director holding that office or of the fiduciary relation thereby established but the nature of the interest must be disclosed by the Director at the meeting of the Board at which the contract or arrangements is determined or if the interest then exists in any other case, at the first meeting of the Board after the acquisition of the interest.

Provided nevertheless that no Director shall vote as a Director in respect of any contract or arrangement in which he is so interested as aforesaid or take part in the proceedings thereat and he shall not be counted for the purpose of ascertaining whether there is quorum of Directors present. This provision shall not apply to any contract by or on behalf of the Company to indemnify the Directors or any of them against any loss they may suffer by becoming or being sureties for the Company.

- b. A Director may be or become a Director of any company promoted by this Company or in which this Company may be interested as vendor, shareholder or otherwise and no such Director shall be accountable to the Company for any benefits received as a Director or member of such company.

**Rights of Directors**

106. Except as otherwise provided by these Articles and subject to the provisions of the Act, all the Directors of the Company shall have in all matters equal rights and privileges, and be subject to equal obligations and duties in respect of the affairs of the Company.

**Directors to comply with Section 184**

107. Notwithstanding anything contained in these presents, any Director contracting with the Company shall comply with the provisions of Section 184 of the Companies Act, 2013.

**Directors power of contract with Company**

108. Subject to the limitations prescribed in the Companies Act, 2013, the Directors shall be entitled to contract with the Company and no Director shall be disqualified by having contracted with the Company as aforesaid.

**ROTATION OF DIRECTORS**

**Rotation and retirement of Directors**

109. At every annual meeting, one-third of the Directors shall retire by rotation in accordance with provisions of Section 152 of the Act.

**Retiring Directors eligible for re-election**

110. A retiring Director shall be eligible for re-election and the Company at the General Meeting at which a Director retires in the manner aforesaid may fill up vacated office by electing a person thereto.

**Which Directors to retire**

111. The Directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who become Directors on the same day, those to retire shall, unless they otherwise agree among themselves, be determined by lot.

**Retiring Directors to remain in office till successors are appointed**

112. Subject to Section 152 of the Act, if at any meeting at which an election of Directors ought to take place, the place of the vacating or deceased Directors is not filled up and the meeting has not expressly resolved not to fill up or appoint the vacancy, the meeting shall stand adjourned till the same day in the next week at the same time and place, or if that day is a national holiday, till the next succeeding day which is not a holiday at the same time, place, and if at the adjourned meeting the place of vacating Directors is not filled up and the meeting has also not expressly resolved not to fill up the vacancy, then the vacating Directors or such of them as have not had their places filled up shall be deemed to have been reappointed at the adjourned meeting.

**Power of General Meeting to increase or reduce number of Directors**

113. Subject to the provisions of Sections 149, 151 and 152 the Company in General Meeting may increase or reduce the number of Directors subject to the limits set out in Article 93 and may also determine in what rotation the increased or reduced number is to retire.

**Power to remove Directors by ordinary resolution**

114. Subject to provisions of Section 169 the Company, by Ordinary Resolution, may at any time remove any Director except Government Directors before the expiry of his period of office, and may by Ordinary Resolution appoint another person in his place. The person so appointed shall hold office until the date upto which his predecessor would have held office if he had not been removed as aforementioned. A Director so removed from office shall not be re-appointed as a Director by the Board of Directors. Special Notice shall be required of any resolution to remove a Director under this Article, or to appoint somebody instead of the Director at the meeting at which he is removed.

**Rights of persons other than retiring Directors to stand for Directorships**

115. Subject to the provisions of Section 160 of the Act, a person not being a retiring Director shall be eligible for appointment to the office of a Director at any general meeting if he or some other member intending to propose him as a Director has not less than fourteen days before the meeting, left at the office of the Company a notice in writing under his hand signifying his candidature for the office of the Director, or the intention of such member to propose him as a candidate for that office, as the case may be "along with a deposit of such sum as may be prescribed by the Act or the Central Government from time to time which shall be refunded to such person or as the case may be, to such member, if the person succeeds in getting elected as a Director or gets more than 25% of total valid votes cast either on show of hands or electronically or on poll on such resolution".

**Register of Directors and KMP and their shareholding**

116. The Company shall keep at its Registered Office a register containing the addresses and occupation and the other particulars as required by Section 170 of the Act of its Directors and Key Managerial Personnel and shall send to the Registrar of Companies returns as required by the Act.

**Business to be carried on**

117. The business of the Company shall be carried on by the Board of Directors.

**Meeting of the Board**

118. The Board may meet for the despatch of business, adjourn and otherwise regulate its meetings, as it thinks fit, provided that a meeting of the Board shall be held at least once in every one hundred and twenty days; and at least four such meetings shall be held in every year.

**Director may summon meeting**

119. A Director may at any time request the Secretary to convene a meeting of the Directors and seven days notice of meeting of directors shall be given to every director and such notice shall be sent by hand delivery or by post or by electronic means.

**Question how decided**

120. a. Save as otherwise expressly provided in the Act, a meeting of the Directors for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions by or under the regulations of the Company for the time being vested in or exercisable by the Directors generally and all questions arising at any meeting of the Board shall be decided by a majority of the Board.
- b. In case of an equality of votes, the Chairman shall have a second or casting vote in addition to his vote as a Director.

**Right of continuing Directors when there is no quorum**

121. The continuing Directors may act notwithstanding any vacancy in the Board, but if and as long as their number is reduced below three, the continuing Directors or Director may act for the purpose of increasing the number of Directors to three or for summoning a General Meeting of the Company and for no other purpose.

**Quorum**

122. The quorum for a meeting of the Board shall be one third of its total strength (any fraction contained in that one-third being rounded off as one) or two Directors whichever is higher; provided that where at any time the number of interested Directors is equal to or exceeds two-thirds of the total strength, the number of the remaining Directors, that is to say, the number of Directors who are not interested present at the meeting being not less than two shall be the quorum during such time. The total strength of the Board shall mean the number of Directors actually holding office as Directors on the date of the resolution or meeting, that is to say, the total strength of the Board after deducting therefrom the number of Directors, if any, whose places are vacant at the time.

**Election of Chairman to the Board**

123. If no person has been appointed as Chairman or Vice Chairman under Article 98(a) or if at any meeting, the Chairman or Vice Chairman of the Board is not present within fifteen minutes after the time appointed for holding the meeting, the Directors present may choose one of their members to be the Chairman of the meeting.

**Power to appoint Committees and to delegate**

124. a. The Board may, from time to time, and at any time and in compliance with provisions of the act and listing agreement constitute one or more Committees of the Board consisting of such member or members of its body, as the Board may think fit.

**Delegation of powers**

- b. Subject to the provisions of Section 179 the Board may delegate from time to time and at any time to any Committee so appointed all or any of the powers, authorities and discretions for the time being vested in the Board and such delegation may be made on such terms and subject to such conditions as the Board may think fit and subject to provisions of the act and listing agreement.
- c. The Board may from, time to time, revoke, add to or vary any powers, authorities and discretions so delegated subject to provisions of the act and listing agreement.

