

(Please scan this QR Code to view the Prospectus)

**PROSPECTUS**

Dated: April 13, 2022

Please read Section 26 of Companies Act, 2013

Fixed Price Issue



**LE MERITE EXPORTS LIMITED**

CIN: U17111MH2003PLC143645

| Registered Office  | Contact Person  | Email and Telephone  | Website  |
|--|---|--|--|
| B1-104D, Boomerang, Chandivali Farm Road, Powai, Andheri (East), Mumbai - 400072 | Sarita Mishra, Company Secretary and Compliance Officer | <b>Email Id:</b> <a href="mailto:compliance@lemeriteexports.com">compliance@lemeriteexports.com</a><br><b>Tel:</b> 022 28579209; | <a href="http://www.lemeriteexports.com">www.lemeriteexports.com</a> |

**NAME OF PROMOTER(S) OF THE COMPANY: ABHISHEK LATH & UMASHANKAR LATH**

**DETAILS OF OFFER TO PUBLIC**

| Type        | Fresh Issue Size | OFS* Size | Total Issue Size | Eligibility - 229 (1)/ 229(2) & Share Reservation amount QIB, NII and RII   |
|-------------|------------------|-----------|------------------|---|
| Fresh Issue | ₹ 4,800.00 Lakhs | NA        | ₹ 4,800.00 Lakhs | The Issue is being made pursuant to Regulation 229 (2) of SEBI (ICDR) Regulations as the Company's post issue paid-up capital is more than 10 Cr. and upto 25 Cr. For details in relation to share reservation among QIBs, NIIs and RIIs, see "Issue Structure" on page 264 of this Prospectus. |

\*OFS: Offer for Sale

**DETAILS OF OFS BY PROMOTER (S)/ PROMOTER GROUP/ OTHER SELLING SHAREHOLDERS: NA**

**RISKS IN RELATION TO THE FIRST OFFER**

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 ₹10/- per Equity share and the Issue Price is 7.5 times the face value. The Issue Price (determined and justified by our Company in consultation with the Lead Manager) as stated under "Basis for Issue Price" beginning on page no. 82 of this 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 or regarding the price at which the Equity Shares will be traded after listing.

**GENERAL RISKS**

Investment in equity & equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Issuer and this Issue, including the risks involved. The Equity Shares 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 the Prospectus. Specified attention of the investors is invited to the section titled "Risk Factors" at page 21 of this Prospectus.

**ISSUER'S ABSOLUTE RESPONSIBILITY**

The issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this Prospectus contains all information with regard to the issuer and the issue which is material in the context of the issue, that the information contained in the 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 are no other facts, the omission of which make this document 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 offered through the Prospectus are proposed to be listed on the EMERGE Platform of NSE Limited. In terms of the Chapter IX of the SEBI (ICDR) Regulations, 2018 as amended from time to time, our Company has received "in-principle" approval letter dated March 25, 2022 from National Stock Exchange of India Limited ("NSE") for using its name in the Prospectus for listing of our shares on the EMERGE Platform of NSE. For the purpose of this Issue, the Designated Stock Exchange will be the National Stock Exchange of India Limited ("NSE").

**LEAD MANAGER**

| Name and Logo of the Lead manager  | Contact Person | Email and Telephone   |
|--|----------------|---|
| <b>FEDEX SECURITIES PRIVATE LIMITED</b><br> | Yash Kadakia   | <b>Tel No:</b> +91 81049 85249<br><b>E-mail:</b> <a href="mailto:mb@fedsec.in">mb@fedsec.in</a><br><b>Website:</b> <a href="http://www.fedsec.in">www.fedsec.in</a> |

**REGISTRAR TO THE ISSUE**

| Name of the Registrar   | Contact Person | Email and Telephone   |
|---|----------------|---|
| <b>BIGSHARE SERVICES PRIVATE LIMITED</b><br> | Swapnil Kate   | <b>Tel No.:</b> 022 6263 8200<br><b>Email:</b> <a href="mailto:ipo@bigshareonline.com">ipo@bigshareonline.com</a><br><b>Website:</b> <a href="http://www.bigshareonline.com">www.bigshareonline.com</a> |

**ISSUE PROGRAMME**

|                       |                |                        |                |
|-----------------------|----------------|------------------------|----------------|
| <b>ISSUE OPENS ON</b> | April 25, 2022 | <b>ISSUE CLOSES ON</b> | April 28, 2022 |
|-----------------------|----------------|------------------------|----------------|



**LE MERITE EXPORTS LIMITED**  
CIN: U17111MH2003PLC143645

Our Company was originally incorporated as a Private Limited Company in name and style of "Didwaniya Yarn Exports Private Limited" on December 24, 2003 under the Companies Act, 1956 bearing Corporate Identification Number U17111MH2003PTC143645 issued by the Registrar of Companies, Maharashtra, Mumbai. Prakashchandra Didwaniya, Prashant Didwaniya and Chandabai Didwaniya were the original Promoters and subscribers of the Company at the time of incorporation. Further, the name of our Company was changed to "Le Merite Exports Private Limited" and a special resolution was passed by the Shareholders of the Company at the Extra-Ordinary General Meeting held on August 07, 2004. The Assistant Registrar of Companies, Maharashtra, Mumbai issued a fresh Certificate of Incorporation dated September 02, 2004, upon change of the name. Further, on March 31, 2006 the entire share capital of our Company was transferred by the Didwaniya family to the Lath family and the control of the company was handed over to Lath Family, the new promoters of our company, pursuant to share transfer deed. Further, our Company was converted into a Public Limited Company pursuant to the special resolution passed by the shareholders at the Extra-Ordinary General Meeting of our Company held on June 02, 2015 and consequent upon such conversion the name of our Company was changed to "Le Merite Exports Limited" vide a fresh certificate of incorporation dated July 08, 2015 bearing Corporate Identification Number U17111MH2003PLC143645 issued by the Deputy Registrar of Companies, Mumbai. For further details, please refer to section titled "History and Certain Corporate Matters" beginning on page 150 of this Prospectus.

**Registered Office:** B1-104D, Boomerang, Chandivali Farm Road, Powai, Andheri (East), Mumbai - 400072, Maharashtra, India.

**Tel No.:** 022 28579209; **Email:** [compliance@lemeriteexports.com](mailto:compliance@lemeriteexports.com); **Website:** [www.lemeriteexports.com](http://www.lemeriteexports.com)

**Contact Person:** . Sarita Mishra, Company Secretary and Compliance officer

**Our Promoters:** Abhishek Lath & Umashankar Lath

**THE ISSUE**

INITIAL PUBLIC OFFER OF 64,00,000 EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH ("EQUITY SHARES") OF LE MERITE EXPORTS LIMITED (THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹ 75 PER EQUITY SHARE INCLUDING A SHARE PREMIUM OF ₹ 65 PER EQUITY SHARE (THE "ISSUE PRICE"), AGGREGATING TO ₹ 4,800.00 LAKHS ("THE ISSUE"), OF WHICH 3,36,000 EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH FOR CASH AT A PRICE OF ₹ 75 PER EQUITY SHARE INCLUDING A SHARE PREMIUM OF ₹ 65 PER EQUITY SHARE AGGREGATING TO ₹ 252.00 LAKHS WILL BE RESERVED FOR SUBSCRIPTION BY MARKET MAKER TO THE ISSUE (THE "MARKET MAKER RESERVATION PORTION"). THE ISSUE LESS THE MARKET MAKER RESERVATION PORTION I.E. NET ISSUE OF 60,64,000 EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH AT A CASH PRICE OF ₹ 75 PER EQUITY SHARE INCLUDING A SHARE PREMIUM OF ₹ 65 PER EQUITY SHARE AGGREGATING TO ₹ 4,548.00 LAKHS IS HEREINAFTER REFERRED TO AS THE "NET ISSUE". THE ISSUE AND THE NET ISSUE WILL CONSTITUTE 27.26% AND 25.83%, RESPECTIVELY OF THE POST ISSUE PAID UP EQUITY SHARE CAPITAL OF OUR COMPANY. FOR FURTHER DETAILS, PLEASE REFER TO SECTION TITLED "TERMS OF THE ISSUE" BEGINNING ON PAGE NO 257 OF THIS PROSPECTUS.

**THE FACE VALUE OF THE EQUITY SHARE IS ₹ 10/- AND THE ISSUE PRICE IS 7.5 TIMES OF THE FACE VALUE**

This issue is being made through fixed price process in terms of Chapter IX of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("SEBI (ICDR) Regulations") as amended and Rule 19(2)(b)(i) of the Securities Contracts (Regulation) Rules, 1957, as amended (THE "SCRR"), This issue has been made for at least 25.00% of the post-issue paid-up equity share capital of our company and allocation in the net issue to the public will be made in terms of regulation 253 of the SEBI (ICDR) Regulations, 2018, as amended. For further details, please refer to section titled "Issue Procedure" beginning on page 267 of this Prospectus. A copy of the prospectus will be delivered to the Registrar of Companies, Mumbai for filing as required under Section 26 of the Companies Act, 2013.

All potential investors shall participate in the Issue only through an Application Supported by Blocked Amount ("ASBA") process including through UPI mode (as applicable) by providing details of their respective bank accounts and / or UPI IDs, in case of RILs, if applicable, which will be blocked by the Self Certified Syndicate Banks ("SCSBs") or under UPI Mechanism as the case may be. For details in this regard, specific attention is invited to "Issue Procedure" on page no. 267 of this Prospectus.

**RISK IN RELATION TO THE FIRST 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 ₹10/- per Equity share and the Issue Price is 7.5 times the face value. The Issue Price (determined and justified by our Company in consultation with the Lead Manager) as stated under "Basis for Issue Price" beginning on page no. 82 of this 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 or regarding the price at which the Equity Shares will be traded after listing.

**GENERAL RISKS**

Investment in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the 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 the Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue, including the risks involved. The Equity Shares 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 Prospectus. Specific attention of the investors is invited to "Risk Factors" beginning on page no. 21 of this Prospectus.

**COMPANY'S ABSOLUTE RESPONSIBILITY**

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

**LISTING**

The Equity Shares issued through this Prospectus are proposed to be listed on EMERGE Platform of National Stock Exchange of India Limited ("NSE EMERGE"). Our Company has received an In-Principle Approval letter dated March 25, 2022 from NSE Limited for using its name in this Prospectus for listing our shares on the EMERGE Platform of National Stock Exchange of India Limited. For the purpose of this Issue, the Designated Stock Exchange will be the NSE Limited ("NSE").

| <b>LEAD MANAGER TO THE ISSUE</b>  |  | <b>REGISTRAR TO THE ISSUE</b>   |  |
|---|--|---|--|
|  | <b>FEDEX SECURITIES PRIVATE LIMITED</b><br>B 7, 3rd Floor, Jay Chambers, Dayaldas Road, Vile Parle (East), Mumbai – 400057, Maharashtra, India<br><b>Tel No.:</b> +91 81049 85249<br><b>E-mail:</b> <a href="mailto:mb@fedsec.in">mb@fedsec.in</a><br><b>Website:</b> <a href="http://www.fedsec.in">www.fedsec.in</a><br><b>Contact Person:</b> Yash Kadakia<br><b>SEBI Registration Number:</b> INM000010163<br><b>Investor Grievance E-mail:</b> <a href="mailto:mb@fedsec.in">mb@fedsec.in</a> |  | <b>BIGSHARE SERVICES PRIVATE LIMITED</b><br>1st Floor, Bharat Tin Works Building, Club House Road, Opp. Vasant Oasis, Makwana Road, Marol, Andheri (East), Mumbai 400059<br><b>Tel No.:</b> 022 6263 8200<br><b>Email:</b> <a href="mailto:ipo@bigshareonline.com">ipo@bigshareonline.com</a><br><b>Website:</b> <a href="http://www.bigshareonline.com">www.bigshareonline.com</a><br><b>Contact Person:</b> Swapnil Kate<br><b>SEBI Registration No.:</b> INR000001385 |
| <b>ISSUE OPENS ON</b>   |  | <b>ISSUE CLOSES ON</b>  |  |
| April 25, 2022  |  | April 28, 2022  |  |

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## SECTION - I - GENERAL

### DEFINITIONS AND ABBREVIATIONS

*This Prospectus uses certain definitions and abbreviations which, unless the context otherwise indicates or implies or unless otherwise specified, shall have the meaning as provided below. References to any legislation, act, regulations, rules, guidelines or policies shall be to such legislation, act, regulations, rules, guidelines or policies as amended, supplemented, or re-enacted from time to time and any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision.*

*The words and expressions used in this Prospectus, but not defined herein shall have, to the extent applicable, the meaning ascribed to such terms under SEBI ICDR Regulations 2018, the Companies Act 2013, the SCRA, the Depositories Act, and the rules and regulations made thereunder.*

*Notwithstanding the foregoing, the terms not defined but used in the sections titled "Statement of Tax Benefits", "Restated Financial Statements", "Outstanding Litigation and Material Developments", "Key Industry Regulations and Policies" and section titled "Main Provisions of Articles of Association" beginning on page 86, 180, 233, 136 and 301 respectively, shall have the meanings ascribed to such terms in the respective sections.*

### CONVENTIONAL OR GENERAL TERMS

| Term  | Description   |
|---|---|
| "Le Merite Exports Limited", "Le Merite", "LMEL", "We" or "us" or "Our Company" or "the Issuer" | Unless the context otherwise indicates or implies refers to Le Merite Exports Limited, a public limited Company incorporated under the provisions of the Companies Act, 1956 with its registered office at B1-104D, Boomerang, 1st Floor, Chandivali Farm Road, Powai, Andheri- East, Mumbai- 400072, Maharashtra, India. |
| Promoter(s) / Core Promoter(s)  | Abhishek Lath and Umashankar Lath   |
| Promoter Group  | Such persons, entities and companies constituting our promoter group pursuant to Regulation 2(1) (pp) of SEBI ICDR Regulations as disclosed in the section titled "Our Promoter and Promoter Group" beginning on page 171 of this Prospectus  |
| "you", "your" or "yours"  | Prospective Investors in this Issue   |