**Proceedings of Committee**

125. The meeting and proceedings of any such Committee 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 not superseded by any regulations made by the Directors under the last preceding Article.

**Election of Chairman of the Committee**

126. a. The Chairman or the Vice Chairman shall be the Chairman of its meetings, if either is not available or if at any meeting either is not present within five minutes after the time appointed for holding the meeting, the members present may choose one of their number to be Chairman of the meeting.
- b. The quorum of a Committee may be fixed by the Board and until so fixed, if the Committee is of a single member or two members, the quorum shall be one and if more than two members, it shall be two.

**Question how determined**

127. a. A Committee may meet and adjourn as it thinks proper.
- b. Questions arising at any meeting of a Committee shall be determined by the sole member of the Committee or by a majority of votes of the members present as the case may be and in case of an equality of votes, the Chairman shall have a second or casting vote in addition to his vote as a member of the Committee.

**Acts done by Board or Committee valid, notwithstanding defective appointment, etc.**

128. All acts done by any meeting of the Board or a Committee thereof, or by any person acting as a Director shall, notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more of such Directors or any person acting as aforesaid, or

that any of them was disqualified, be as valid as if every such Director and such person had been duly appointed and was qualified to be a Director.

**Resolution by circulation**

129. Save as otherwise expressly provided in the Act, a resolution in writing circulated in draft together with necessary papers, if any, to all the members of the Committee then in India (not being less in number than the quorum fixed for the meeting of the Board or the Committee as the case may) and to all other Directors or members at their usual address in India or by a majority of such of them as are entitled to vote on the resolution shall be valid and effectual as if it had been a resolution duly passed at a meeting of the Board or Committee duly convened and held.

**POWERS AND DUTIES OF DIRECTORS**

**General powers of Company vested in Directors**

130. The business of the Company shall be managed by the Directors who may exercise all such powers of the Company as are not, by the act or any statutory modification thereof for the time being in force, or by these Articles, required to be exercised by the Company in General Meeting, subject nevertheless to any regulation of these Articles, to the provisions of the said Act, and to such regulations being not inconsistent with the aforesaid regulations or provisions as may be prescribed by the Company in General Meeting; but no regulation made by the Company in General Meeting, shall invalidate any prior act of the Directors which would have been valid if that regulation had not been made.

**Attorney of the Company**

131. The Board may appoint at any time and from time to time by a power of attorney under the Company's seal, any person to be the Attorney 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 Articles and for such period and subject to such conditions as the Board may from time to time think fit and any such appointment, may, if the Board thinks fit, be made in favour of the members, or any of the members of any firm or company, or the members, Directors, nominees or managers of any firm or company or otherwise in favour of any body or persons whether nominated directly or indirectly by the Board and any such power of attorney may contain such provisions for the protection or convenience of persons dealing with such attorney as the Board may think fit.

**Power to authorise subdelegation**

132. The Board may authorise any such delegate or attorney as aforesaid to sub-delegate all or any of the powers and authorities for the time being vested in him.

**Directors' duty to comply with the provisions of the Act**

133. The Board shall duly comply with the provisions of the Act and in particular with the provisions in regard to the registration of the particulars of mortgages and charges affecting the property of the Company or created by it, and keep a register of the Directors, and send to the Registrar an annual list of members and a summary of particulars relating thereto, and notice of any consolidation or increase of share capital and copies of special resolutions, and such other resolutions and agreements required to be filed under Section 117 of the Act and a copy of the Register of Directors and notifications of any change therein.

**Special power of Directors**

134. In furtherance of and without prejudice to the general powers conferred by or implied in Article 130 and other powers conferred by these Articles, and subject to the provisions of Sections 179 and 180 of the Act, that may become applicable, it is hereby expressly declared that it shall be lawful for the Directors to carry out all or any of the objects set forth in the Memorandum of Association and to the following things.

**To acquire and dispose of property and rights**

135. a. To purchase or otherwise acquire for the Company any property, rights or privileges which the Company is authorised to acquire at such price and generally on such terms and conditions as they think fit and to sell, let, exchange, or otherwise dispose of the property, privileges and undertakings of the Company upon such terms and conditions and for such consideration as they may think fit.

**To pay for property in debentures, etc.**

- b. At their discretion to pay for any property, rights and 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 shares may be issued either as fully paid-up or with such amount credited as paid-up, the sum as may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged.

**To secure contracts by mortgages**

- c. To secure the fulfillment of any contracts or agreements entered into by the Company by mortgage or charge of all or any of the property of the Company and its uncalled capital for the time being or in such other manner as they think fit.

**To appoint officers, etc.**

- d. To appoint and at their discretion remove, or suspend such agents, secretaries, officers, clerks 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 fix their powers and duties and fix their salaries or emoluments and to the required security in such instances and to such amount as they think fit.

- e. To institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its officers or otherwise concerning the affairs of the Company and also to compound and allow time for payments or satisfaction of any dues and of any claims or demands by or against the Company.

**To refer to arbitration**

- f. To refer to, any claims or demands by or against the Company to arbitration and observe and perform the awards.

**To give receipt**

- g. To make and give receipts, releases and other discharges for money payable to the Company and of the claims and demands of the Company.

**To act in matters of bankrupts and insolvents**

- h. To act on behalf of the Company in all matters relating to bankrupts and insolvents.

**To give security by way of indemnity**

- i. 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 for the benefit of the Company such mortgages of the Company's property (present and future) as they think fit and any such mortgage may contain a power of sale and such other powers, covenants and provisions as shall be agreed upon.

**To give commission**

- j. To give any person 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.

**To make contracts etc.**

- k. 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 consider expedient for or in relation to any of the matters aforesaid or otherwise for the purposes of the Company.

**To make bye-laws**

- l. From time to time, make, vary and repeal bye-laws for the regulations of the business for the Company, its officers and servants.

**To set aside profits for provided fund**

- m. Before recommending any dividends, to set-aside portions of the profits of the Company to form a fund to provide for such pensions, gratuities or compensations; or to create any provident fund or benefit fund in such or any other manner as the Directors may deem fit.

**To make and alter rules**

- n. To make and alter rules and regulations concerning the time and manner of payments of the contributions of the employees and the Company respectively to any such fund and accrual, employment, suspension and forfeiture of the benefits of the said fund and the application and disposal thereof and otherwise in relation to the working and management of the said fund as the Directors shall from time to time think fit.

- o. And generally, at their absolute discretion, to do and perform every act and thing which they may consider necessary or expedient for the purpose of carrying on the business of the Company, excepting such acts and things as by Memorandum of Association of the Company or by these presents may stand prohibited.

**Managing Director**

- 136. a. Subject to the provisions of Section 196 ,197, 2(94), 203 of the Act, the following provisions shall apply:
  - b. The Board of Directors may appoint or re-appoint one or more of their body, not exceeding two, to be the Managing Director or Managing Directors of the Company for such period not exceeding 5 years as it may deem fit, subject to such approval of the Central Government as may be necessary in that behalf.
  - c. The remuneration payable to a Managing Director shall be determined by the Board of Directors subject to the sanction of the Company in General Meeting and of the Central Government, if required.
  - d. If at any time there are more than one Managing Director, each of the said Managing Directors may exercise individually all the powers and perform all the duties that a single Managing Director may be empowered to exercise or required to perform under the Companies Act or by these presents or by any Resolution of the Board of Directors and subject also to such restrictions or conditions as the Board may from time to time impose.
  - e. The Board of Directors may at any time and from time to time designate any Managing Director as Deputy Managing Director or Joint Managing Director or by such other designation as it deems fit.
  - f. Subject to the supervision, control and directions of the Board of Directors, the Managing Director/Managing Directors shall have the management of the whole of the business of the Company and of all its affairs and shall exercise all powers and perform all duties and in relation to the management of the affairs, except such powers and such duties as are required by Law or by these presents to be exercised or done by the Company in General Meeting or by the Board and also subject to such conditions and restrictions imposed by the Act or by these presents or by the Board of Directors. Without prejudice to the generality of the foregoing, the Managing Director/Managing Directors shall exercise all powers set out in Article 137 above except those which are by law or by these presents or by any resolution of the Board required to be exercised by the Board or by the Company in General Meeting.

**Whole-time Director**

- 137. 1. Subject to the provisions of the Act and subject to the approval of the Central Government, if any, required in that behalf, the Board may appoint one or more of its body, as Whole-time Director or Wholetime Directors on such designation and on such terms and conditions as it may deem fit. The Whole-time Directors shall perform such duties and exercise such powers as the Board may from time to time determine which shall exercise all such powers and perform all such duties subject to the control, supervision and directions of the Board and subject thereto the supervision and directions of the Managing Director. The remuneration payable to the Whole-time Directors shall be determined by the Company in General Meeting, subject to the approval of the Central Government, if any, required in that behalf.
- 2. A Whole-time Director shall (subject to the provisions of any contract between him and the Company) be subject to the same provisions as to resignation and removal as the other Directors, and he shall, ipso facto and immediately, cease to be Whole-time Director, if he ceases to hold the Office of Director from any cause except where he retires by rotation in accordance with the Articles at an Annual General Meeting and is re-elected as a Director at that Meeting.

**Secretary**

- 138. The Board shall have power to appoint a Secretary a person fit in its opinion for the said office, for such period and on such terms and conditions as regards remuneration and otherwise as it may determine. The Secretary shall have such powers and duties as may, from time to time, be delegated or entrusted to him by the Board.

**Powers as to commencement of business**

139. Subject to the provisions of the Act, any branch or kind of business which by the Memorandum of Association of the Company or these presents is expressly or by implication authorised to be undertaken by the Company, may be undertaken by the Board at such time or times as it shall think fit and further may be suffered by it to be in abeyance whether such branch or kind of business may have been actually commenced or not so long as the Board may deem it expedient not to commence or proceed with such branch or kind of business.

**Delegation of power**

140. Subject to Section 179 the Board may delegate all or any of its powers to any Director, jointly or severally or to any one Director at its discretion or to the Executive Director.

**BORROWING**

**Borrowing Powers**

141. a. The Board may, from time to time, raise any money or any moneys or sums of money for the purpose of the Company; provided that the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) shall not, without the sanction of the Company at a 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 specific purpose and in particular but subject to the provisions of Section 179 of the Act, the Board may, from time to time, at its discretion raise or borrow or secure the payment of any such sum or sums of money for the purpose of the Company, by the issue of debentures to members, perpetual or otherwise including debentures convertible into shares of this or any other company or perpetual annuities in security of any such money so borrowed, raised or received, mortgage, pledge or charge, the whole or any part of the property, assets, or revenue of the Company, present or future, including its uncalled capital by special assignment or otherwise or transfer or convey the same absolutely or entrust and give the lenders powers of sale and other powers as may be expedient and purchase, redeem or pay off any such security.

Provided that every resolution passed by the Company in General Meeting in relation to the exercise of the power to borrow as stated above shall specify the total amount upto which moneys may be borrowed by the Board of Directors, provided that subject to the provisions of clause next above, the Board may, from time to time, at its discretion, raise or borrow or secure the repayment of any sum or sums of money for the purpose of the Company as such time and in such manner and upon such terms and conditions in all respects as it thinks fit and in particular, by promissory notes or by opening current accounts, or by receiving deposits and advances, with or without security or by the issue of bonds, perpetual or redeemable debentures or debenture stock of the Company charged upon all or any part of the property of the Company (both present and future) including its uncalled capital for the time being or by mortgaging or charging or pledging any land, building, bond or other property and security of the Company or by such other means as them may seem expedient.

**Assignment of debentures**

142. Such debentures, debenture stock, bonds or other securities may be made assignable, free from any equities between the Company and the person to whom the same may be issued.

**Terms of debenture issue**

143. a. Any such debenture, debenture stock, bond or other security may be issued at a discount, premium or otherwise, and with any special privilege as the redemption, surrender, drawing, allotment of shares of the Company, or otherwise, provided that debentures with the right to allotment or conversion into shares shall not be issued except with the sanction of the Company in General Meeting.
- b. Any trust deed for securing of any debenture or debenture stock and or any mortgage deed and/or other bond for securing payment of moneys borrowed by or due by the Company and/or any contract or any agreement made by the Company with any person, firm, body corporate, Government or authority who may render or agree to render any financial assistance to the Company by way of loans advanced or by guaranteeing of any loan borrowed or other obligations of the Company or by subscription to the share capital of the Company or provide assistance in any other manner may provide for the appointment



from time to time, by any such mortgagee, lender, trustee of or holders of debentures or contracting party as aforesaid, of one or more persons to be a Director or Directors of the Company. Such trust deed, mortgage deed, bond or contract may provide that the person appointing a Director as aforesaid may, from time to time, remove any Director so appointed by him and appoint any other person in his place and provide for filling up of any casual vacancy created by such person vacating office as such Director. Such power shall determine and terminate on the discharge or repayment of the respective mortgage, loan or debt or debenture or on the termination of such contract and any person so appointed as Director under mortgage or bond or debenture trust deed or under such contract shall cease to hold office as such Director on the discharge of the same. Such appointment and provision in such document as aforesaid shall be valid and effective as if contained in these presents.