### CORPORATE RELATED TERMS & INDUSTRY RELATED TERMS

| Term                                     | Description  |
|--|--|
| AOA/Articles / Articles of Association   | The Articles of Association of Le Merite Exports Limited, as amended from time to time   |
| Audit Committee                          | The Audit Committee of our Board, as described in "Our Management" beginning on page 156 of this Prospectus.   |
| Board / Board of Directors / Our Board   | The Board of Directors of our Company, including all committees duly constituted from time to time as described in "Our Management" beginning on page 156 of this Prospectus.  |
| Company Secretary and Compliance Officer | The Company Secretary of our Company, being Sarita Mishra  |
| Chief Financial Officer/ CFO             | The Chief Financial Officer of our Company, being Abhishek Lath  |
| Director(s)                              | Director(s) on the Board of Le Merite Exports Limited as appointed from time to time, unless otherwise specified.  |
| Equity Shares/Shares                     | Equity Shares of our Company having face value of ₹ 10/- each, fully paid up, unless otherwise specified in the context thereof  |
| Equity Shareholders / Shareholders       | Persons /entities holding Equity Shares of our Company   |
| Group Companies                          | Companies (other than our Promoters and Subsidiaries) with which there were related party transactions as disclosed in the Restated Financial Statements as covered under the applicable accounting standards, and as disclosed in "Our Group Companies" beginning on page 176 of this Prospectus  |
| Independent Director                     | Independent directors on the Board, and eligible to be appointed as an independent director under the provisions of Companies Act and SEBI Listing Regulations. For details of the Independent Directors, please refer to section titled "Our Management" beginning on page 156 of this Prospectus |
| ISIN                                     | International Securities Identification Number is INEOG1L01017   |

| Term                                      | Description  |
|---|--|
| Key Management Personnel /KMP             | Key management personnel of our Company in terms of Regulation 2(1) (bb) of the SEBI (ICDR) Regulations and Section 2(51) of the Companies Act, 2013. For details, please refer "Our Management" beginning on page 156 this Prospectus.  |
| MoA / Memorandum of Association           | The Memorandum of Association of our Company, as amended from time to time   |
| Nomination & Remuneration Committee       | The Nomination and Remuneration Committee of our Board described in the section titled "Our Management" beginning on page 156 of this Prospectus.  |
| Peer Reviewed Auditor & Statutory Auditor | The Peer Review Auditor of our Company, being M/s Nagori Nuwal & Co., Chartered Accountants (FRN: 008185C), having Peer Review Certificate No. 013344.   |
| Registered Office                         | B1-104D, Boomerang, 1st Floor, Chandivali Farm Road, Powai, Andheri- East, Mumbai- 400072, Maharashtra, India  |
| Roc/Registrar of Companies                | Registrar of Companies, 100, Everest, Marine Drive, Mumbai- 400002, Maharashtra.   |
| Restated Financial Statements             | The restated audited financial statements of our Company for the Financial Years ended as on March 31 of 2019, 2020 and 2021 respectively and for the nine months ended as on December 31, 2021 which comprises of the restated audited balance sheet, restated audited statement of profit and loss and the restated audited cash flow statement, together with the annexures and notes thereto disclosed in Section titled "Restated Financial Statements" beginning on page 180 of this Prospectus. |
| Stakeholders' Relationship Committee      | The Stakeholders' Relationship Committee of the Board of Directors described in the section titled "Our Management" beginning on page 15 of this Prospectus  |
| Statutory Auditor & Peer Reviewed Auditor | The Statutory Auditor of our Company, being M/s Nagori Nuwal & Co., Chartered Accountants (FRN: 008185C), having Peer Review Certificate No. 013344 has been appointed at the Extra Ordinary General Meeting on November 30, 2021.   |

#### ISSUE RELATED TERMS

| Term  | Description   |
|---|---|
| Acknowledgement Slip                                      | The acknowledgement slips or documents issued by the Designated Intermediary to a Bidder as a proof of having accepted the Application Form   |
| Allot / Allotment / Allotted / Allotment of Equity Shares | Unless the context otherwise requires, allotment of the Equity Shares pursuant to the Issue of Equity Shares to the successful Applicants.  |
| Allottee(s)   | A successful Applicant to whom the Equity Shares are being Allotted   |
| Allotment Advice  | Note or advice or intimation of Allotment sent to each successful applicant who have been or are to be Allotted the Equity Shares after approval of the Basis of Allotment by the Designated Stock Exchange |
| Allotment Date  | Date on which the Allotment will be made  |
| Applicant   | Any prospective investor who makes an application for Equity Shares of our Company in terms of the Prospectus. All the applicants should make application through ASBA only.                                |
| Application Lot   | 1600 Equity Shares  |
| Application Amount  | The amount at which the Applicant makes an application for Equity Shares of our Company in terms of the Prospectus  |
| Application Supported by Blocked Amount/ ASBA             | An application, whether physical or electronic, used by ASBA Bidders to make a Bid and authorize an SCSB to block the Bid Amount in the ASBA Account  |
| ASBA Account  | A bank account maintained with an SCSB and specified in the ASBA Form submitted by applicant for blocking the application Amount mentioned in the ASBA Form   |
| ASBA Form   | An application form, whether physical or electronic, used by ASBA Applicant which will be considered as the application for Allotment in terms of the Draft Prospectus/ Prospectus                          |
| Bankers to the Company                                    | Shinhan Bank, UCO Bank, ICICI Bank and Tirupati Urban Co-op Bank Ltd  |

| Term   | Description   |
|--|---|
| Banker to the Issue / Refund Banker / Public Issue Bank            | The banks which are clearing members and registered with SEBI as Banker to an Issue with whom the Public Issue Account and Refund Account will be opened and in this case being Kotak Mahindra Bank Limited   |
| Basis of Allotment   | The basis on which the Equity Shares will be Allotted to successful Applicants under the Issue, described in "Issue Procedure" beginning on page 267 of this Prospectus   |
| Business Day   | Any day on which commercial banks are open for the business   |
| CAN /Confirmation of Allocation Note                               | A note or advice or intimation sent to Investors, who have been allotted the Equity Shares, after approval of Basis of Allotment by the Designated Stock Exchange   |
| Client ID  | Client Identification Number of the Applicant's Beneficiary Account   |
| Collection Centers   | Broker Centers notified by National Stock Exchange of India Limited where bidders can submit the Application Forms 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 website of the Emerge platform of National Stock Exchange of India Limited. |
| Collecting Depository Participant or CDP/ Designated CDP Locations | A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Application Forms at the Designated CDP Locations (in terms of circular no. GR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI) as per the list available on the website of the Stock Exchange.             |
| Controlling Branches/ Controlling Branches of the SCSBs            | Such branches of the SCSBs which co-ordinate Application Forms by the ASBA Bidders with the Registrar to the Issue and National Stock Exchange of India Limited and a list of which is available at <a href="http://www.sebi.gov.in">www.sebi.gov.in</a> or at such other website as may be prescribed by SEBI from time to time.                   |
| Demographic Details  | The demographic details of the Applicant such as their address, PAN, occupation, bank account details and UPI ID as applicable  |
| Depositories   | National Securities Depositories Limited (NSDL) and Central Depository Services Limited (CDSL) or any other Depositories registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, as amended from time to time  |
| Depository Participant/DP  | A depository participant registered with SEBI under the Depositories Act.   |
| Designated CDP Locations   | Such centres of the CDPs where applicant can submit the ASBA Forms. The details of such Designated CDP Locations, along with names and contact details of the CDPs eligible to accept ASBA Forms are available on the website of NSE  |
| Designated Date  | The date on which amounts blocked by the SCSBs are transferred from the ASBA Accounts, as the case may be, to the Public Issue Account or the Refund Account, as appropriate, in terms of the Prospectus, following which the Board may Allot Equity Shares to successful Applicants in the Issue   |
| Designated Intermediaries  | The members of the Syndicate, sub-syndicate/agents, SCSBs, Registered Brokers, CDPs and RTAs, who are categorized to collect Application Forms from the Applicants, in relation to the Issue  |
| Designated Market Maker  | Rikhav Securities Limited will act as the Market Maker and has agreed to receive or deliver the specified securities in the market making process for a period of three years from the date of listing of our Equity Shares or for a period as may be notified by amendment to SEBI ICDR Regulations  |
| Designated RTA Locations   | Such locations of the RTAs where applicant can submit the ASBA Forms to RTAs. The details of such Designated RTA Locations, along with the names and contact details of the RTAs are available on the NSE.  |
| Designated SCSB Branches   | Such Branches of the SCSBs which shall collect the ASBA Forms used by the applicant, a list of which is available on <a href="https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=35">https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=35</a>                                    |
| Designated Stock Exchange  | EMERGE Platform of National Stock Exchange of India Limited (NSE EMERGE)  |
| Didwaniya Family   | i. Prakashchandra Didwaniya<br>ii. Prashant Didwaniya and   |

| Term   | Description   |
|--|---|
|  | iii. Chandabai Didwaniya  |
| Eligible NRI   | NRIs from jurisdictions outside India where it is not unlawful to make an issue or invitation under the Issue and in relation to whom the ASBA Form and the Prospectus will constitute an invitation to subscribe to or to purchase the Equity Shares and who have opened dematerialized accounts with SEBI registered qualified depository participants.   |
| Eligible QFIs  | Qualified Foreign Investors from such jurisdictions outside India where it is not unlawful to make an offer or invitation to participate in the Issue and in relation to whom the Prospectus constitutes an invitation to subscribe to Equity Shares issued thereby, and who have opened dematerialized accounts with SEBI registered qualified depository participants, and are deemed as FPIs under SEBI FPI Regulations  |
| EMERGE Platform of NSE / SME Exchange / Stock Exchange / NSE SME | The EMERGE Platform of NSE, approved by SEBI as an SME Exchange for listing of equity shares offered under Chapter IX of the SEBI (ICDR) Regulations.   |
| Escrow Account(s)  | Account opened with the Escrow Collection Bank(s) and in whose favour the Investors will transfer money through direct credit/NEFT/RTGS/NACH in respect of the Applicant Amount   |
| Escrow Agent   | Escrow agent appointed pursuant to the Escrow Agreement namely Kotak Mahindra Bank Limited  |
| Escrow Agreement   | An agreement to be entered among our Company the Registrar to the Issue, the Escrow Collection Bank(s), Refund Bank(s), the LM and the Syndicate Members for the collection of Application Amounts and where applicable, for remitting refunds, on the terms and conditions thereof   |
| Escrow Collection Bank(s)  | Banks which are clearing members and registered with SEBI as bankers to an issue and with whom the Escrow Accounts will be opened, in this case being Kotak Mahindra Bank Limited   |
| First Applicant  | Applicant whose name appears first in the Application Form or the revision form in case of a joint application form and whose name shall also appear as the first holder of the beneficiary account held in joint names or in any revisions thereof   |
| Foreign Portfolio Investor / FPIs                                | Foreign Portfolio Investor as defined under SEBI FPI Regulations  |
| General Information Document/ GID                                | The General Information Document for investing in public issues prepared and issued in accordance with the circular no. CIR/CFD/DIL/12/2013 dated October 23, 2013, notified by SEBI, suitably modified and included in the section titled "Issue Procedure" beginning on page 267 of this Prospectus   |
| Issue / Issue Size / Public Issue / IPO / Offer                  | Initial Public Issue of 64,00,000 Equity Shares of face value of ₹ 10 each for cash at a price of ₹ 75 per equity share (including a premium of ₹ 65 per equity share) aggregating to ₹ 4800.00 Lakhs by our Company.   |
| Issue Agreement  | The agreement dated January 17, 2022 between our Company and the Lead Manager, pursuant to which certain arrangements are agreed to in relation to the Issue  |
| Issue Closing Date   | The date on which the Issue closes for subscription i.e., Thursday, April 28, 2022  |
| Issue Opening Date   | The date on which the Issue opens for subscription i.e., Monday, April 25, 2022   |
| Issue Period   | The period between the Issue Opening Date and the Issue Closing Date (inclusive of such date and the Issue Opening Date) during which prospective Applicants can submit their Application Forms, inclusive of any revision thereof. Provided however that the applications shall be kept open for a minimum of three (3) Working Days for all categories of bidders. Our Company, in consultation with the LMs, may decide to close applications by QIBs one (1) day prior to the Issue Closing Date which shall also be notified in an advertisement in same newspapers in which the Issue Opening Date was published. |
| Issue Price  | ₹ 75 per Equity Share (Including Premium of Rs. 65 per equity share)  |
| Issue Proceeds   | The proceeds from the Issue based on the total number of Equity Shares Allotted under the issue.  |

| Term  | Description   |
|---|---|
| Lath's family   | Umashankar Lath<br>Abhishek Lath<br>Ashadevi Lath<br>Sweta Lath<br>Late Punit Lath  |
| Lead Manager/ LM  | The Lead Manager to the Issue namely, Fedex Securities Private Limited  |
| Listing Agreement   | The Listing Agreement to be signed between our Company and EMERGE Platform of National Stock Exchange of India Limited (NSE EMERGE)   |
| Market Making Agreement   | The Market Making Agreement dated April 13, 2022 between our Company, Lead Manager and Market Maker   |
| Market Maker Reservation Portion                                  | The reserved portion of 3,36,000 Equity Shares of face value of ₹ 10 each fully paid-up for cash at a price of ₹ 75 per Equity Share (Including premium of Rs. 65 per share) aggregating to ₹ 252.00 Lakhs for the Market Maker in this Issue   |
| MSME  | Micro Small and Medium Enterprises  |
| Mutual Fund(s)  | Mutual fund(s) registered with SEBI pursuant to SEBI (Mutual Funds) Regulations, 1996, as amended from time to time   |
| Net Issue   | The Issue (excluding the Market Maker Reservation Portion) of 60,64,000 Equity Shares of face value ₹ 10 each fully paid-up of our Company for cash at a price of ₹ 75 per Equity Share (the Issue Price) aggregating up to ₹ 4548.00 Lakhs   |
| Net Proceeds  | The Issue Proceeds less the Issue related expenses. For further details, please refer to section titled "Objects of the Issue" beginning on page 73 of this Prospectus  |
| Non-Institutional Bidders / Non-Institutional Investor / NIB/ NII | All Applicants (including Eligible NRIs), who are not QIBs or Retail Individual Bidders and who have applied for Equity Shares for an amount of more than ₹ 2,00,000  |
| Non-Resident  | A person resident outside India, as defined under FEMA and includes Eligible NRIs, Eligible QFIs, FIIs registered with SEBI and FVCIs registered with SEBI  |
| Person or Persons   | Any individual, sole proprietorship, unincorporated association, unincorporated organization, body corporate, corporation, company, partnership firm, limited liability partnership firm, joint venture, or trust or any other entity or organization validly constituted and/or incorporated in the jurisdiction in which it exists and operates, as the context may require |
| Prospectus  | The Prospectus issued in accordance with Companies Act filed with the EMERGE Platform of National Stock Exchange of India Limited (NSE EMERGE) under SEBI (ICDR) Regulations 2018.  |
| Public Issue Account  | The account to be opened with the Banker to the Issue and Sponsor Bank under section 40 of Companies Act, 2013 to receive monies from the Escrow Account and ASBA   |
| QIBs or Qualified Institutional Buyers                            | Qualified Institutional Buyers as defined under Regulation 2(1) (ss) of SEBI ICDR Regulations   |
| Refund through electronic transfer of funds                       | Refunds through NECS, NEFT, direct credit, NACH or RTGS, as applicable  |
| Registered Brokers  | Stock brokers registered with SEBI as trading members (except Syndicate/sub-Syndicate Members) who hold valid membership of NSE having right to trade in stocks listed on Stock Exchange and eligible to procure Application Forms in terms of SEBI circular no. CIR/CFD/14/2012 dated October 4, 2012  |
| Registrar Agreement   | The agreement dated January 17, 2022, entered into between our Company and the Registrar to the Issue, in relation to the responsibilities and obligations of the Registrar pertaining to the Issue   |
| Registrar and Share Transfer Agents or RTAs                       | Registrar and Share Transfer Agents registered with SEBI and eligible to procure Applications at the Designated RTA Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI  |
| Registrar to the Issue/Registrar                                  | Registrar to the Issue being Bigshare Services Private Limited  |

| Term   | Description   |
|--|---|
| Retail Individual Bidders/RIBs/ Individual Investors/ RILs | Individual Bidders (including HUFs applying through their karta and Eligible NRIs), submitting Application Forms, who have applied for Equity Shares for an amount not more than ₹ 200,000 in any of the application options in the Net Issue   |
| Revision Form  | The form used by the Applicant, to modify the quantity of Equity Shares or the Application Amount in any of their Application Forms or any previous Revision Form(s) QIB Applicant and Non-Institutional Applicant are not allowed to lower their Application Forms (in terms of quantity of Equity Shares or the Application Amount) at any stage. Retail Individual Bidders can revise their Application Forms during the Issue Period and withdraw their Application Forms until Issue Closing Date  |
| SME  | Small and medium sized enterprises  |
| Self-Certified Bank(s) / SCSBs                             | A bank registered with SEBI under SEBI (Bankers to an Issue) Regulations, 1994 and offer services in relation to ASBA a list of which is available on website of SEBI ( <a href="http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=35">http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=35</a> )   |
| Sponsor Bank   | Sponsor Bank being Kotak Mahindra Bank Ltd  |
| Syndicate Member   | Intermediaries registered with the SEBI eligible to act as syndicate member and who is permitted to carry on the activity as an underwriter.  |
| TRS / Transaction Registration Slip                        | The slip or document issued by the Designated Intermediary (only on demand), to the Applicant, as proof of registration of the Application Form   |
| Underwriter  | Fedex Securities Private Limited  |
| Underwriting Agreement                                     | The Agreement dated April 13, 2022 entered between the Underwriter and our Company  |
| Unit 1   | Plot No. 144, Pandey Layout, Khamla, Nagpur, Maharashtra 440025, Nagpur   |
| Unit 2   | Gut number 355/356/363/364/365, Hayat Nagar, Fata Khandegaon, Parbhani Road Basmat, Hingoli   |
| Unit 3   | MIDC (Plot No. B1), Jalgaon Arvi, Post Kamanapur (Ghusali), Tq. Dhamangaon Rly, Dist Amravati - 444709, Maharashtra, India  |
| UPI  | Unified payment Interface which is an instant payment mechanism, developed by National Payment Corporation of India (NPCI), which allows instant transfer of money between any two persons' bank accounts using a payment address which uniquely identified a person's bank account ID created on the unified payments interface for single window mobile payment system developed by the National Payments Corporation of India.   |
| UPI Circulars  | SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, SEBI circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019, SEBI circular No. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020 and SEBI Circular No. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 02, 2021 and any subsequent circulars or notifications issued by SEBI in this regard |
| UPI ID   | ID Created on the UPI for single-window mobile payment system developed by NPCI   |
| UPI Mandate Request  | A request (intimating the RII by way of a notification on the UPI application and by way of a SMS directing the RIB to such UPI mobile application) to the RII initiated by the Sponsor Bank to authorise blocking of funds on the UPI application equivalent to application Amount and subsequent debit of funds in case of Allotment  |
| U.S Securities Act   | U.S Securities Act of 1933, as amended  |
| Wilful Defaulter   | Wilful defaulter as defined under Regulation 2(1) (III) of the SEBI ICDR Regulations.   |
| Working Day  | "Working Day" shall mean all days, excluding all Saturdays, Sundays and public holidays, on which commercial banks in city as mentioned in prospectus are open for business and in case of the time period between the Bid/Offer Closing Date and the listing of the Equity Shares on the Stock Exchanges, "Working Day" shall  |

| Term | Description   |
|------|---|
|      | mean all trading days of Stock Exchanges, excluding Sundays and bank holidays, as per the circulars issued by SEBI. |

#### TECHNICAL /GENERAL AND INDUSTRY RELATED TERMS OR ABBREVIATIONS

| Term   | Description                                      |
|--------|--|
| CAGR   | Compound Annual Growth Rate                      |
| CCEA   | Cabinet Committee on Economic Affairs            |
| CPI    | Consumer Price Index                             |
| DIPP   | Department of Industrial Policy and Promotion    |
| FCNR   | Foreign Currency Non-Resident                    |
| FDI    | Foreign Direct Investment                        |
| FEE    | Foreign Exchange Earnings                        |
| GDP    | Gross Domestic Product                           |
| GST    | Goods and Services Tax                           |
| IBC    | Insolvency and Bankruptcy Code                   |
| IIP    | Index of Industrial Production                   |
| IMF    | International Monetary Fund                      |
| NBFC   | Non-Banking Financial Company                    |
| NIFTY  | National Stock Exchange Sensitive Index          |
| PC     | Personal Computer                                |
| PE     | Private Equity                                   |
| PMEGP  | Prime Minister's Employment Generation Programme |
| RBI    | Reserve Bank of India                            |
| SENSEX | Bombay Stock Exchange Sensitive Index            |
| SEZs   | Special Economic Zones                           |
| USP    | Unique Selling Proposition                       |
| WEO    | World Economic Outlook                           |
| WPI    | Wholesale Price Index                            |
| WTO    | World Trade Organisation                         |

#### CONVENTIONAL TERMS & ABBREVIATIONS

| Term                      | Description  |
|---------------------------|--|
| A/c                       | Account  |
| AGM                       | Annual General Meeting   |
| AIF(s)                    | Alternative Investment Funds as defined in and registered with SEBI under SEBI AIF Regulations   |
| AS / Accounting Standards | Accounting Standards as issued by the Institute of Chartered Accountants of India  |
| ASBA                      | Applications Supported by Blocked Amount   |
| AY                        | Assessment Year  |
| Bn                        | Billion  |
| CAGR                      | Compounded Annual Growth Rate  |
| CARO                      | Companies (Auditor's Report) Order, 2016, as amended   |
| CDSL                      | Central Depository Services (India) Limited  |
| CFO                       | Chief Financial Officer  |
| CGST                      | Central GST  |
| CIN                       | Corporate Identification Number  |
| CIT                       | Commissioner of Income Tax   |
| COPRA                     | The Consumer Protection Act, 1986  |
| Companies Act             | Companies Act, 2013 read with the rules, regulations, clarifications and modifications thereunder  |
| Consolidated FDI Policy   | The current consolidated FDI Policy, effective from August 28, 2017, issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, and any modifications thereto or substitutions thereof, issued from time to time |
| Contract Act              | The Indian Contract Act, 1872  |

| Term                              | Description  |
|-----------------------------------|--|
| CSR                               | Corporate Social Responsibility  |
| CY                                | Calendar Year  |
| Depositories Act                  | The Depositories Act, 1996   |
| Depository                        | A depository registered with the SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996                                   |
| DIN                               | Director Identification Number   |
| DIPP                              | Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, GoI  |
| DP                                | Depository Participant   |
| DP ID                             | Depository Participant's identity number   |
| EBITDA                            | Earnings before Interest, Tax, Depreciation and Amortization   |
| ECS                               | Electronic Clearing System   |
| EGM                               | Extraordinary General Meeting  |
| Electricity Act                   | The Electricity Act, 2003  |
| EPFO                              | Employees' Provident Fund Organization   |
| EPF Act                           | The Employees' Provident Funds and Miscellaneous Provisions Act, 1952  |
| EPS                               | Earnings per share   |
| ESI Act                           | The Employees' State Insurance Act, 1948   |
| ESIC                              | Employee State Insurance Corporation   |
| ESOP                              | Employee Stock Option Plan   |
| ESPS                              | Employee Stock Purchase Scheme   |
| FCNR Account                      | Foreign Currency Non-Resident (Bank) account established in accordance with the FEMA   |
| FEMA Act/ FEMA                    | Foreign Exchange Management Act, 1999, read with rules and regulations thereunder  |
| FEMA Regulations                  | Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017 and amendments thereto                                    |
| FII(s)                            | Foreign Institutional Investors as defined under SEBI FPI Regulations  |
| Financial Year / Fiscal Year / FY | Unless stated otherwise, the period of twelve (12) months ending March 31 of that particular year  |
| FIPB                              | Foreign Investment Promotion Board   |
| FVCI                              | Foreign Venture Capital Investors (as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000) registered with SEBI |
| GDP                               | Gross Domestic Product   |
| GIR Number                        | General Index Registry Number  |
| GoI/Government                    | Government of India  |
| Gratuity Act                      | The Payment of Gratuity Act, 1972  |
| GST Act                           | The Central Goods and Services Tax Act, 2017   |
| GST                               | Goods and Services Tax   |
| GSTIN                             | GST Identification Number  |
| HUF                               | Hindu Undivided Family   |
| HNI                               | High Net Worth Individual  |
| ICAI                              | The Institute of Chartered Accountants of India  |
| ICSI                              | The Institute of Company Secretaries of India  |
| IEC                               | Import Export Code   |
| IEM                               | Industrial Entrepreneurs Memorandum  |
| IFRS                              | International Financial Reporting Standards  |
| Rs. / Rupees / INR / ₹            | Indian Rupees  |
| IGST                              | Integrated GST   |
| IT Act                            | Income Tax Act, 1961   |
| Indian GAAP                       | Generally Accepted Accounting Principles in India  |
| Insider Trading Regulations       | The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended.   |
| IPO                               | Initial Public Offering  |
| KMP                               | Key Managerial Personnel   |

| Term                          | Description   |
|-------------------------------|---|
| Ltd.                          | Limited   |
| LM                            | Lead Manager  |
| IT Act                        | The Income Tax Act, 1961  |
| IT Rules                      | Income Tax Rules, 1962  |
| Kms                           | Kilometres  |
| LC                            | Letter of Credit  |
| LIBOR                         | London Interbank Offered Rate   |
| MCA                           | Ministry of Corporate Affairs, Government of India  |
| MCLR                          | Marginal cost of funds-based lending rate   |
| MNCs                          | Multi-National Companies  |
| Mn                            | Million   |
| MT                            | Metric Tonnes   |
| Mutual Fund(s)                | Mutual Fund(s) means mutual funds registered under SEBI (Mutual Funds) Regulations, 1996  |
| MoU                           | Memorandum of Understanding   |
| N.A. / NA                     | Not Applicable  |
| NACH                          | National Automated Clearing House   |
| NAV                           | Net Asset Value   |
| NEFT                          | National Electronic Fund Transfer   |
| NR                            | Non-resident  |
| NRE Account                   | Non-Resident External Account   |
| NRI                           | A person resident outside India who is a citizen of India as defined under the Foreign Exchange Management (Deposit) Regulations, 2016 or is an 'Overseas Citizen of India' cardholder within the meaning of section 7(A) of the Citizenship Act, 1955  |
| NRO Account                   | Non-Resident Ordinary Account   |
| NSDL                          | National Securities Depository 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 had taken benefits under the general permission granted to OCBs under FEMA. OCBs are not allowed to invest in the Issue |
| p.a.                          | Per annum   |
| P/E Ratio                     | Price/Earnings Ratio  |
| PAN                           | Permanent Account Number  |
| PAT                           | Profit After Tax  |
| PBT                           | Profit Before Tax   |
| RBI                           | Reserve Bank of India   |
| RONW                          | Return on Net Worth   |
| RoCE                          | Return on Capital Employed  |
| RTGS                          | Real Time Gross Settlement  |
| SCRA                          | Securities Contracts (Regulation) Act, 1956, as amended   |
| SCRR                          | Securities Contracts (Regulation) Rules, 1957, as amended   |
| SEZ                           | Special Economic Zones  |
| SEBI                          | The Securities and Exchange Board of India constituted under SEBI Act, 1992   |
| SEBI AIF Regulations          | Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012  |
| SEBI FII Regulations          | Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995  |
| SEBI FPI Regulations          | Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014  |
| SEBI FVCI Regulations         | Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000  |
| SEBI ICDR Regulations         | Securities and Exchange Board of India (Issue of Capital and Disclosure   |

| <b>Term</b>                | <b>Description</b>  |
|----------------------------|---|
|                            | Requirements) Regulations, 2018   |
| SEBI Listing Regulations   | Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015                          |
| SEBI VCF Regulations       | Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 as repealed pursuant to SEBI AIF Regulations       |
| SEBI Takeover Regulations  | Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011                          |
| Sq. metres                 | Square Metres   |
| STT                        | Securities Transaction Tax  |
| TAN                        | Tax Deduction Account Number  |
| TPA                        | Tonnes Per Annum  |
| UK                         | United Kingdom  |
| U.S. / USA / United States | United States of America  |
| USD / US\$                 | United States Dollars   |
| VCFs                       | Venture capital funds as defined in and registered with SEBI under SEBI VCF Regulations or SEBI AIF Regulations, as the case may be |
| WCDL                       | Working Capital Demand Loan   |
| WCTL                       | Working Capital Term Loan   |
| WEO                        | World Economic Outlook  |
| WHO                        | World Health Organization   |
| YoY                        | Year on Year  |

## FORWARD-LOOKING STATEMENTS

This Prospectus contains certain “forward-looking statements”. These forward-looking statements generally can be identified by words or phrases such as “aim”, “anticipate”, “believe”, “expect”, “estimate”, “intend”, “objective”, “plan”, “propose”, “project”, “will”, “will continue”, “will pursue” or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements.

All statements contained in the Prospectus that are not statements of historical facts constitute “forward-looking statements”. All statements regarding our expected financial condition and results of operations, business, objectives, strategies, plans, goals and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, our revenue and profitability, planned projects and other matters discussed in the Prospectus regarding matters that are not historical facts. These forward-looking statements and any other projections contained in the Prospectus (whether made by us or any third party) are predictions and involve known and unknown risks, uncertainties and other factors that may cause our 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.

All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement.

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

- ❖ Impact of the COVID-19 pandemic on our business and operations
- ❖ General economic and business conditions in the markets in which we operate and in the local, regional, national and international economies;
- ❖ Competition from existing and new entities may adversely affect our revenues and profitability;
- ❖ Political instability or changes in the Government could adversely affect economic conditions in India and consequently our business may get affected to some extent.
- ❖ Our business and financial performance is particularly based on market demand and supply of our products;
- ❖ The performance of our business may be adversely affected by changes in, or regulatory policies of, the Indian national, state and local Governments;
- ❖ Changes in Government Policies and political situation in India may have an adverse impact on the business and operations of our Company;
- ❖ The occurrence of natural or man-made disasters could adversely affect our results of operations and financial condition;
- ❖ Dependency on our key customers and key suppliers;
- ❖ fluctuations in foreign exchange rates

For further discussion of factors that could cause the actual results to differ from the expectations, see the section titled “Risk Factors” and section titled “Business Overview” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on pages 21, 120 and 224 of this Prospectus, respectively. By their nature, certain market risk disclosures are only estimating and could be materially different from what actually occurs in the future. As a result, actual gains or losses could materially differ from those that have been estimated.

Forward-looking statements reflect the current views as of the date of this Prospectus and are not a guarantee of future performance.

These statements are based on the management’s beliefs and assumptions, which in turn are based on currently available information. Although our Company believes the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect. None of our Company, the Directors, the Lead Manager, or any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. Our Company and the Directors will ensure that investors in India are informed of material developments until the time of the grant of listing and trading permission by the Stock Exchange.

## PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

### Certain Conventions

All references in this Prospectus to 'India' are to the Republic of India and its territories and possessions and all references herein to the 'Government', 'Indian Government', 'GoI', 'Central Government' or the 'State Government' are to the GoI, central or state, as applicable.

Unless otherwise specified, any time mentioned in this Prospectus is in Indian Standard Time ("IST").

Unless indicated otherwise, all references to a year in this Prospectus are to a calendar year.

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

### Financial Data

Unless stated otherwise, the financial data in the Prospectus is derived from the Restated financial statements of our Company for the nine months period ended on December 31, 2021 and for the financial years ended as on March 31 of 2021, 2020 and 2019 respectively prepared in accordance with Indian GAAP, the Companies Act and restated in accordance with the SEBI (ICDR) Regulations, 2018 and the Indian GAAP and Guidance Note on "Reports in Company Prospectus", as amended issued by ICAI, as stated in the report of our Statutory and Peer Reviewed Auditor, as set out in the section titled "*Restated Financial Statements*" beginning on page 180 of this Prospectus.

Our Financial Year commences on April 1 and ends on March 31 of the following year, so all references to a particular Financial Year are to the twelve-month period ended March 31 of that year.

In the Prospectus, discrepancies in any table, graphs or charts between the total and the sums of the amounts listed are due to rounding-off. All figures in decimals have been rounded off to the second decimal and all percentage figures have been rounded off to two decimal places.

There are significant differences between Indian GAAP, IFRS and U.S. GAAP. Our Company has not attempted to explain those differences or quantify their impact on the financial data included herein, and the investors should consult their own advisors regarding such differences and their impact on the financial data. Accordingly, the degree to which the restated financial statements included in this Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Prospectus should accordingly be limited.

Any percentage amounts, as set forth in the sections / sections titled "*Risk Factors*", "*Business Overview*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" beginning on page numbers 21, 120 and 224, respectively, of this Prospectus and elsewhere in the Prospectus, unless otherwise indicated, have been calculated on the basis of our restated financial statements prepared in accordance with Indian GAAP, the Companies Act and restated in accordance with the SEBI (ICDR) Regulations, 2018 and the Indian GAAP.

### Industry and Market Data

Unless stated otherwise, industry data used throughout the Prospectus has been obtained or derived from industry and government publications, publicly available information and sources.

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 our Company believes that industry data used in the Prospectus is reliable, it has not been independently verified by the Lead Manager or any of their affiliates or advisors. The data used in these sources may have been re-classified by us for the purposes of presentation. Data from these sources may also not be comparable.

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

### Currency and units of presentation

In the Prospectus, unless the context otherwise requires, all references to;

- 'Rupees' or '₹' or 'Rs.' or 'INR' or "₹" are to Indian rupees, the official currency of the Republic of India.
- 'US Dollars' or 'US\$' or 'USD' or '\$' are to United States Dollars, the official currency of the United States of America, EURO or "€" are Euro currency,

All references to the word 'Lakh' or 'Lac', means 'One hundred thousand' and the word 'Million' means 'Ten lakhs' and

the word 'Crore' means 'Ten Million' and the word 'Billion' means 'One thousand Million'.

In this Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off. All figures derived from our Financial Statements in decimals have been rounded off to the second decimal and all percentage figures have been rounded off to two decimal places.

#### Exchange Rates

This Prospectus contains 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.

The following table sets forth, for the periods indicated, information with respect to the exchange rate between the Indian Rupee and other foreign currencies:

| Currency# | As on December 31, 2021 | As on March 31, 2021 <sup>(2)</sup> | As on March 31, 2020 <sup>(2)</sup> | As on March 31, 2019 <sup>(1) (2)</sup> |
|-----------|-------------------------|-------------------------------------|-------------------------------------|---|
| 1 USD     | 74.30                   | 73.50                               | 75.39                               | 69.17                                   |
| 1 EUR     | 84.04                   | 86.10                               | 83.05                               | 77.70                                   |

# Source: [www.fbil.org.in](http://www.fbil.org.in)

Exchange rate as on March 29, 2019, as RBI Reference Rate is not available for March 30, 2019 being Saturday and March 31, 2019 being a Sunday.

All figures are rounded up to two decimals

#### NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED STATES

The Equity Shares have not been and will not be registered under the Securities Act, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold outside the United States in "offshore transactions", as defined in, and in reliance on Regulation S.

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

## SUMMARY OF OFFER DOCUMENT

### SUMMARY OF BUSINESS

Our Company was originally incorporated as a Private Limited Company in name and style of “Didwaniya Yarn Exports Private Limited” on December 24, 2003 under the Companies Act, 1956 bearing Corporate Identification Number U17111MH2003PTC143645 issued by the Registrar of Companies, Maharashtra, Mumbai. Prakashchandra Didwaniya, Prashant Didwaniya and Chandabai Didwaniya were the original Promoters and subscribers of the Company at the time of incorporation. Further, the name of our Company was changed to “Le Merite Exports Private Limited” and a special resolution was passed by the Shareholders of the Company at the Extra-Ordinary General Meeting held on August 07, 2004. The Assistant Registrar of Companies, Maharashtra, Mumbai issued a fresh Certificate of Incorporation dated September 02, 2004, upon change of the name. Further, on March 31, 2006 the entire share capital of our Company was transferred by the Didwaniya family to the Lath family and the control of the company was handed over to Lath Family, the new promoters of our company, pursuant to share transfer deed. Further, our Company was converted into a Public Limited Company pursuant to the special resolution passed by the shareholders at the Extra-Ordinary General Meeting of our Company held on June 02, 2015 and consequent upon such conversion the name of our Company was changed to “Le Merite Exports Limited” vide a fresh certificate of incorporation dated July 08, 2015 bearing Corporate Identification Number U17111MH2003PLC143645 issued by the Deputy Registrar of Companies, Mumbai.

### SUMMARY OF BUSINESS

Our Company is an ISO 9001:2015 certified company engaged in manufacturing and trading of textile products namely cotton yarn, greige fabric and finished fabric for domestic and export sales. We deal in diversified product portfolio with capability to supply compact cotton yarn varying from counts NE 16/1 to NE 32/1 & NE 16/2 to NE 32/2 combed carded & double yarn that are used in various forms and for varied end uses. We also export sustainable – ecofriendly organic yarn and fabric to international textile and garment manufacturers. Our company has been recognized as “Three Star Export House” by the Director General of Foreign Trade with a certificate valid from September 30, 2015 to September 29, 2020. Further our Company had made an application on September 29, 2021 for renewal of certificate.

For more details, please refer section titled “*Business Overview*” beginning on page 120 of this Prospectus

### SUMMARY OF INDUSTRY

#### *The Textile Industry:*

The textile, apparel and leather industry in India contributed 2% per cent in the overall GDP and 13% per cent of total manufacturing GVA at current prices in fiscal 2020. The sector is also the second-largest employment generator in the country, next only to agriculture. It provided total direct and indirect employment to about 10.5 crore people in fiscal 2020.

The government of India has also been actively investing in the Textile and apparel industries. The investments in the textile and wearing apparel segment in India increased from Rs. 2052 billion in fiscal 2012 to Rs. 2973 billion in fiscal 2019, growing at a CAGR of ~5.4%. The increase in investments has led to the total number of textile and apparel factories reaching the figure of 2.90 billion in fiscal 2019, increased from 2.80 billion in fiscal 2012. The Government of India has also been introducing several schemes for the textile and apparel sectors such as the Amended Technology Upgradation Fund Scheme (ATUFS), Scheme for Integrated textiles park (SITP), Samarth scheme, etc. ATUFS has the objective to modernize and upgrade the technology of the Indian textile industry. SITP is for providing world class infrastructure facilities. Of the 56 textile parks which were sanctioned under SITP, 23 have been completed so far. Similarly, Samarth focusses on capacity building in the textile sector. In addition to these, many other schemes specific to silk, jute, wool, handloom, and handicraft sectors are also being implemented

For more details, please refer section titled “*Industry Overview*” beginning on page 89 of this Prospectus

### PROMOTERS

The present Promoters of our Company are as follows:

1. Abhishek Lath
2. Umashankar Lath

## ISSUE SIZE

Issue of 64,00,000 Equity Shares of face value of ₹10.00/- each fully paid-up for cash at price of ₹ 75/- per Equity Share (including premium of ₹ 65/- per share) aggregating to ₹ 4800.00 Lakhs. The Issue has been authorized by the Board of Directors vide a resolution passed at its meeting held on January 25, 2022 and approved by the members of our Company vide a special resolution at the Extra Ordinary General Meeting held on January 25, 2022 pursuant to section 62(1)(c) of the Companies Act.

## OBJECTS OF THE ISSUE

Our Company intends to utilize the Net Proceeds for the following objects ("**Objects of the Issue**"):

(₹ in Lakhs)

| Particulars                                      | Amount         |
|--|----------------|
| Meeting incremental working capital requirements | 3400.00        |
| General corporate purposes #                     | 1100.00        |
| <b>Total</b>                                     | <b>4500.00</b> |

# The amount utilised for general corporate purposes shall not exceed 25% of the Gross Proceeds.

## PRE-ISSUE SHAREHOLDING OF PROMOTER AND PROMOTER GROUP

| Particulars               | Pre-Issue          |                        |
|---------------------------|--------------------|------------------------|
|                           | Number of Shares   | Percentage (%) holding |
| <b>Promoters (A)</b>      |                    |                        |
| Abhishek Lath             | 52,50,000          | 30.74                  |
| Umashankar Lath           | 20,25,000          | 11.86                  |
| <b>Total (A)</b>          | <b>72,75,000</b>   | <b>42.59</b>           |
| <b>Promoter Group (B)</b> |                    |                        |
| Ashadevi Lath             | 68,34,000          | 40.01                  |
| Sweta Lath                | 15,90,000          | 9.31                   |
| Umashankar Lath- HUF      | 13,80,000          | 8.08                   |
| Abhishek Lath- HUF        | 1,000              | 0.01                   |
| <b>Total (B)</b>          | <b>98,05,000</b>   | <b>57.40</b>           |
| <b>Total (A+B)</b>        | <b>1,70,80,000</b> | <b>99.99</b>           |

## SUMMARY OF FINANCIAL INFORMATION

(₹ in Lakhs except share data)

| Particulars  | For nine months period ended on December 31, 2021 | For the year ended |           |           |
|--|---|--------------------|-----------|-----------|
|  |   | 2021               | 2020      | 2019      |
| Share Capital (₹ in Lakhs)                             | 170.81  | 170.81             | 170.81    | 170.81    |
| Networth (₹ in Lakhs)                                  | 4021.18   | 2,434.26           | 1,728.62  | 1,413.99  |
| Revenue from operation (₹ in Lakhs)                    | 37,004.08   | 26,839.37          | 21,666.72 | 18,001.20 |
| Profit after Tax (₹ in Lakhs)                          | 1586.91   | 705.65             | 314.62    | 112.83    |
| Earnings per share (Basic & diluted) (₹)               | 92.91   | 41.31              | 18.42     | 6.61      |
| Net Asset Value per Equity Share (Basic & diluted) (₹) | 235.42  | 142.51             | 101.20    | 82.78     |
| Total borrowings (₹ in Lakhs)                          | 9401.99   | 5,400.26           | 2,899.22  | 3,762.84  |

## QUALIFICATIONS OF AUDITORS

The Restated Financial Statements do not contain any qualification requiring adjustments by the Statutory Auditors.

## SUMMARY OF OUTSTANDING LITIGATIONS & MATERIAL DEVELOPMENTS

(₹ in Lakhs)

| Name of the Cases   | Number of cases | Total amount involved |
|---------------------|-----------------|-----------------------|
| Against our Company |                 |                       |

|                              |     |                                   |
|------------------------------|-----|-----------------------------------|
| Tax                          | 3   | Amount not disclose in the Notice |
| Civil                        | 1   | 93.94*                            |
| Criminal                     | Nil | Nil                               |
| <b>By our Company</b>        |     |                                   |
| Tax                          | Nil | Nil                               |
| Civil                        | Nil | Nil                               |
| Criminal                     | Nil | Nil                               |
| <b>Against our Promoters</b> |     |                                   |
| Tax                          | 2   | Amount not disclose in the Notice |
| Civil                        | Nil | Nil                               |
| Criminal                     | Nil | Nil                               |
| <b>By our Promoters</b>      |     |                                   |
| Tax                          | Nil | Nil                               |
| Civil                        | Nil | Nil                               |
| Criminal                     | Nil | Nil                               |
| <b>Against our Directors</b> |     |                                   |
| Tax                          | 4   | 0.33                              |
| Civil                        | Nil | Nil                               |
| Criminal                     | Nil | Nil                               |
| <b>By our Directors</b>      |     |                                   |
| Tax                          | Nil | Nil                               |
| Civil                        | Nil | Nil                               |
| Criminal                     | Nil | Nil                               |
| <b>By our Group Company</b>  |     |                                   |
| Tax                          | Nil | Nil                               |
| Civil                        | Nil | Nil                               |
| Criminal                     | Nil | Nil                               |
| <b>Against Group Company</b> |     |                                   |
| Tax                          | Nil | Nil                               |
| Civil                        | Nil | Nil                               |
| Criminal                     | Nil | Nil                               |

\*Our Company has received a Civil Suit filed by “Technocraft Industries India Limited” under section 9 Notice of Motion of Code of Civil Procedure 1908 bearing Registration No.3142/2021 filed on December 22, 2021 before City Civil Court at Dindoshi and the next hearing date for the same is April 29, 2022

The Company has not received the Copy of Notice of Motion and no notice been served upon the Company from the court and by the Technocraft Industries (India) Limited.

Whereas Technocraft Industries (India) Limited as filed a Mediation Application No.1398/2020 & Commercial Suit No.3053/2000 before the City Civil Court at Dindoshi against our Company demanding claim amount of Rs.93,93,708/- from us for purchase order of yarn which was not delivered to us by them and in return our Company has paid an advance payment of Rs.5,00,000/- for supply of yarn which they have failed to supply completely hence the dispute arose.

For further details, please refer section titled “*Outstanding Litigations & Material Developments*” beginning on page 233 of this Prospectus.

#### **RISK FACTORS**

For details relating to risk factors, please refer section titled “*Risk Factors*” beginning on page 21 of this Prospectus.