- c. The Director or Directors so appointed by or under a mortgage deed or other bond or contract as aforesaid shall be called a Mortgage Director or Mortgage Directors and the Director if appointed as aforesaid under the provisions of a debenture trust deed shall be called "Debenture Director". The words "Mortgage" or "Debenture Director" shall mean the Mortgage Director for the time being in office. The Mortgage Director or Debenture Director shall not be required to hold any qualification shares and shall not be liable to retire by rotation or to be removed from office by the Company. Such mortgage deed or bond or trust deed or contract may contain such auxiliary provision as may be arranged between the Company and mortgagee lender, the trustee or contracting party, as the case may be, and all such provisions shall have effect notwithstanding any of the other provisions herein contained but subject to the provisions of the Act.
- d. The Directors appointed as Mortgage Director or Debenture Director or Corporate Director under the Article shall be deemed to be ex-officio Directors.
- e. The total number of ex-officio Directors, if any, so appointed under this Article together with the other ex-officio Directors, if any, appointment under any other provisions of these presents shall not at any time exceed one-third of the whole number of Directors for the time being.

**Charge on uncalled capital**

144. Any uncalled capital of the Company may be included in or charged by mortgage or other security.

**Subsequent assignees of uncalled capital**

145. Where any uncalled capital of the Company is charged, all persons taking any subsequent charge thereon shall take the same subject such prior charge, and shall not be entitled, by notice to the shareholder or otherwise, to obtain priority over such prior charge.

**Charge in favour of Director of indemnity**

146. If the Directors or any of them or any other person shall become personally liable for the payment of any sum primarily due from the Company, the Board 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 other person so becoming liable as aforesaid from any loss in respect of such liability.

**Powers to be exercised by Board only at meeting**

147. a. Subject to the provisions of the Act, the Board shall exercise the following powers on behalf of the Company and the said power shall be exercised only by resolution passed at the meetings of the Board.
- (a) to make calls on shareholders in respect of money unpaid on their shares;
  - (b) to authorise buy-back of securities under section 68;
  - (c) to issue securities, including debentures, whether in or outside India;
  - (d) to borrow monies;
  - (e) to invest the funds of the company;
  - (f) to grant loans or give guarantee or provide security in respect of loans; (g) to approve financial statement and the Board's report;

- (h) to diversify the business of the company;
  - (i) to approve amalgamation, merger or reconstruction;
  - (j) to take over a company or acquire a controlling or substantial stake in another company;
  - (k) to make political contributions;
  - (l) to appoint or remove key managerial personnel (KMP);
  - (m) to take note of appointment(s) or removal(s) of one level below the Key Management Personnel;
  - (n) to appoint internal auditors and secretarial auditor;
  - (o) to take note of the disclosure of director's interest and shareholding;
  - (p) to buy, sell investments held by the company (other than trade investments), constituting five percent or more of the paid up share capital and free reserves of the investee company;
  - (q) to invite or accept or renew public deposits and related matters;
  - (r) to review or change the terms and conditions of public deposit;
  - (s) to approve quarterly, half yearly and annual financial statements or financial results as the case may be.
  - (t) such other business as may be prescribed by the Act.
- b. The Board may by a meeting delegate to any Committee of the Board or to the Managing Director the powers specified in Sub-clauses, d, e and f above.
  - c. Every resolution delegating the power set out in Sub-clause d shall specify the total amount outstanding at any one time up to which moneys may be borrowed by the said delegate.
  - d. Every resolution delegating the power referred to in Sub-clause e shall specify the total amount upto which the funds may be invested and the nature of investments which may be made by the delegate.
  - e. Every resolution delegating the power referred to in Sub-clause f above shall specify the total amount upto which loans may be made by the delegate, the purposes for which the loans may be made, and the maximum amount of loans that may be made for each such purpose in individual cases.

**Register of mortgage to be kept**

148. The Directors shall cause a proper register and charge creation documents to be kept in accordance with the provisions of the Companies Act, 2013 for all mortgages and charges specifically affecting the property of the Company and shall duly comply with the requirements of the said Act, in regard to the registration of mortgages and charges specifically affecting the property of the Company and shall duly comply with the requirements of the said Act, in regard to the registration of mortgages and charges therein specified and otherwise and shall also duly comply with the requirements of the said Act as to keeping a copy of every instrument creating any mortgage or charge by the Company at the office.

**Register of holders of debentures**

149. Every register of holders of debentures of the Company may be closed for any period not exceeding on the whole forty five days in any year, and not exceeding thirty days at any one time. Subject as the aforesaid, every such register shall be open to the inspection of registered holders of any such debenture and of any member but the Company may in General Meeting impose any reasonable restriction so that at least two hours in every day, when such register is open, are appointed for inspection.

**Inspection of copies of and Register of Mortgages**

150. The Company shall comply with the provisions of the Companies Act, 2013, as to allow inspection of copies kept at the Registered Office in pursuance of the said Act, and as to allowing inspection of the Register of charges to be kept at the office in pursuance of the said Act.

**Supplying copies of register of holder of debentures**

151. The Company shall comply with the provisions of the Companies Act, 2013, as to supplying copies of any register of holders of debentures or any trust deed for securing any issue of debentures.

**Right of holders of debentures as to Financial Statements**

152. Holders of debentures and any person from whom the Company has accepted any sum of money by way of deposit, shall on demand, be entitled to be furnished, free of cost, or for such sum as may be prescribed by the Government from time to time, with a copy of the Financial Statements of the Company and other reports attached or appended thereto.

**Minutes**

153. a. The Company shall comply with the requirements of Section 118 of the Act, in respect of the keeping of the minutes of all proceedings of every General Meeting and every meeting of the Board or any Committee of the Board.
- b. The Chairman of the meeting shall exclude at his absolute discretion such of the matters as are or could reasonably be regarded as defamatory of any person irrelevant or immaterial to the proceedings or detrimental to the interests of the Company.

**Managing Director's power to be exercised severally**

154. All the powers conferred on the Managing Director by these presents, or otherwise may, subject to any directions to the contrary by the Board of Directors, be exercised by any of them severally.

**MANAGER**

**Manager**

155. Subject to the provisions of the Act, the Directors may appoint any person as Manager for such term not exceeding five years at a time at such remuneration and upon such conditions as they may think fit and any Manager so appointed may be removed by the Board.

**COMMON SEAL**

**Common Seal**

156. The Board shall provide a common seal of the Company and shall have power from time to time to destroy the same and substitute a new seal in lieu thereof. The common seal shall be kept at the Registered Office of the Company and committed to the custody of the Directors.

**Affixture of Common Seal**

157. The seal shall not be affixed to any instrument except by the authority of a resolution of the Board or Committee and unless the Board otherwise determines, every deed or other instrument to which the seal is required to be affixed shall, unless the same is executed by a duly constituted attorney for the Company, be signed by one Director and the Secretary in whose presence the seal shall have been affixed or such other person as may, from time to time, be authorised by the Board and provided nevertheless that any instrument bearing the seal of the Company issued for valuable consideration shall be binding on the Company notwithstanding any irregularity touching the authority to issue the same provided also the counter signature of the Chairman or the Vice Chairman, which shall be sealed in the presence of any one Director and signed by him on behalf of the Company.

**DIVIDENDS AND RESERVES**

**Rights to Dividend**

158. The profits of the Company, subject to any special rights relating thereto created or authorised to be created by these presents and subject to the provisions of these presents as to the Reserve Fund, shall be divisible among the equity shareholders.