#### **SUMMARY OF CONTINGENT LIABILITIES OF OUR COMPANY**

The details of the contingent liabilities of our Company derived from the Restated Financial Statements are set forth below:

| Particulars | For nine months period ended on December 31, 2021 | For the year ended |      |      |
|-------------|---|--------------------|------|------|
|             |   | 2021               | 2020 | 2019 |
|             |   |                    |      |      |

(₹ in Lakhs)

|  |              |            |            |            |
|--|--------------|------------|------------|------------|
| Claim against company not acknowledged as debts in respect of Income Tax | NIL          | NIL        | NIL        | NIL        |
| in respect of Other Indirect Taxes                                       | 24.83        | NIL        | NIL        | NIL        |
| Total  | <b>24.83</b> | <b>NIL</b> | <b>NIL</b> | <b>NIL</b> |

For more details, please refer to section titled “Restated Financial Statements” – Annexure 31 Contingent Liabilities on page 210 of this Prospectus

#### SUMMARY OF RELATED PARTY TRANSACTIONS

Following is the summary of the related parties transaction of the Company for the nine months period ended on December 31, 2021 and financial years ended as on March 31 of 2021, 2020 and 2019

| Name of the Party                 | Relationship  |
|-----------------------------------|---|
| Abhishek Lath                     | Director  |
| Umashankar Lath                   | Director  |
| Sweta Lath                        | Director  |
| Ashadevi Lath                     | Relative of Director in employed capacity                   |
| Umashankar Lath HUF               | Shareholder (Director is Karta in HUF)                      |
| Late Punit Lath                   | Relative of Director in employed capacity                   |
| Le Merite Fashion Private Limited | Enterprises over which directors have significant influence |

Transactions with related parties for the year ended March 31, 2021, March 31, 2020 and March 31, 2019 and for the nine months period ended on December 31, 2021:

(₹ in Lakhs)

| Particulars         | For nine months period ended on December 31, 2021 | For the year ended |       |       |
|---------------------|---|--------------------|-------|-------|
|                     |   | 2021               | 2020  | 2019  |
| <b>Remuneration</b> |   |                    |       |       |
| Abhishek Lath       | 49.50   | 45.60              | 45.60 | 43.85 |
| Umashankar Lath     | 33.75   | 37.80              | 37.80 | 18.75 |
| Ashadevi Lath       | 9.00  | 38.40              | 38.40 | 18.00 |
| Sweta Lath          | 31.50   | 42.00              | 42.00 | 12.45 |
| Punit Lath          | 0.00  | 0.00               | 0.00  | 3.00  |
| <b>Loan Repaid</b>  |   |                    |       |       |
| Punit Lath          | 0.00  | 0.00               | 0.00  | 6.50  |
| Abhishek Lath       | 0.00  | 4.46               | 9.13  | 6.53  |

|  |        |        |       |        |
|--|--------|--------|-------|--------|
| Umashankar Lath                                  | 0.00   | 0.00   | 3.81  | 0.00   |
| Ashadevi Lath                                    | 0.00   | 0.00   | 81.56 | 0.00   |
| Le Merite Fashion Private Limited                | 0.00   | 0.74   | 20.55 | 25.83  |
| <b>Loan Taken</b>                                |        |        |       |        |
| Abhishek Lath                                    | 2.75   | 0.00   | 27.00 | 11.00  |
| Umashankar Lath                                  | 1.00   | 20.00  | 4.00  | 0.00   |
| Ashadevi Lath                                    | 3.75   | 0.00   | 0.00  | 106.50 |
| Le Merite Fashion Private Limited                | 0.00   | 0.00   | 0.00  | 22.08  |
| Umashankar Lath HUF                              | 0.00   | 0.00   | 7.00  | 0.00   |
| <b>Salary payable adjusted to Loan repayable</b> |        |        |       |        |
| Umashankar Lath                                  | 0.00   | 30.91  | 0.00  | 0.00   |
| Ashadevi Lath                                    | 0.00   | 4.73   | 0.00  | 0.00   |
| <b>Sale Transaction</b>                          |        |        |       |        |
| Le Merite Fashion Private Limited                | 0.69   | 1.20   | 4.55  | 0.00   |
| <b>Purchase Transaction</b>                      |        |        |       |        |
| Le Merite Fashion Private Limited                | 358.48 | 731.10 | 75.96 | 0.00   |
| <b>Loans Given</b>                               |        |        |       |        |
| Le Merite Fashion Private Limited                | 0.00   | 1.38   | 3.55  | 0.00   |

**Outstanding Balances as on:**

(₹ in Lakhs)

| Particulars                                    | For nine months period ended on December 31, 2021 | For the year ended |         |          |
|--|---|--------------------|---------|----------|
|  |   | 2021               | 2020    | 2019     |
| Abhishek Lath                                  | (20.75)   | (18.00)            | (22.46) | (4.59)   |
| Umashankar Lath                                | (52.10)   | (51.10)            | (0.19)  | 0.00     |
| Umashankar Lath HUF                            | (7.00)  | (7.00)             | (7.00)  | 0.00     |
| Ashadevi Lath                                  | (33.41)   | (29.66)            | (24.94) | (106.50) |
| Abhishek Lath - Salary Payable                 | 0.00  | 0.00               | 0.00    | (0.18)   |
| Umashankar Lath - Salary Payable               | (29.21)   | 0.00               | (7.96)  | (12.47)  |
| Ashadevi Lath - Salary Payable                 | (4.96)  | 0.00               | (0.10)  | (0.56)   |
| Sweta Lath - Salary Payable                    | (49.37)   | (26.72)            | (31.77) | (4.47)   |
| Punit Lath - Salary Payable                    | 0.00  | 0.00               | (7.63)  | (7.63)   |
| Le Merite Fashion Private Limited (Loan Taken) | (3.48)  | (3.48)             | (4.22)  | (24.77)  |
| Le Merite Fashion Private Limited (Loan Given) | (611.12)  | 9.52               | 8.15    | 4.60     |

For details, please refer to Section titled "Restated financial Statements" page beginning on 180 of this Prospectus.

## FINANCING ARRANGEMENTS

There have been no financing arrangements whereby our Promoters, members of the Promoter Group, our Directors and their relatives have financed the purchase by any other person of securities of our Company during a period of six (6) months immediately preceding the date of this Prospectus

## WEIGHTED AVERAGE PRICE AT WHICH THE EQUITY SHARES WERE ACQUIRED BY OUR PROMOTERS IN THE ONE YEAR PRECEDING THE DATE OF THIS PROSPECTUS

Since no Equity Shares are acquired by our Promoters in the last one (1) year preceding the date of this Prospectus, the weighted average price of equity share is Nil\*

*\*As certified by M/s Nagori Nuwal and Co., Chartered Accountants, by way of their certificate dated April 13, 2022*

## AVERAGE COST OF ACQUISITION

The average cost of acquisition per Equity Share for shares held by our Promoters, as on the date of this Prospectus is:

| Name            | No of Equity shares | Average Cost of Acquisition per Equity Share (in ₹)* |
|-----------------|---------------------|--|
| Abhishek Lath   | 52,50,000           | 1  |
| Umashankar Lath | 20,25,000           | 1  |

*\* As certified by M/s Nagori Nuwal and Co., Chartered Accountants, by way of their certificate dated April 13, 2022*

## DETAILS OF PRE-ISSUE PLACEMENT

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

## ISSUE OF EQUITY SHARES FOR CONSIDERATION OTHER THAN CASH IN THE LAST ONE (1) YEAR

| Date of Allotment | Name of Allotees       | Number of Equity shares allotted | Face Value | Issue Price | Nature / Reason of Allotment | Benefits accrued to our company |
|-------------------|------------------------|----------------------------------|------------|-------------|------------------------------|---------------------------------|
| January 25, 2022  | Abhishek Lath          | 47,25,000                        | 10.00      | NA          | Bonus Issue                  | Capitalisation of profits       |
|                   | Umashankar Lath        | 18,22,500                        |            |             |                              |                                 |
|                   | Ashadevi Lath          | 61,50,600                        |            |             |                              |                                 |
|                   | Sweta Lath             | 14,31,000                        |            |             |                              |                                 |
|                   | Umashankar HUF         | 12,42,000                        |            |             |                              |                                 |
|                   | Abhishek Lath HUF      | 900                              |            |             |                              |                                 |
|                   | Kailash Damodhar Rathi | 900                              |            |             |                              |                                 |

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

Our Company has not undertaken a split or consolidation of the Equity Shares in the one (1) year preceding the date of this Prospectus.

## EXEMPTION FROM COMPLYING WITH ANY PROVISIONS OF SECURITIES LAWS GRANTED BY SEBI

Our Company has not undertaken any exemption with related to provision of securities law granted by SEBI.

## SECTION - II - RISK FACTORS

*An investment in the Equity Shares involves a certain degree of risk. You should carefully consider all of the information in this Prospectus, including the risks and uncertainties described below, before making an investment in the Equity Shares of our Company. The risks described below are not the only ones relevant to us or our Equity Shares or the industry in which we operate. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our businesses, results of operations, financial condition and cash flows. Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implication of any of the risks described in this section. You should not invest in this Issue 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. If any or some combination of the following risks or other risks that are not currently known or are currently deemed immaterial actually occur, our businesses, results of operations, financial condition and cash flows could suffer, the trading price of our Equity Shares could decline, and you may lose all or part of your investment. To the extent the COVID-19 pandemic adversely affects our business and financial results, it may also have the effect of heightening many of the other risks described in this section. Prospective investors should read this section in conjunction with “Business Overview”, “Industry Overview” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on pages 120, 89 and 224, respectively of, as well as the financial and other information contained in this Prospectus.*

*Prospective investors should pay particular attention to the fact that our Company is incorporated under the laws of India and is subject to a legal and regulatory environment which may differ in certain respects from that of other countries. This Prospectus also contains forward-looking statements that involve risks, assumptions, estimates 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 Prospectus. For further details, see “Forward-Looking Statements” beginning on page 12.*

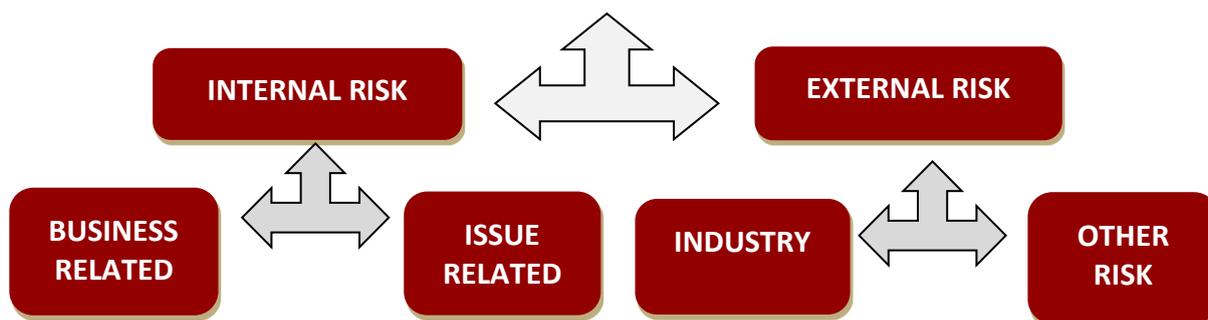
*Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implications of any of the risks described in this section. In making an investment decision, prospective investors must rely on their own examination of our Company and the terms of the Offer including the merits and risks involved. You should consult your tax, financial and legal advisors about the particular consequences to you of an investment in our Equity Shares.*

*The Risk factors have been determined on the basis of their materiality. The following factors have been considered for determining the materiality therein:*

- Some risks may not be material at present but may have a material impact in the near future.*
- Some risks may not be material individually but may be found material when considered collectively.*
- Some risks may have material impact qualitatively and not quantitatively and vice-versa.*

*Unless otherwise indicated, all financial information included herein are based on our Restated Financial Statements. Please refer to the section titled “Restated Financial Statements” beginning on page 180 of this Prospectus.*

The Risk Factors are as under for sake of better clarity and increased understanding:



### INTERNAL RISK FACTORS

1. ***There are outstanding legal proceedings involving our Company, Promoter, Directors and our Promoter Group Entities.***

There are outstanding legal proceedings involving our Company, Promoters, Directors and our Group Entities. These proceedings are pending at different levels before various courts, tribunals, affiliate tribunals, enquiry officers, etc. For further details, see Section titled “Outstanding Litigations and Material Developments” beginning on page 233 of this Prospectus. In addition, further liability may arise out of these claims. Brief details of such outstanding litigations as of the date of this Prospectus are as follows:

| Name of the Cases            | Number of cases | Total amount involved (₹ in Lakhs) |
|------------------------------|-----------------|------------------------------------|
| <b>Against our Company</b>   |                 |                                    |
| Tax                          | 3               | Amount not disclose in the Notice  |
| Civil                        | 1               | 93.94*                             |
| Criminal                     | Nil             | Nil                                |
| <b>By our Company</b>        |                 |                                    |
| Tax                          | Nil             | Nil                                |
| Civil                        | Nil             | Nil                                |
| Criminal                     | Nil             | Nil                                |
| <b>Against our Promoters</b> |                 |                                    |
| Tax                          | 2               | Amount not disclose in the Notice  |
| Civil                        | Nil             | Nil                                |
| Criminal                     | Nil             | Nil                                |
| <b>By our Promoters</b>      |                 |                                    |
| Tax                          | Nil             | Nil                                |
| Civil                        | Nil             | Nil                                |
| Criminal                     | Nil             | Nil                                |
| <b>Against our Directors</b> |                 |                                    |
| Tax                          | 4               | 0.33                               |
| Civil                        | Nil             | Nil                                |
| Criminal                     | Nil             | Nil                                |
| <b>By our Directors</b>      |                 |                                    |
| Tax                          | Nil             | Nil                                |
| Civil                        | Nil             | Nil                                |
| Criminal                     | Nil             | Nil                                |
| <b>By our Group Company</b>  |                 |                                    |
| Tax                          | Nil             | Nil                                |
| Civil                        | Nil             | Nil                                |
| Criminal                     | Nil             | Nil                                |
| <b>Against Group Company</b> |                 |                                    |
| Tax                          | Nil             | Nil                                |

|          |     |     |
|----------|-----|-----|
| Civil    | Nil | Nil |
| Criminal | Nil | Nil |

\*Our Company has received a Civil Suit filed by “Technocraft Industries India Limited” under section 9 Notice of Motion of Code of Civil Procedure 1908 bearing Registration No.3142/2021 filed on December 22, 2021 before City Civil Court at Dindoshi and the next hearing date for the same is April 29, 2022.

The Company has not received the Copy of Notice of Motion and no notice been served upon the Company from the court and by the Technocraft Industries (India) Limited.

Whereas Technocraft Industries (India) Limited as filed a Mediation Application No.1398/2020 & Commercial Suit No.3053/2000 before the City Civil Court at Dindoshi against our Company demanding claim amount of Rs.93,93,708/- from us for purchase order of yarn which was not delivered to us by them and in return our Company has paid an advance payment of Rs.5,00,000/- for supply of yarn which they have failed to supply completely hence the dispute arise.

For further details of outstanding litigation, see section titled “Outstanding Litigation and Material Developments” beginning on page 233 of this Prospectus.

We cannot assure you that any of the legal proceedings described above will be decided in favor of the Company. Further, the amounts claimed in these proceedings have been disclosed to the extent ascertainable, excluding contingent liabilities and include amounts claimed jointly and severally. Should any new developments arise, such as a change in Indian law or rulings by appellate courts or tribunals, additional provisions may need to be made by us, the Promoters, the Directors in our respective financial statements, which may adversely affect our business, financial condition and reputation. We may incur significant expenses and management time in such legal proceeding. Decisions in any of the aforesaid proceedings adverse to our interests may have an adverse effect on our business, future financial performance and results of operations.

Further, our Company is not in possession of affirmed documents pertaining to litigation matters described in the section titled "Outstanding Litigation and Material Developments" beginning on page 233 of this Prospectus. Accordingly, reliance has been placed on court orders, documents and undertakings furnished by the Company to describe the facts of litigation in the aforesaid chapter.

2. ***We require certain approvals, licenses, registrations and permits for our business, and the failure to obtain or renew them in a timely manner may adversely affect our operations.***

We are governed by various laws and regulations for our business and operations. We are required, and will continue to be required, to obtain and hold relevant licenses, approvals and permits at the local, state and central government levels for doing our business.

Except for the factory license for Unit 2, the application for which is made by our Company before Deputy Director, Industrial Safety and Health, Nanded, all applicable licenses are in the name of Le Merite Exports Limited.

While we have obtained all necessary and material approvals, licenses, registrations and permits from the relevant authorities, they may contain conditions, some of which could be onerous. Additionally, we will need to apply for renewal of certain approvals, licenses, registrations and permits, which expire or seek fresh approvals, from time to time, as and when required in the ordinary course of our business.

Any failure to apply for and obtain the required approvals, licences, registrations or permits in a timely manner, or any suspension or revocation of any of the approvals, licences, registrations and permits would result in a delay in our business operations which could otherwise adversely affect our financial condition, results of operations and prospects of the Company. We cannot assure you that the approvals, licences, registrations and permits issued to us would not be suspended or revoked in the event of non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action. In addition to same, our failure to comply with existing or increased regulations, or the introduction of changes to existing regulations, could adversely affect our business and results of operations. For further details see section titled on “Government and Other Approvals” beginning on page 238 of this Prospectus.

3. ***If we do not successfully develop or commercialise new products in a timely manner, or if the products that we commercialise do not perform as expected, our business, results of operations and financial condition may be adversely affected.***

Our success depends significantly on our ability to develop and commercialise new products in a timely manner. The development and commercialisation processes are both time consuming and costly and involve a high degree of business risk. During these periods, our competitors may be developing similar products of which we may be unaware

of that could compete directly or indirectly with our products under development. Due to the prolonged period of time for developing a new product and delays associated with regulatory approval process, we may invest resources in developing products that will face competition of which we are currently unaware. Such unforeseen competition may hinder our ability to effectively plan the timing of our product development, which could have an adverse impact on our results of operations and financial condition.

Our investments in new product launches for future products could result in higher costs without a proportionate increase in revenues or profits, which may have an adverse effect on our business, results of operations, financial condition and cash flows.

4. ***We derive a significant portion of our revenue from a few customers and the loss of one or more such customers, the deterioration of their financial condition or prospects, or a reduction in their demand for our products could adversely affect our business, results of operations and financial condition.***

We are dependent on a limited number of customers for a significant portion of our revenues. The details of the revenue contribution by our top 10 customers for the Financial year March 31 of 2019, 2020 and 2021 and for the nine months period ended December 31, 2021:

(₹ in Lakhs)

|  | Top 10 customers |               |        |               |          |               |
|--|------------------|---------------|--------|---------------|----------|---------------|
| Financial Year ended on /<br>Period ended on | Revenue          |               |        |               |          |               |
|  | Yarn             | % total sales | Cotton | % total sales | Fabric   | % total sales |
| March 31, 2019                               | 7,998.72         | 45.79%        | Nil    | NA            | Nil      | NA            |
| March 31, 2020                               | 10,289.56        | 49.05%        | Nil    | NA            | Nil      | NA            |
| March 31, 2021                               | 8709.75          | 33.24%        | Nil    | NA            | 1,076.63 | 4.11%         |
| April 01, 2021 to December 31, 2021          | 9362.94          | 26.10%        | Nil    | NA            | 3356.20  | 9.36%         |

5. ***Our Company had applied for renewal of the License under the Factories Act, 1948.***

Our Company had applied for the renewal of license as required under the Factories Act, 1948. Our Company has taken factory from the Maharashtra Co-operative Bank Ltd on lease basis for production of Soot Girni at Unit 2. Our Company had applied for factory License before respective authority. Since, the establishment falls within the purview of the Factories Act, 1948, we will be required to comply with the provisions of the said Act. Non-issuance of the same could eventually result in penalty being levied on us and prosecution.

6. ***Some of the premises used by our Company for Processing units/Manufacturing units/warehouses are not owned by our Company.***

All the operating units is taken on license basis and contractual arrangement. There can be no assurance that these agreements will be renewed upon expiry or on terms and conditions acceptable to us. Further, any failure to renew these agreements or procure new premises will increase our costs or may force us to look out for alternative premises which may not be available or which may be available at more expensive prices. Any or all of these factors may have a material adverse effect upon our business, results of operations and financial condition. Any discontinuance to use the facilities/ warehouses will lead us to locate to any other premises. Our inability to identify the new premises may adversely affect the operations, finances and profitability of our Company.

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

Some of the agreements entered into by us may not be adequately stamped and registered. The effect of inadequate stamping is that the document is not admissible as evidence in legal proceedings and parties to that agreement may not be able to legally enforce the same, except after paying a penalty for inadequate stamping. The effect of non-registration, in certain cases, is to make the document inadmissible in legal proceedings. Any potential dispute vis-à-

vis the said premises and our noncompliance of local laws relating to stamp duty and registration may adversely impact the continuance of our activity from such premises.

There can be no assurance that we will be able to continue to occupy the said premises in the future on commercially acceptable terms. If any of these lease or license agreements is terminated for any reason or not renewed on commercially acceptable terms or at all, we may suffer a disruption in our operations or increased costs, or both, which may adversely affect our business, financial condition and results of operations.

8. ***Our international operations expose us to complex management, legal, tax and economic risks, which could adversely affect our business, results of operations and financial condition.***

Our products were exported to 39 countries. As a result, our business is subject to risks and challenges associated with international operations, including risks related to complying with several local laws, restrictions on the import and export of certain intermediates, drugs, technologies, multiple tax and cost structures, cultural and language factors. Further, regulatory requirements are still evolving in many markets and are subject to change and as a result may, at times, be unclear or inconsistent. We could also face other internal or external risks, including, inter alia, foreign exchange and economic volatility, any need to obtain governmental approvals and permits under unfamiliar regulatory regimes, restrictions on the transfer of funds into or out of a country, longer payment cycles in some countries and inability to maintain or enforce legal rights and remedies and at a reasonable cost or at all. If we do not effectively manage our international operations, it may affect our profitability from such countries, which may adversely affect our business, results of operations and financial condition.

9. ***The COVID-19 pandemic, or any future pandemic or widespread public health emergency, could materially and adversely impact our business, financial condition, cash flows and results of operations***

Since first being reported in December 2019, the outbreak of COVID-19 has spread globally. The World Health Organization declared the outbreak of COVID-19 to be a public health emergency of international concern in January 2020, and a global pandemic in March 2020.

The COVID-19 pandemic has had, and any future pandemic or widespread public health emergency could have, repercussions across regional and global economies and financial markets. The outbreak of COVID-19 in many countries, including India, Europe and the United States, has significantly and adversely impacted economic activity and has contributed to significant volatility and negative pressure in financial markets, and it is possible that the outbreak of COVID-19 will cause a prolonged global economic crisis, recession or depression, despite monetary and fiscal interventions by governments and central banks globally.

The global impact of the outbreak has been rapidly evolving. Most of the jurisdictions, including where we have business operations, have reacted by instituting restrictive measures including invoking lock-downs and quarantines, requiring the closure of non-essential businesses and placing restrictions on the types of businesses that may continue to operate, mandating restrictions on travel, implementing “shelter-in-place” rules and “stay-at-home” orders, and enforcing remote working regulations. No prediction can be made of when any of the restrictions currently in place will be further relaxed or expire, or whether or when further restrictions will be announced. Although, depending on how well COVID-19 situation is under control, some government authorities are beginning to ease or lift these restrictions, the impacts from the severe disruptions caused by the effective lock-down and shutdown of large segments of the global economy remain unknown.

On March 24, 2020, the Government of India ordered a national lockdown in response to the spread of COVID-19. Our business was determined to be operating in an essential industry, which allowed us to continue our operations subsequent to the introduction of the lockdown in India, subject to certain safety protocols and adjustments in working patterns. With the decrease in number of COVID-19 cases, the lockdown was slowly eased during the end of 2020 and early 2021. However, with gradual increase in number of COVID-19 cases from February 2021 and steep increase from March 2021, various States in India had imposed stricter lockdown. Presently, again with substantial decrease in number of COVID-19 cases, Covid-19 related restrictions have been largely eased. There can be no assurance that in the near future there will not be spike in number of COVID-19 cases, leading to stricter restrictions and even lockdown.

10. ***Volatility in the prices of raw materials, fabrics, and other raw materials and non-availability of such raw materials, may adversely impact our total cost of goods sold and our operations.***

Our Company purchases raw materials from various suppliers for our processing operations. We do not have any agreement with suppliers with respect to supply of raw materials purchased by us from them. We are therefore, entirely dependent on external suppliers for the raw materials which constitutes a majority of the total cost of raw materials for our processing operations. Any adverse fluctuations in the price of the raw materials, which we may not

be able to pass on to our customers could have a material adverse effect on our total cost of production. Further, in the event of any disruption in raw material supply in terms of requisite quantities and qualities, our production schedule may also be adversely affected having an impact on our business operations.

- 11. *Our Company's manufacturing activities are labour intensive and depend on availability of skilled and unskilled labourers in large numbers. In case of unavailability of such labourers and / or inability to retain such personnel, our business operations could be affected.***

Our Company has employed 221 employees as on December 31, 2021, which consists of employees all of whom are on payroll. The above includes employees in the Top and middle management (excluding Executive Directors), and also employees who are part of processing unit and office staff. Our operations and performance are labour intensive and depends on our ability to identify, attract and retain both skilled and unskilled labour. In case such labour is unavailable or we are unable to identify and retain such labourers for our existing units, our business could be adversely affected.

- 12. *We face competition in our business from organized and unorganized players, which may adversely affect our business operation and financial condition.***

The State of Maharashtra and especially Bhiwandi is a hub for the Textile Industry and this has resulted in huge competitive pressures. We may have to confront pressures in respect of pricing; product quality etc. from the clients and such pressures may put strain on our profit margins which may consequently affect the financial position of our Company. Competition emerges not only from the organized sector but also from the unorganized sector and from both small and big players. We are also in direct competition with the leading processing house in India as well as the local units. Our Competitiveness is also measured by the technology we adopt as the textile industry is rapidly growing in India and in International Markets. Some of our clients might export their final products which in turn compel us to meet international standards also. Our inability to compete with this intense competition; local, national and international will have material adverse impact on our Company's financial position.

- 13. *We do not have any long-term agreement or contract of supply of cotton and consequently are exposed to price and supply fluctuations for our raw materials***

We are, to a major extent, dependent on external suppliers for our raw materials requirements and we do not have any long-term supply agreements or commitments in relation to the same or for any other raw materials used in our manufacturing process. Consequently, we are exposed to price and supply fluctuations in cotton and other raw materials, and these fluctuations may adversely affect our ability to obtain orders and/or to execute them in a timely manner, which would have a material adverse effect on our business, results of operations and financial condition. In case of non-availability of raw materials on favourable terms, we may have to procure the same at the terms and conditions prevalent at that point. This will result in reducing our revenues by a considerable amount due to shortage of raw material or due to inability to procure the same. Further, unfavourable terms of raw materials may also force us to reduce the scale of our operations resulting in a down-sizing of our overall business.

- 14. *Exchange rate fluctuations may adversely affect our results of operations as our export sales and sales outside India and a portion of our expenditures are denominated in foreign currencies.***

Exchange rate fluctuations may adversely affect our results of operations as our export sales and sales outside India and a portion of our expenditures are denominated in foreign currencies. Our financial statements are prepared in Indian Rupees. However, our net revenues from sales to international/global customers and a portion of our expenditures are denominated in foreign currencies, including the USD. While, as a result of portions of both our expenditures and net revenues from operations being denominated in foreign currencies, we have a natural hedge against exchange rate risks, the balance of our expenses and revenues is still affected by fluctuations in exchange rates. Exchange rate fluctuations could affect the amount of income and expenditure we recognised. In addition, the policies of the Reserve Bank of India may also change from time to time, which may limit our ability to effectively hedge our foreign currency exposures and may have an adverse effect on our results of operations. Consequently, a decline in the value of the Indian Rupee against such other currencies could increase the Indian Rupee cost of capital or other expenditures. The exchange rates between the Indian Rupee and the United States dollar have varied substantially in recent years and may continue to fluctuate significantly in the future.

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

Cotton being a highly flammable commodity, every stage from procurement, processing, storage and transportation to trading is fraught with an imminent danger of an instant fire. The risk of fire hazard is increased due to increased automation and use of large volume of air for material handling. Blow room and carding area are more prone to such hazard. Any spark generated at these places can not only generate fire but also the same could propagate to other

machines through cotton conveying. Though we have taken insurance policy to cover damage caused by fire however, the cover may not be adequate to the loss suffered.

16. ***We are dependent on third party transportation providers for the delivery of raw materials and products. Accordingly, continuing increase in transportation costs or unavailability of transportation services for our products, as well the extent and reliability of Indian infrastructure may have an adverse effect on our business, financial condition, results of operations and prospects***

We use third party transportation providers for the supply of most of our raw materials and for delivery of our products to our customers. We procure raw materials from our vendors from Maharashtra and Gujarat. Also, our finished products are sold and delivered to different location within the country and also exported to a few countries. Most of this raw material and finished products are transported to and from our processing units by third party transportation service providers. Transportation strikes could have an adverse effect on our receipt of goods, raw materials and our ability to deliver our products to our customers. Non-availability of ships, trucks and flights could adversely affect delivery of our products. In addition, transportation costs in India have been steadily increasing over the past several years. While usually the end consumer bears the freight cost, we may not always be able to pass on these costs to our customers. Continuing increases in transportation costs or unavailability of transportation services for our products may have an adverse effect on our business, financial condition, results of operations and prospects. In addition, India's physical infrastructure is less developed than that of many developed nations, and problems with its port, rail and road networks, electricity grid, communication systems or any other public facility could disrupt our normal business activity, including our supply of raw materials and the delivery of our products to customers by third-party transportation providers. 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 a material adverse effect on our results of operations and financial condition

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

Our Company had reported certain negative cash flows from its operating, investing and financing activities in the previous years as per the restated financial statements and the same are summarized as under:

(₹ in Lakhs)

| Particular                           | Nine months period ended on December 31, 2021 | For the year ended March 31 |          |          |
|--------------------------------------|---|-----------------------------|----------|----------|
|                                      |   | 2021                        | 2020     | 2019     |
| Cash Flows from Operating Activities | 379.07  | 277.21                      | (249.89) | (500.04) |
| Cash Flows from Investing Activities | (202.28)                                      | (33.13)                     | (16.66)  | 0.34     |
| Cash Flow from Financing Activities  | 2.96  | 9.28                        | (192.88) | 68.38    |

For details, please refer "Management's Discussion and Analysis of Financial Conditions and Results of Operations of our Company" beginning on page no. 224 of this Prospectus.