**Declaration of Dividends**

159. The Company in General Meeting may declare dividends but no dividend shall exceed the amount recommended by the Board.

**What to be deemed net profits**

160. The declarations of the Directors as to the amount of the net profits of the Company shall be conclusive.

**Interim Dividend**

161. 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.

**Dividends to be paid out of profits only**

162. No dividend shall be payable except out of the profits of the year or any other undistributed profits except as provided by Section 123 of the Act.

**Reserve Funds**

163. a. The Board may, before recommending any dividends, set aside out of the profits of the Company such sums as it thinks proper 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 equalising dividends and pending such application may, at the like discretion either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Board may, from time to time, think fit.
- b. The Board may also carry forward any profits which it may think prudent not to divide without setting them aside as Reserve.

**Method of payment of dividend**

164. a. Subject to the rights of persons, if any, entitled to share 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.
- b. No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of these regulations as paid on the share.
- c. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid but if any share is issued on terms providing that it shall rank for dividends as from a particular date, such shares shall rank for dividend accordingly.

**Deduction of arrears**

165. The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the Company on account of calls in relation to the shares of the Company or otherwise.

**Adjustment of dividend against call**

166. Any General Meeting declaring a dividend or bonus may make a call on the members of such amounts as the meeting fixes, but so that the call on each member shall not exceed the dividend payable to him and so that the call be made payable at the same time as the dividend and the dividend may, if so arranged between the Company and themselves, be set off against the call.

**Payment by cheque or warrant**

167. a. Any dividend, interest or other moneys payable in cash in respect of shares may be paid by cheque or warrant sent through post directly 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 in the Register of Members or to such person and to such address of the holder as the joint holders may in writing direct.
- b. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.
- c. Every dividend or warrant or cheque shall be posted within thirty days from the date of declaration of the dividends.

**Retention in certain cases**

168. The Directors may retain the dividends payable upon shares in respect of which any person is under the transmission clause entitled to become a member in respect thereof or shall duly transfer the same.

**Receipt of joint holders**

- (A) Where any instrument of transfer of shares has been delivered to the Company for registration on holders, the Transfer of such shares and the same has not been registered by the Company, it shall, and notwithstanding anything contained in any other provision of the Act:

- a) transfer the dividend in relation to such shares to the Special Account referred to in Sections 123 and 124 of the Act, unless the Company is authorised by the registered holder, of such shares in writing to pay such dividend to the transferee specified in such instrument of transfer, and
- b) Keep in abeyance in relation to such shares any offer of rights shares under Clause(a) of Sub-section (1) of Section 62 of the Act, and any issue of fully paid-up bonus shares in pursuance of Sub-section (3) of Section 123 of the Act”.

**Deduction of arrears**

169. Any one of two of the joint holders of a share may give effectual receipt for any dividend, bonus, or other money payable in respect of such share.

**Notice of Dividends**

170. Notice of any dividend that may have been declared shall be given to the person entitled to share therein in the manner mentioned in the Act.

**Dividend not to bear interest**

171. No dividend shall bear interest against the Company.

**Unclaimed Dividend**

172. No unclaimed dividends shall be forfeited. Unclaimed dividends shall be dealt with in accordance to the provisions of Sections 123 and 124 of the Companies Act, 2013.

**Transfer of share not to pass prior Dividend**

173. Any transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.

**CAPITALISATION OF PROFITS**

**Capitalisation of Profits**

174. a. The Company in General Meeting, may on the recommendation of the Board, resolve:
- 1. that the whole or any part of any amount standing to the credit of the Share Premium Account or the Capital Redemption Reserve Fund or any money, investment or other asset forming part of the undivided profits, including profits or surplus moneys arising from the realisation and (where permitted by law) from the appreciation in value of any Capital assets of the Company standing to the credit of the General Reserve, Reserve or any Reserve Fund or any amounts standing to the credit of the Profit and Loss Account or any other fund of the Company or in the hands of the Company and available for the distribution as dividend capitalised; and
  - 2. that such sum be accordingly set free for distribution in the manner specified in Sub-clause (2) amongst the members who would have been entitled thereto if distributed by way of dividend and in the same proportion.
- b. The sum aforesaid shall not be paid in cash but shall be applied, subject to the provisions contained in Subclause (3) either in or towards:
- 1. paying up any amount for the time being unpaid on any share held by such members respectively;
  - 2. paying up in full unissued shares of the Company to be allotted and distributed and credited as fully paid-up to and amongst such members in the proportion aforesaid; or
  - 3. partly in the way specified in Sub-clause (i) and partly in that specified in Sub-clause (ii).
- c. A share premium account and a capital redemption reserve account may for the purpose of this regulation be applied only in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares.
- d. The Board shall give effect to resolutions passed by the Company in pursuance of this Article.

**Powers of Directors for declaration of Bonus**

175. a. Whenever such a resolution as aforesaid shall have been passed, the Board shall:

1. make all appropriations and applications of the undivided profits resolved to be capitalised thereby and all allotments and issue or fully paid shares if any; and
2. generally do all acts and things required to give effect thereto.
- b. The Board shall have full power:
  1. to make such provision by the issue of fractional certificates or by payments in cash or otherwise as it thinks fit in the case of shares becoming distributable in fractions and also;
  2. 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 capitalisation, 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 capitalised of the amounts or any part of the amounts remaining unpaid on the existing shares.
- c. Any agreement made under such authority shall be effective and binding on all such members.

## ACCOUNTS

### **Books of account to be kept**

176. a. The Board shall cause proper books of accounts to be kept in respect of all sums of money received and expended by the Company and the matters in respect of which such receipts and expenditure take place, of all sales and purchases of goods by the Company, and of the assets and liabilities of the Company.
- b. All the aforesaid books shall give a fair and true view of the affairs of the Company or of its branch as the case may be, with respect to the matters aforesaid, and explain in transactions.
- c. The books of accounts shall be open to inspection by any Director during business hours.

### **Where books of account to be kept**

177. The books of account shall be kept at the Registered Office or at such other place as the Board thinks fit.

### **Inspection by members**

178. The Board shall, from time to time, determine whether and to what extent and at what time and under what conditions or regulations the accounts and books and documents of the Company or any of them shall be open to the inspection of the members and no member (not being a Director) shall have any right of inspection any account or book or document of the Company except as conferred by statute or authorised by the Board or by a resolution of the Company in General Meeting.

### **Statement of account to be furnished to General Meeting**

179. The Board shall lay before such Annual General Meeting, financial statements made up as at the end of the financial year which shall be a date which shall not precede the day of the meeting by more than six months or such extension of time as shall have been granted by the Registrar under the provisions of the Act.

### **Financial Statements**

180. Subject to the provisions of Section 129, 133 of the Act, every financial statements of the Company shall be in the forms set out in Parts I and II respectively of Schedule III of the Act, or as near thereto as circumstances admit.