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

18. ***Our Company has incurred substantial indebtedness which exposes us to various risks which may have an adverse effect on our business and results of operations.***

As on December 31, 2021, our company had Rs 9401.99 lakhs of outstanding debt consisting of secured loans and unsecured loans as on our balance sheet (including current maturities) in relation to various facilities from the bank(s). In the event that we fail to meet our debt servicing obligations under our financing documents, the relevant lender(s) could declare us to be in default, accelerate the maturity of our obligations or even sell our Company's movable and immovable assets. We cannot assure investors that in the event of any such acceleration we will have sufficient resources to repay these borrowings. Failure to meet obligations under debt financing agreements may have an adverse effect on our cash flows, business and results of operations. Our ability to meet our debt service obligations and to repay our outstanding borrowings will depend primarily upon the cash flows generated by our business. We cannot assure you that we will

generate sufficient cash to enable us to service existing or proposed borrowings. Incurring significant indebtedness may limit our flexibility in planning for or reacting to changes in our business & industry and limit our ability to borrow additional funds. Further, our level of indebtedness has important consequences to our Company, such as:

- Increasing our vulnerability to general adverse economic, industry and competitive conditions;
- Limiting our flexibility in planning for, or reacting to, changes in our business and the industry; affecting our credit rating;
- Limiting our ability to borrow more money both now and in the future; and
- Increasing our interest expenditure and adversely affecting our profitability, since almost all of our debt bears interest at floating rates.

If any of these risks were to materialize, our business and results of operations may be adversely affected.

**19. Our Company has entered into certain related party transactions in the past and may continue to do so in the future, which may potentially involve conflicts of interest with the equity shareholders.**

Our Company has entered into certain transactions with our related parties including our Promoters, Promoter Group, Directors and our Group Entities. While all such transactions have been conducted on the arm's length basis and in the ordinary course of business, we cannot assure you that we might have obtained more favourable terms had such transactions been entered into with unrelated parties.

Furthermore, it is likely that we may enter into related party transactions in the future. We cannot assure you that such transactions, individually or in the aggregate, will always be in the best interests of our minority shareholders and will not have an adverse effect on our business, results of operations, cash flows and financial condition. For details, please refer "Annexure 28 – Related Party Transactions under Restated Financial Statements" beginning on page no. 208 of this Prospectus.

**20. In the past there have been certain secretarial non-compliances and corporate actions. Consequently, we may be subject to regulatory actions and penalties for any past noncompliance.**

There have been certain discrepancies in relation to the disclosures in the filings required to be made by us with the RoC under the Companies Act, 1956 and the Companies Act, 2013. The discrepancies provided herein below:

| Sr No | Particular  | Under section                                  | Form No  | Status  |
|-------|---|--|----------|---|
| 1     | Filing MGT-14 to be filed with the Office of the RoC, Mumbai within 30 days from the date of passing of Board Resolution for approval of Financial Statement and Director' Report for the Financial Year 2015-16, 2016-17, 2017-18, 2018-19 and 2019-20 at their meeting dated 01st September, 2016, 25th August, 2017, 25th August, 2018, 03rd September, 2019 and 04 <sup>th</sup> November, 2020 respectively. | Section 179 (3) (g) of the Companies Act, 2013 | MGT - 14 | Application made for condonation of delay to file MGT - 14. |
| 2     | Filing MGT-14 to be filed with the Office of the RoC, Mumbai within 30 days from the date of passing of Board Resolution for appointment of Internal Auditor appointed in meeting dated 11th May, 2015 and 01 <sup>st</sup> April, 2020 for the Financial Year 2015-16, and 2019-20 respectively.   | Section 138 of the Companies Act, 2013         | MGT - 14 | Application made for condonation of delay to file MGT - 14. |

We have filed applications for condonation of delay with the Regional Director, Ministry of Corporate Affairs, Western Region, Mumbai in the Form CG - 1 with respect to aforementioned non-compliances. While our Company has made applications for condonation of delay for certain non-compliances, we cannot assure you that there will not be any similar discrepancies in our filings in the future, which may subject us to regulatory actions and/or penalties in the future. For further details, see chapter "Outstanding Litigation and Material Developments" beginning on page 233 of the Prospectus.

**21. Reliance has been placed on declarations furnished by Umashankar Lath and Rohit Agarwal, for the details of their profiles included in this Prospectus**

Our Promoter, Umashankar Lath, and Rohit Agarwal, Independent Director, has been unable to trace copies of certain documents pertaining to their educational qualifications. While they have taken the requisite steps to obtain the relevant supporting documentation, including by making written requests and applications to his educational institutions, they may not be able to procure the relevant supporting documentation. Accordingly, our Company and the LM have placed reliance on the declarations furnished by Umashankar Lath and Rohit Agarwal and copies of affidavits made by them evidencing their educational qualifications, to disclose such details in this Prospectus and neither we, nor the LM have been able to independently verify these details in the absence of primary documentary evidence. Further, there can be no assurances that they will be able to trace the relevant documents pertaining to their educational qualifications in the future, or at all. Therefore, we cannot assure you that all or any of the information relating to their educational qualifications of Umashankar Lath and Rohit Agarwal included in "Our Management" on beginning page 156 is accurate.

**22. Contingent liabilities could adversely affect our financial condition. Crystallization of any of these contingent liabilities may adversely affect our financial condition.**

As of December 31, 2021, our contingent liabilities as indicated in our Restated Financial Statements and also certified by our statutory auditors were as follows:

(₹ in Lakhs)

| Particular                                       | For the nine months period ended on December 31, 2021 | For the year ended March 31 |             |             |
|--|---|-----------------------------|-------------|-------------|
|  |   | 2021                        | 2020        | 2019        |
| Claims against company not acknowledged as Debts |   |                             |             |             |
| In respect of Income Tax                         | 0.00  | 0.00                        | 0.00        | 0.00        |
| In respect of other Direct Taxes                 | 24.83   | 0.00                        | 0.00        | 0.00        |
| <b>Total</b>                                     | <b>24.83</b>  | <b>0.00</b>                 | <b>0.00</b> | <b>0.00</b> |

| Nature of the Statute                | Nature of Dues               | Forum where the disputes is Pending    | Disputes relating to FY | Disputed Amount (Rs in Lakhs) |
|--------------------------------------|------------------------------|--|-------------------------|-------------------------------|
| Maharashtra Value Added Tax Act 2002 | Interest and Penalty Payable | Joint Commissioner of Sales Tax Appeal | 2015-16                 | 6.45                          |
| Maharashtra Value Added Tax Act 2002 | Interest and Penalty Payable | Joint Commissioner of Sales Tax Appeal | 2016-17                 | 15.52                         |
| Central Sales Tax Act 1956           | Interest and Penalty Payable | Joint Commissioner of Sales Tax Appeal | 2016-17                 | 2.85                          |

**23. Our Company generally does business with our customers on purchase order basis and we have not entered into long term contracts with any of them.**

Our business is dependent on our continuing relationships with our customers. Our Company neither has any long-term contract with any of customers or distributors. Any change in the buying pattern of our customers or distributors from us can adversely affect the business of our Company. Further, our inability to add new buyers to our sales portfolio may hamper growth of our business and profitability. The loss of or interruption of work by, a significant customer or

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

**24. *If we are unable to attract new customers, retain customers at existing levels or sell additional products to our existing customers, our revenue growth will be adversely affected.***

To continue to grow our business, it is important that we continue to acquire new customers. Our success in adding new customers depends on numerous factors, including our ability to offer various value-added products, execute our sales and marketing strategy, attract, effectively train, and retain new sales, marketing, professional services, and support personnel, develop or expand relationships with distributors, expand into new geographies and verticals, effectively manage and forecast our customer count, and expand our use cases for our existing customers.

It is important for our continued growth that we retain our existing customers. Our customers have no long-term contracts or obligation to purchase our products at the same prices and terms or at all. Our customer retention may decline or fluctuate as a result of a number of factors, including our customers' satisfaction with our products, our prices, reduction in our customers' spending levels, availability of cheaper substitutes, etc. Our ability to increase revenue also depends in part on our ability to increase the number of value-added products to be offered to our existing and new customers.

**25. *Any failure in our quality control processes may have an adverse effect on our business, results of operations and financial condition.***

Our products may contain quality issues or undetected errors or defects, especially when first introduced or when new products are developed, resulting from the design or manufacture of the product or raw materials used in the product. We experience sales returns and quality compensation regularly in our normal course of business. We have implemented quality control processes and regularly conduct inspections of raw materials sourced from suppliers and finished products manufactured by us on the basis of our internal quality standards. However, we cannot assure you that our quality control processes will not fail or the quality tests and inspections conducted by us will be accurate at all times. Any shortcoming in the raw materials procured by us or in the production of our products due to failure of our quality assurance procedures, negligence, human error or otherwise, may damage our products and result in deficient products. We also face the risk of legal proceedings and product liability claims being brought against us by our customers for defective products sold. We cannot assure you that we will not experience any material product liability losses in the future or that we will not incur significant costs to defend any such claims. A product liability claim may adversely affect our reputation and brand image, as well as entail significant costs in defending such claims.

**26. *We may not be able to successfully manage the growth of our business if we are not able to effectively implement our strategies.***

Our Company does not own any manufacturing facilities and accordingly there is no increase in our owned manufacturing facilities from March 31, 2019 to December 31, 2021. However, Our Company has started operating manufacturing facilities at Unit 1 and Unit 2 pursuant to operation and management agreement dated January 01, 2020 and lease arrangement dated July 01, 2021 respectively. Further, Our Company has started operating manufacturing facility at Unit 3 on April 01, 2020. We cannot assure you that our growth strategies will be successful or that we will be able to continue to expand further, or at the same rate.

Our inability to execute our growth strategies in a timely manner or within budget estimates or our inability to meet the expectations of our customers and other stakeholders, could have an adverse effect on our business, results of operations and financial condition. Our future prospects will depend on our ability to grow our business and operations. The development of such future business could be affected by many factors, including general, political and economic conditions in India, government policies or strategies in respect of specific industries, prevailing interest rates and price of equipment and raw materials. Further, in order to manage our growth effectively, we must implement, upgrade and improve our operational systems, procedures and internal controls on a timely basis. If we fail to implement these systems, procedures and controls on a timely basis, or if there are weaknesses in our internal controls that would result in inconsistent internal standard operating procedures, we may not be able to meet our customers' needs, hire and retain new employees or operate our business effectively. Failure to manage growth effectively could adversely affect our business and results of operations.

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

A significant majority of our income from operations is from trading operation and manufacturing operation spinning Unit Yarn. For the financial year ended March 31, 2021 and for the nine months period ended on December 31, 2021, our top ten clients accounted for approximately 37.35 % and 35.46% respectively of our revenue from operations. The loss of any significant client would have a material effect on our financial results. We cannot assure you that we can

maintain the historical levels of business from these clients or that we will be able to replace these clients in case we lose any of them. Demand for our products and services is based on customer's requirements and further, with the advancement of technology in the market, it may render our current technologies obsolete to fulfil their requirements. This may result in our customers opting for other processors. Any loss of customer base, out of our existing customers, will impact our overall sales, resulting in decline in our revenues. While we are constantly striving to increase our customer base and reduce dependence on any particular customer, there is no assurance that we will be able to broaden our customer base in any future periods or that our business or results of operations will not be adversely affected by a reduction in demand or cessation of our relationship with any of our major customers.

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

Our processing operations involve daily use of various machineries and technical equipment's. They require periodic maintenance checks and technical support in an event of technical breakdown or malfunctioning. Our company has not entered into any technical support service contract with any competent third party.

However, we conduct in-house machinery maintenance periodically in order to ensure the quality of the machinery used in the process and further avoid any mishaps. The machines are cleaned on periodic basis to ensure quality of the processing of the cloth. Further, we also maintain certain spare parts of the machines in case of breakdown of the machines. Despite of the above maintenance, in case of any future event which leads to breakdown of the machinery and our failure to reduce the downtime in case of occurrence of such events, may adversely affect our productivity, business and results of operations.

29. ***Our business, results of operations and financial condition may be adversely affected if operations at the facilities of our raw material suppliers are disrupted.***

The facilities of our raw material suppliers are subject to various operating risks, including some of which are beyond their control, such as the breakdown and failure of equipment, industrial accidents, employee unrest, severe weather conditions and natural disasters. Further, since a significant majority of the facilities of our raw materials suppliers are located in a particular region in India, any significant disruption, including due to social, political or economic factors or natural calamities or civil disruptions, impacting this region may adversely affect operations at our raw materials suppliers' facilities. Further, if our suppliers fail to comply with applicable laws, including environmental laws, they risk having their facilities shut down, which may adversely affect our operations.

The occurrence of any such event may adversely affect our business, results of operations and financial condition. We cannot assure you that we will always be able to arrange alternate sources of our raw materials, at prices acceptable to us, or at all, or that we will be able to pass on any increase in cost to our customers, although we endeavors to do so. Any inability on our part to arrange for alternate sources for raw materials, on commercially acceptable terms, may have an adverse effect on our business, results of operations and financial condition.

30. ***Orders placed by customers may be delayed, modified, cancelled or not fully paid for by our customers, which may have an adverse effect on our business, financial condition and results of operations.***

We may encounter problems in executing the orders in relation to our products and services, or executing it on a timely basis. Moreover, factors beyond our control or the control of our customers, including delays or failure to obtain necessary permits, authorizations, permissions and other types of difficulties or obstructions, may result in the postponement of the delivery of products or cause its cancellation. Further, since we do not execute contracts with our customers, the order could be cancelled or there could be changes in scope and/ or scheduled delivery of the products. Accordingly, it is difficult to predict with certainty if, when, and to what extent we may be able to deliver the orders placed. Failure to deliver products on time could lead to customers delaying or refusing to pay the amount, in part or full, which may adversely affect our business in addition, even where a delivery proceeds as scheduled, it is possible that the contracting parties may default or otherwise fail to pay amounts owed. While we have not yet experienced any material delay, reduction in scope, cancellation, execution difficulty, delay or default in payment with regard to the orders placed with us, or any material disputes with customers in respect of any of the foregoing, any such adverse event in the future could materially harm our cash flow position and income. Any delay, modification, cancellation of order by our large customers may have material adverse effect on our financial condition and results of operations.

31. ***Our Company had availed an amount of Rs 113.26 lakhs as unsecured loans from Directors/ Promoters, Promoter Group, and Group Entities which are repayable on demand. Any demand from the lenders for repayment of such unsecured loan may affect our cash flow and financial condition. Also, such unsecured loans may be recalled at any time which may have an adverse effect on our business, prospects, financial condition and results of operations.***

Our Company had availed an amount of Rs 113.26 lakhs as unsecured loan from Directors/ Promoters, Promoter Group and Group Entities which may be recalled at any time. Sudden recall for the repayment may disrupt our operations and also may force us to opt for funding at higher interest rates, resulting in higher financial burden.

Further, our Company will not be able to raise funds at short notice and thus result in shortage of working capital funds. For further details, please refer to the section "*Restated Financial Statements*" beginning on page no. 180 of this Prospectus. Any demand for the repayment of such unsecured loan, may adversely affect our cash flow and financial condition. Our Company may obtain in future, unsecured loans from Directors/ Promoters, Promoter Group and Group Companies, some of which may be recalled at any time at the option of the lender. If the unsecured loans so obtained by our Company are recalled at any time, the financial condition of our Company may be adversely affected having an effect on our business, prospects and results of operations also.