### **Authentication of Financial Statements**

181. a. Subject to Section 134 of the Act, every financial statements of the Company shall be signed on behalf of the Board by not less than two Directors.
- b. The financial statements shall be approved by the Board before they are signed on behalf of the Board in accordance with the provisions of this Article and before they are submitted to the Auditors for their report thereon.

**Auditors Report to be annexed**

182. The Auditor's Report shall be attached to the financial statements.

**Board's Report to be attached to Financial Statements**

183. a. Every financial statement laid before the Company in General Meeting shall have attached to it a report by the Board with respect to the state of the Company's affairs, the amounts, if any, which it proposes to carry to any reserve either in such Balance Sheet or in a subsequent Balance Sheet and the amount, if any, which it recommends to be paid by way of dividend.
- b. The report shall, so far as it is material for the appreciation of the state of the Company's affairs by its members and will not in the Board's opinion be harmful to its business or that of any of its subsidiaries, deal with any change which has occurred during the financial year in the nature of the Company's business or that of the Company's subsidiaries and generally in the classes of business in which the Company has an interest and material changes and commitments, if any, affecting the financial position of the Company which has occurred between the end of the financial year of the Company to which the Balance Sheet relates and the date of the report.
- c. The Board shall also give the fullest information and explanation in its report or in case falling under the provision of Section 134 of the Act in an addendum to that Report on every reservation, qualification or adverse remark contained in the Auditor's Report.
- d. The Board's Report and addendum, if any, thereto shall be signed by its Chairman if he is authorised in that behalf by the Board; and where he is not authorised, shall be signed by such number of Directors as is required to sign the Financial Statements of the Company under Article 181.
- e. The Board shall have the right to charge any person not being a Director with the duty of seeing that the provisions of Sub-clauses (a) to (e) of this Article are complied with.

**Right of member to copies of Financial Statements**

184. The Company shall comply with the requirements of Section 136.

**ANNUAL RETURNS**

**Annual Returns**

185. The Company shall make the requisite annual return in accordance with Section 92 of the Act.

**AUDIT**

**Accounts to be audited**

186. a. Every Financial Statement shall be audited by one or more Auditors to be appointed as hereinafter mentioned.
- b. Subject to provisions of the Act, The Company at the Annual General Meeting shall appoint an Auditor or Firm of Auditors to hold office from the conclusion of that meeting until the conclusion of the fifth Annual General Meeting and shall, within seven days of the appointment, give intimation thereof to every Auditor so appointed unless he is a retiring Auditor.
- c. At every Annual General Meeting, reappointment of such auditor shall be ratified by the shareholders.
- d. Where at an Annual General Meeting no Auditors are appointed or reappointed, the Central Government may appoint a person to fill the vacancy.
- e. The Company shall, within seven days of the Central Government's power under Sub-clause (d) becoming exercisable, give notice of that fact to that Government.
- f. 1. The first Auditor or Auditors of the Company shall be appointed by the Board of Directors within one month of the date of registration of the Company and the Auditor or Auditors so appointed shall hold office until the conclusion of the first Annual General Meeting.

Provided that the Company may at a General Meeting remove any such Auditor or all or any of such Auditors and appoint in his or their places any other person or persons who have been nominated for appointment by any such member of the Company and of

whose nomination notice has been given to the members of the Company, not less than 14 days before the date of the meeting; and

2. If the Board fails to exercise its power under this Sub-clause, the Company in General Meeting may appoint the first Auditor or Auditors.
- g. The Directors may fill any casual vacancy in the office of an Auditor, but while any such vacancy continues, the remaining Auditor or Auditors, if any, may act, but where such a vacancy is caused by the resignation of an Auditor, the vacancy shall only be filled by the Company in General Meeting.
- h. A person other than a retiring Auditor, shall not be capable of being appointed at an Annual General Meeting unless Special Notice of a resolution for appointment of that person to the office of Auditor has been given by a member to the Company not less than fourteen days before the meeting in accordance with Section 115 of the Act and the Company shall send a copy of any such notice to the retiring Auditor and shall give notice thereof to the members in accordance with Section 190 of the Act and all other provisions of Section 140 of the Act shall apply in the matter. The provisions of this Sub-clause shall also apply to a resolution that retiring Auditor shall be reappointed.
- i. The persons qualified for appointment as Auditors shall be only those referred to in Section 141 of the Act.
- j. Subject to the provisions of Section 146 of the Act, the Auditor of the company shall attend general meetings of the company.

#### **Audit of Branch Offices**

187. The Company shall comply with the provisions of Section 143 of the Act in relation to the audit of the accounts of Branch Offices of the Company.

#### **Remuneration of Auditors**

188. The remuneration of the Auditors shall be fixed by the Company in General Meeting except that the remuneration of any Auditor appointed to fill a casual vacancy may be fixed by the Board.

#### **Rights and duties of Auditors**

189. a. Every Auditor of the Company shall have a right of access at all times to the books of accounts and vouchers of the Company and shall be entitled to require from the Directors and officers of the Company such information and explanations as may be necessary for the performance of his duties as Auditor.
- b. All notices of, and other communications relating to any General Meeting of a Company which any member of the Company is entitled to have sent to him shall also be forwarded to the Auditor, and the Auditor shall be entitled to attend any General Meeting and to be heard at any General Meeting which he attends on any part of the business which concerns him as Auditor.
- c. The Auditor shall make a report to the members of the Company on the accounts examined by him and on Financial statements and on every other document declared by this Act to be part of or annexed to the Financial statements, which are laid before the Company in General Meeting during his tenure of office, and the report shall state whether, in his opinion and to the best of his information and according to explanations given to him, the said accounts give the information required by this Act in the manner so required and give a true and fair view:
  1. in the case of the Balance Sheet, of the state of affairs as at the end of the financial year and
  2. in the case of the Statement of Profit and Loss, of the profit or loss for its financial year.
- d. The Auditor's Report shall also state:
  - (a) whether he has sought and obtained all the information and explanations which to the best of his knowledge and belief were necessary for the purpose of his audit and if not, the details thereof and the effect of such information on the financial statements;



- (b) whether, in his opinion, proper books of account as required by law have been kept by the company so far as appears from his examination of those books and proper returns adequate for the purposes of his audit have been received from branches not visited by him;
  - (c) whether the report on the accounts of any branch office of the company audited under sub-section (8) by a person other than the company's auditor has been sent to him under the proviso to that sub-section and the manner in which he has dealt with it in preparing his report;
  - (d) whether the company's balance sheet and profit and loss account dealt with in the report are in agreement with the books of account and returns;
  - (e) whether, in his opinion, the financial statements comply with the accounting standards;
  - (f) the observations or comments of the auditors on financial transactions or matters which have any adverse effect on the functioning of the company;
  - (g) whether any director is disqualified from being appointed as a director under sub-section (2) of section 164;
  - (h) any qualification, reservation or adverse remark relating to the maintenance of accounts and other matters connected therewith;
  - (i) whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls;
  - (j) whether the company has disclosed the impact, if any, of pending litigations on its financial position in its financial statement;
  - (k) whether the company has made provision, as required under any law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts;
  - (l) whether there has been any delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the company.
- e. Where any of the matters referred to in Clauses (i) and (ii) of Sub-section (2) of Section 143 of the Act or in Clauses (a), (b) and (c) of Sub-section (3) of Section 143 of the Act or Sub-clause (4) (a) and (b) and (c) hereof is answered in the negative or with a qualification, the Auditor's Report shall state the reason for such answer.
- f. The Auditor's Report shall be read before the Company in General Meeting and shall be open to inspection by any member of the Company.

**Accounts whether audited and approved to be conclusive**

190. Every account of the Company when audited and approved by a General Meeting shall be conclusive except as regards any error discovered therein within three months next after the approval thereof. Whenever any such error is discovered within that period, the accounts shall forthwith be corrected, and henceforth be conclusive.

**Service of documents on the Company**

191. A document may be served on the Company or any officer thereof by sending it to the Company or officer at the Registered Office of the Company by Registered Post, or by leaving it at the Registered Office or in electronic mode in accordance with the provisions of the act.

**How documents to be served to members**

192. a. A document (which expression for this purpose shall be deemed to included and shall include any summons, notice, requisition, process, order judgement or any other document in relation to or the winding up of the Company) may be served personally or by sending it by post to him to his registered address or in electronic mode in accordance with the provisions of the act., or (if he has no registered address in India) to the address, if any, within India supplied by him to the Company for the giving of notices to him.
- b. All notices shall, with respect to any registered shares to which persons are entitled jointly, be given to whichever of such persons is named first in the Register, and notice so given shall be sufficient notice to all the holders of such shares.
- c. Where a document is sent by post:

- i. service thereof shall be deemed to be effected by properly addressing prepaying and posting a letter containing the notice, provided that where a member has intimated to the Company in advance that documents should be sent to him under a Certificate of Posting or by Registered Post with or without acknowledgment due and has deposited with the Company a sum sufficient to defray the expenses of doing so, service of the documents shall not be deemed to be effected unless it is sent in the manner intimated by the member, and such service shall be deemed to have been effected;
  - a. in the case of a notice of a meeting, at the expiration of forty eight hours after the letter containing the notice is posted, and
  - b. in any other case, at the time at which the letter should be delivered in the ordinary course of post.

**Members to notify address in India**

193. Each registered holder of share(s) shall, from time to time, notify in writing to the Company some place in India to be registered as his address and such registered place of address shall for all purposes be deemed to be his place of residence.

**Service on members having no registered address in India**

194. If a member has no registered address in India and has not supplied to the Company an address within India for the giving of notices to him, a document advertised in a newspaper circulating in the neighbourhood of the Registered Office of the Company shall be deemed to be duly served on him on the day on which the advertisement appears.

**Service on persons acquiring shares on death or insolvency of members**

195. A document may be served by the Company to the persons entitled to a share in consequence of the death or insolvency of a member by sending it through the post in a prepaid letter addressed to them by name, or by the title of representatives of deceased or assignees of the insolvent or by any like descriptions at the address, if any, in India supplied for the purpose by the persons claiming to be so entitled or (until such an address has been so supplied) by serving the document in any manner in which the same might have been served if the death or insolvency had not occurred.

**Notice valid though member deceased**

196. Any notice of document delivered or sent by post or left at the registered address of any member in pursuance of these presents shall, notwithstanding that such member by then deceased and whether or not the Company has notice of his decease, be deemed to have been duly served in respect of any registered share whether held solely or jointly with other persons by such member until some other person be registered in his stead as the holder or joint holder thereof and such service shall for all purposes of these presents be deemed a sufficient service of such notice or document on his or on her heirs, executors or administrators, and all other persons, if any, jointly interested with him or her in any such share.

**Persons entitled to Notice of General Meeting**

197. Subject to the provisions of Section 101 the Act and these Articles, notice of General Meeting shall be given to;

- (a) every member of the company, legal representative of any deceased member or the assignee of an insolvent member;
- (b) the auditor or auditors of the company; and (c) every director of the company.

Any accidental omission to give notice to, or the non-receipt of such notice by, any member or other person who is entitled to such notice for any meeting shall not invalidate the proceedings of the meeting.

**Advertisement**

198. a. Subject to the provisions of the Act, any document required to be served on or sent to the members, or any of them by the Company and not expressly provided for by these presents, shall be deemed to be duly served or sent if advertised in a newspaper circulating in the district where the Registered Office of the Company is situated.

- b. Every person who by operation of law, transfer or other means whatsoever shall become entitled to any share shall be bound by every notice in respect of such share which previously to his name and address being entered in the Register shall be duly given to the person from whom he derived his title to such share or stock.

**Transference, etc. bound by prior notices**

199. Every person, who by the operation of law, transfer, or other means whatsoever, shall become entitled to any share, shall be bound by every document in respect of such share which previously to his name and address being entered in the Register, shall have been duly served on or sent to the person from whom he derives his title to the share.

**How notice to be signed**

200. Any notice to be given by the Company shall be signed by the Managing Director or by such Director or officer as the Directors may appoint. The signature to any notice to be given by the Company may be written or printed or lithographed.

**AUTHENTICATION OF DOCUMENTS**

**Authentication of document and proceeding**

201. Save as otherwise expressly provided in the Act or these Articles, a document or proceeding requiring authentication by the Company may be signed by a Director, or the Managing Director or an authorised officer of the Company and need not be under its seal.

**WINDING UP**

**Winding up**

202. Subject to the provisions of the Act as to preferential payments, the assets of a Company shall, on its winding-up be applied in satisfaction of its liabilities pari-passu and, subject to such application, shall, unless the articles otherwise provide, be distributed among the members according to their rights and interests in the Company.

**Division of assets of the Company in specie among members**

203. If the Company shall be wound up, whether voluntarily or otherwise, the liquidators may, with the sanction of a Special Resolution, divide among the contributories, in specie or kind, and part of the assets of the Company and may, with the like sanction, vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories or any of them, as the liquidators with the like sanction shall think fit. In case any shares, to be divided as aforesaid involves a liability to calls or otherwise, any person entitled under such division to any of the said shares may, within ten days after the passing of the Special Resolution by notice in writing, direct the liquidators to sell his proportion and pay him the net proceeds, and the liquidators shall, if practicable, act accordingly.

**INDEMNITY AND RESPONSIBILITY**

**Directors' and others' right to indemnity**

204. a. Subject to the provisions of Section 197 of the Act every Director, Manager, Secretary and other officer or employee of the Company shall be indemnified by the Company against, and it shall be the duty of the Directors out of the funds of the Company to pay all costs, losses, and expenses (including travelling expenses) which Service of documents on the Company any such Director, officer or employee may incur or becomes liable to by reason of any contract entered into or act or deed done by him or any other way in the discharge of his duties, as such Director, officer or employee.
- b. Subject as aforesaid, every Director, Manager, Secretary, or other officer/employee of the Company shall be indemnified against any liability, incurred by them or him in defending any proceeding whether civil or criminal in which judgement is given in their or his favour or in which he is acquitted or discharged or in connection with any application under Section 463 of the Act in which relief is given to him by the Court and without prejudice to the generality of the foregoing, it is hereby expressly declared that the Company shall pay and bear all fees and other expenses incurred or incurable by or in respect of any Director for filing any return, paper or document with the Registrar of Companies, or complying with any of the provisions of the Act in respect of or by reason of his office as a Director or other officer of the Company.