**32. Our debt financing agreements contain restrictive covenants or lenders' options that may affect our interest.**

Some debt financing agreements entered into by our Company, contain restrictive covenants, and/or events of default that limit our ability to undertake certain types of transactions, which may adversely affect our business and financial condition. Further, we have provided bank guarantees to secure obligations under the respective contracts for our projects. If we are unable to provide sufficient collateral to secure the bank guarantees or to perform the conditions of such agreements, our ability to enter into new contracts could be limited. We may not be able to continue obtaining new bank guarantees in sufficient quantities to match our business requirements. Many of our financing agreements also include various conditions and covenants that require us to obtain lender consents prior to carrying out certain activities or entering into certain transactions. These financing agreements also require us to maintain certain financial ratios like debt equity ratio, debt service coverage ratio and asset coverage ratio. Typically, restrictive covenants under our financing documents relate to obtaining prior consent of the lender for, amongst others:

- i. changes in the capital structure and shareholding pattern of our Company;
- ii. amendment of the Articles and Memorandum of Association of our Company;
- iii. take any action of merger, compromise, reconstruction or amalgamation;
- iv. dilute our Promoters' shareholding in our Company; and
- v. declare dividend for any year.

If our lenders enforce these restrictive covenants or exercise their options under the relevant debt financing agreements, our operations and use of assets may be significantly hampered. A material breach of any of the covenants or restrictions contained in the loan agreement could also cause us to default under the applicable agreement, which would permit the applicable lenders to declare all amounts outstanding thereunder to be due and payable, together with accrued and unpaid interest and enforce the security provided for such loans. In such an event, we may be unable to incur additional borrowings and we may be unable to repay the amounts due. This may have a material and adverse effect on our financial condition and results of operation and even cause us to become bankrupt or insolvent. Except HDFC Bank, we have received NOC for the Issue from all our Lenders. Our Company had made an application to HDFC Bank for NOC consent. For further details of the restrictive covenants under our financing documents, please see the section entitled "*Financial Indebtedness*" beginning on page 215 of this Prospectus.

In addition, the lenders of our Company have the option to take over management control if we are in default of our respective debt obligations. Our loan agreements contain an option for the lenders to call for repayment of loans on breach of certain covenants. Upon their exercise of such options, the lender has a right to call for repayment of the entire amount as per the terms of the loan agreement.

We cannot assure you that we have complied with all such restrictive covenants in a timely manner or at all or that we will be able to comply with all such restrictive covenants in the future. A failure to observe the restrictive covenants under our financing agreements or to obtain necessary consents required thereunder may lead to the termination of our credit facilities, levy of penal interest, acceleration of all amounts due under such facilities and the enforcement of any security provided. Any acceleration of amounts due under such facilities may also trigger cross default provisions under our other financing agreements. If the obligations under any of our financing agreements are accelerated, we may have to dedicate a substantial portion of our cash flow from operations to make payments under such financing documents, thereby reducing the availability of cash for our working capital requirements and other general corporate purposes.

Further, during any period in which we are in default, we may be unable to raise, or face difficulties raising, further financing. In addition, other third parties may have concerns over our financial position and it may be difficult to market our financial products. Any of these circumstances could adversely affect our business, credit rating, prospects, results

of operations and financial condition. Moreover, any such action initiated by our lenders could result in the price of the Equity Shares being adversely affected

**33. *Our Company depends on timely identification of availability of cotton. Any lag on the part of our Company in this regard may adversely affect our business operations.***

Our export clients generally provide us with a basic design concept for their products, based on which our designing team finalizes the products. It is very important for the designing team and also the Company's management to have a good understanding of the trends prevailing in that particular country. It is necessary to study the evolving trends in each country / region to gain acceptance of our products. For this we have to study and understand the trends and likes & dislikes of that region before entering the said markets. Any failure to update ourselves or understand the trends in different regions of the world may result in reduction of our export sales, adversely affecting our financial condition.

**34. *Our Company is dependent on the continuing operation of our manufacturing facilities. Any significant interruption, delay in production at, or shutdown of any of our manufacturing unit could have a material adverse effect on our business, results of operations and financial condition.***

Our Company's manufacturing unit which are subject to the normal risks of industrial production, including equipment breakdowns, explosions, labour stoppages, natural disasters, performance below expected levels of output or efficiency, industrial accidents, power interruptions and the need to comply with directives of relevant government authorities. In case of any disruption at such facilities, it may adversely affect the cycle, and may lead to time over-run in the execution of the project.

All of these manufacturing facilities require a significant amount and continuous supply of electricity and any shortage or non-availability of electricity may adversely affect our operations. The manufacturing process of our products requires significant electricity. Our Company depends on Unit 1, Unit 2, & Unit 3 for supply of our energy requirements. But the use of such alternative arrangements is costly and it affects the profitability of our Company.

**35. *Our limited operating experience, limited brand recognition in new markets and in the Textile, industry may limit our expansion strategy and cause our business and growth to suffer.***

We are presently operating from Maharashtra region of India and exporting our products other parts of Countries and seek to increase our presence in other parts of the Country to increase the market penetration of our products across India and outside India. Further, we have a limited number of customers and limited experience in operating our products in these markets and we may face risks in relation to delayed acceptance of our products due to limited brand recognition. We may also face risks in expanding our operations in geographic areas in which we do not possess the same level of familiarity with the economy, consumer preference, commercial operations and distribution network and with product offerings that we have limited operating experience of.

In addition, our competitors in such geographic areas may already have established operations in such geographic areas and particularly in the cotton and cotton blended apparels market, and we may find it difficult to attract customers in such geographic areas. Our expansion plans could be delayed or abandoned, could cost more than anticipated and could divert resources from other areas of our business or divert management's attention from other aspects of our business and place a strain on our management, operational and financial resources, as well as our information systems, any of which could impact our competitive position and reduce our revenue and profitability.

**36. *Our Promoter Group Entities are engaged in the line of business similar to our Company. There are no non-compete agreements between our Company and Promoter Group Entities. We cannot assure that our Promoters will not favour the interests of such Entities over our interest or that the said entities will not expand which may increase our competition, which may adversely affect business operations and financial condition of our Company.***

Our Group Company namely M/s. Le Merite Fashion Pvt. Ltd., is engaged in the similar line of business as of our Company. Further, we have not entered into any non-compete agreement with any of our said entities. We cannot assure you that our Promoters who have common interest in said entities will not favour the interest of the said entities as a result, conflicts of interests may arise in allocating business opportunities amongst our Company and our Group Company in circumstances where our respective interests diverge. In cases of conflict, our Promoters may favour other companies in which our Promoters have interests. There can be no assurance that our Promoters or our Group Companies or members of the Promoter Group will not compete with our existing business or any future business that we may undertake or that their interests will not conflict with ours. Any such present and future conflicts could have a material adverse effect on our reputation, business, results of operations and financial condition which may adversely affect our profitability and results of operations. For further details, please refer section titled "Our Group Companies" on beginning Page 176 of this Prospectus

**37. *In addition to normal remuneration, other benefits and reimbursement of expenses our Directors (including our Promoters) are interested in our Company to the extent of their shareholding and dividend entitlement in our Company.***

Some of our Directors (including our Promoters) are interested in our Company to the extent of their shareholding and dividend entitlement in our Company, in addition to normal remuneration, incentives or benefits and reimbursement of expenses. We cannot assure you that our Directors would always exercise their rights as Shareholders to the benefit and best interest of our Company. As a result, our Directors will continue to exercise significant control over our Company, including being able to control the composition of our board of directors and determine decisions requiring simple or special majority voting, and our other Shareholders may be unable to affect the outcome of such voting. Our Directors may take or block actions with respect to our business, which may conflict with our best interests or the interests of other minority Shareholders, such as actions with respect to future capital raising or acquisitions. We cannot assure you that our Directors will always act to resolve any conflicts of interest in our favour, thereby adversely affecting our business and results of operations and prospects.

Our business, processing units, plant and machinery and other assets could suffer damage from fire, natural calamities, misappropriation or other causes, resulting in losses, which may not be fully compensated by insurance. There can be no assurance that the terms of our insurance policies will be adequate to cover any damage or loss suffered by our Company 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.

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

While we believe that we maintain insurance coverage in amounts consistent with industry norms in each of our processing unit, our insurance policies do not cover all risks, specifically risks like product defect/liability risk, loss of profits and workmen's compensation, and are subject to exclusions and deductibles. There can be no assurance that our insurance policies will be adequate to cover the losses in respect of which the insurance had been availed. If we suffer a significant uninsured loss or if insurance claim in respect of the subject-matter of insurance is not accepted or any insured loss suffered by us significantly exceeds our insurance coverage, our business, financial condition and results of operations may be materially and adversely affected. For details on the insurance policies taken by our Company, please refer to the section titled "*Business Overview*" beginning on page no. 120 of this Prospectus.

**39. *Our success depends heavily upon our Promoters and Senior Management for their continuing services, strategic guidance and financial support.***

Our success depends heavily upon the continuing services of Mr. Abhishek Lath, who is the natural person in control of our Company. He currently serves as our Managing Director and his experience and vision has played a key role in obtaining our current market position. Further, being a relatively large organization, we would depend significantly on our Key Managerial Persons for executing their day-to-day activities. If our Managing Director or any member of the senior management team is unable or unwilling to continue in his present position, we may not be able to replace him easily or at all, and our business, financial condition, results of operations and prospects may be materially and adversely affected.

In addition, we depend on our Directors and CFO in procuring certain bank loans and for the extension of unsecured loans and advances from time to time. We rely on our Directors and persons in control of our Promoter, in relation to certain of our bank loans for which they have granted certain security and personal guarantees. Further, our Promoter Group have from time to time, extended loans and advances to our Company for various business purposes ("*Unsecured Loans*"). If these lenders recall outstanding amounts under such loans before they fall due, it may adversely affect our financial condition. For details, see "*Annexure – 28 Related Party Transactions*" and section titled "*Financial Indebtedness*" on beginning page 208 and 215 respectively of this Prospectus. We cannot assure you that any future financing we obtain without guarantees from our Promoters or from unrelated third-parties will be on terms which are equal to or more favourable than the terms of our past financings.

**40. *Improper storage, processing and handling of raw materials and finished products may cause damage to our inventory leading to an adverse effect on our business, results of operations and cash flows.***

Our inventory of raw material is cotton. Our raw materials, manufacturing processes and finished products are susceptible to pilferages, damages and manufacturing defects, if not appropriately stored, handled and processed, which may affect the quality of the finished product. In the event such a contamination is detected at the facility during quality checks, we may be required to repair the machines and discard the batches resulting in a temporary suspension

of manufacturing activities and lower capacity utilizations, which could materially and adversely affect our business, financial condition, results of operations, or cash flows. Improper storage may also result in higher than usual spoilage of inventory, which may also require us to incur additional expenses in replacing that portion of the inventory and/ or incur additional expenses in maintenance and improvement of our storage infrastructure, which may adversely affect our profit margins.

41. **We have not made any alternate arrangements for meeting our working capital requirements for the Objects of the Issue. Further we have not identified any alternate source of financing the 'Objects of the Issue'. Any shortfall in raising / meeting the same could adversely affect our growth plans, operations and financial performance.**

As on date, we have not made any alternate arrangements for meeting our working capital requirements for the Objects of the Issue. We meet our capital requirements through our owned funds, internal accruals and debt. Any shortfall in our net owned funds, internal accruals and our inability to raise debt would result in us being unable to meet our capital requirements, which in turn will negatively affect our financial condition and results of operations. Further we have not identified any alternate source of funding and hence any failure or delay on our part to raise money from this issue or any shortfall in the issue proceeds may delay the implementation schedule and could adversely affect our growth plans. For further details please refer to the section titled "*Objects of the Issue*" beginning on page 73 of this Prospectus.

42. **In addition to normal remuneration, other benefits and reimbursement of expenses our directors (including our Promoters) are interested in our Company to the extent of their shareholding and dividend entitlement in our Company.**

Some of our Directors (including our Promoters) are interested in our Company to the extent of their shareholding and dividend entitlement in our Company, in addition to normal remuneration, incentives or benefits and reimbursement of expenses. We cannot assure you that our directors would always exercise their rights as Shareholders to the benefit and best interest of our Company. As a result, our directors will continue to exercise significant control over our Company, including being able to control the composition of our board of directors and determine decisions requiring simple or special majority voting, and our other Shareholders may be unable to affect the outcome of such voting. Our directors may take or block actions with respect to our business, which may conflict with our best interests or the interests of other minority Shareholders, such as actions with respect to future capital raising or acquisitions. We cannot assure you that our directors will always act to resolve any conflicts of interest in our favour, thereby adversely affecting our business and results of operations and prospects.

43. **Our inability to upgrade to the latest technology may adversely affect our growth, market position and profitability.**

Modernisation and technology up-gradation is essential to reduce costs and increase the output. Changes in technology may render our current technologies obsolete or require us to make substantial capital investments. However, our existing state-of-the-art manufacturing units have machineries with latest technology and we strive to keep our technology, equipments and machinery in line with the latest technological standards. But in future, due to advancement in technology we may be required to implement new technology or upgrade the machineries and other equipment's which will lead to additional capital expenditure, so as to compete with our various competitors. In the event that we are not able to respond to such technological advancement in a timely manner, we may lose our competitive edge thereby adversely affecting our profits.

44. **Our Promoter play key role in our functioning and we heavily rely on their knowledge and experience in operating our business and therefore, it is critical for our business that our Promoter remain associated with us. Our success also depends on our key managerial personnel and our ability to attract and retain them. Any loss of our key managerial personnel could adversely affect our business, operations and financial condition.**

Our Company is promoted by a group of individuals, having an experience of over 4 decades. The success of our business operations is attributable to our Promoters, Directors and key management personnel. We believe that our relation with our Promoters, who have rich experience in setting up business, developing markets, managing customers and handling overall businesses, has enabled us to experience growth and profitability. We depend significantly on the expertise, experience and continued efforts of our key managerial personnel. For further details on the key managerial personnel of our Company please refer to the section titled "*Our Management*" beginning on page no.156 of this Prospectus. We benefit from our relationship with our Promoter and Key Managerial Persons and our success depends upon their continuing services, who have been responsible for the growth of our business and are closely involved in the overall strategy, direction and management of our business. Our Promoter has been actively involved in the day-to-day operations and management. Our Promoters, along with the key managerial personnel, have over the years-built relations with clients, distributors and other persons who are connected with us. As such,

any loss of their services could impair our ability to implement our strategy, and our business, financial condition, results of operations and prospects may be materially and adversely affected.

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

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

**46. *We may not be able to sustain effective implementation of our business and growth strategies.***

The success of our business will depend greatly on our ability to effectively implement our business and growth strategies. We may not be able to execute our strategies in the future. Further, our growth strategies could place significant demand on our management team and other resources and would require us to continuously develop and improve our operational, financial and other controls, none of which can be assured. Any failure on our part to scale up our infrastructure and management could cause disruptions to our business and could be detrimental to our long-term business outlook. Further, we operate in a highly dynamic industry, and on account of changes in market conditions, industry dynamics, technological improvements or changes and any other relevant factors, our growth strategy and plans may undergo changes or modifications, and such changes or modifications may be substantial, and may even include limiting or foregoing growth opportunities if the situation so demands