205. Subject to the provisions of Section 197 of the Act, no Director or other officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Director or officer, or for

joining in any receipt or other act for conformity for any loss or expenses happening to the Company through insufficiency or deficiency of title to any property acquired by order of the Directors for and on behalf of the Company, or for the insufficiency or deficiency of title to any property acquired by order of the Directors for and on behalf of the Company or for the insufficiency or deficiency of any money invested, or for any loss or damages 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 judgement or oversight on his part of for any 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 act or default.

#### **SECURITY CLAUSE**

206. a. No member shall be entitled to visit or inspect the Company's works without the permission of the Directors or Managing Director or to require discovery of or any information respecting any details of the Company's trading or any matter which is or may be in the nature of a trade secret, mystery of trade or secret process or which may relate to the conduct of the business of the Company and which, in the opinion of the Directors, will be inexpedient in the interests of the Company to communicate to the public.
- b. Every Director, Managing Director, Manager, Secretary, Auditor, Trustee, Members of a Committee, Officers, 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, or at any time during his term of office sign a declaration pledging himself to observe strict secrecy respecting all transactions of the Company and the state of accounts and in matters relating thereto, and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of duties except when required so to do by the Board or by any General Meeting or by a Court of Law or by the persons to whom such matters relate and except so far as may be necessary, in order to comply with any of the provisions contained in these Articles.

#### **REGISTERS, INSPECTION AND COPIES THEREOF**

207. a. Any Director or Member or person can inspect the statutory registers maintained by the company, which may be available for inspection of such Director or Member or person under provisions of the act by the company, provided he gives fifteen days notice to the company about his intention to do so.
- b. Any ,Director or Member or person can take copies of such registers of the company by paying Rs. 10 per page to the company. The company will take steps to provide the copies of registers to such person within Fifteen days of receipt of money.

#### **GENERAL AUTHORITY**

208. Wherever in the applicable provisions under the Act, it has been provided that, any Company shall have any right, authority or that such Company could carry out any transaction only if the Company is authorised by its Articles, this regulation hereby authorises and empowers the Company to have such right, privilege or authority and to carry out such transaction as have been permitted by the Act without there being any specific regulation or clause in that behalf in this articles.

## SECTION X: OTHER INFORMATION

### MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two (2) years before the date of the Draft 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 have been attached to the copy of the Draft Prospectus delivered to the RoC for registration, and also the documents for inspection referred to hereunder, may be inspected at our Registered Office at Plot-828/829, 3rd Floor, Office-3, Shree Kuberji Complex, Athugar Street, Nanpura Main Road, Surat-395001, Gujarat, India, from 10.00 am to 5.00 pm on Working Days from Application/Issue Opening Date until the Application/Issue Closing Date.

#### A Material Contracts to the Issue

1. Memorandum of Understanding dated February 22 , 2017, entered into among our Company and the Lead Manager.
2. Memorandum of Understanding dated February 06, 2017, entered into among our Company and the Registrar to the Issue.
3. Tripartite Agreement dated February 18, 2017 entered into among our Company, NSDL and the Registrar to the Issue.
4. Tripartite Agreement dated January 31, 2017 entered into among our Company, CDSL and the Registrar to the Issue.
5. Banker to the Issue Agreement dated [ ] among our Company, the LM, Banker to the issue and the Registrar to the issue.
6. Market Making Agreement dated February 22 , 2017 between our Company, the Lead Manager and the Market Maker.
7. Underwriting Agreement dated February 22 , 2017 between our Company, the Lead Manager and the Market Maker.

#### B Material Documents

1. Certified copies of the Memorandum of Association and Articles of Association of our Company.
2. Resolution of the Board of Directors of our Company and Equity Shareholders of our Company dated November 18, 2016 and December 24, 2016, respectively, authorizing the Issue and other related matters.
3. Resolution of the Board of Directors of our Company dated [ ] approving the Draft Prospectus and amendments thereto.
4. Copies of the annual reports of our Company for the five (5) fiscals immediately preceding the date of this Draft Prospectus i.e. for the year ended March 31, 2016, 2015, 2014, 2013 and 2012.
5. Auditor's report for Restated Financials dated January 27, 2017 included in this Draft Prospectus.
6. Copy of Statement of tax benefits dated January 20, 2017 from the Statutory Auditor included in this Draft Prospectus.
7. Consents of the Auditor, January 20, 2017, to include its name as required under Section 26(1) (a)(v) of the Companies Act 2013 in this Draft Prospectus and as an expert, as defined under Section 2(38) of the Companies Act 2013, in relation to their audit report dated January 27, 2017 on our restated financial information and the statement of tax benefits in the form and context in which it appears in this Draft Prospectus.
8. Consents of Bankers to our Company, the lenders to the Company (where such consent is required), the Lead Manager, Registrar to the Issue, Legal counsel, Directors of our Company, Chief Financial Officer and Company Secretary and Compliance Officer, Market Maker and Underwriter as referred to act, in their respective capacities.

9. In-principle listing approval dated [ ] from the BSE for listing the Equity Shares on the SME Platform of BSE and to include their name in the Draft Prospectus.

Any of the contracts or documents mentioned in this Draft Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders, subject to compliance with the provisions contained in the Companies Act and other relevant statutes.

## DECLARATION

We certify and declare that all the relevant provisions of the Companies Act, 2013 and the rules, regulations and guidelines issued by the Government of India or the regulations or guidelines issued by SEBI, as the case may be, have been complied with and no statement made in this Draft Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, as amended, the Securities and Exchange Board of India Act, 1992, as amended or the rules, regulations or guidelines issued thereunder, as the case may be. We further certify that all the statements in this Draft Prospectus are true and correct.

### SIGNED BY THE BOARD OF DIRECTORS OF OUR COMPANY:

<p>----- <b>SHWET KORADIYA</b> <i>Chairman &amp; Managing Director</i></p>	<p>----- <b>BRIJESHKUMAR MALI</b> <i>Non-Executive &amp; Independent Director</i></p>
<p>----- <b>PARESH LATHIYA</b> <i>Non-Executive &amp; Independent Director</i></p>	<p>----- <b>SHWETA GANDHI</b> <i>Non-Executive &amp; Independent Director</i></p>

### SIGNED BY CHIEF FINANCIAL OFFICER

-----  
**BHAVIN CHANDURA**

### SIGNED BY COMPANY SECRETARY AND COMPLIANCE OFFICER

-----  
**ANKITKUMAR TANK**

Date:

Place: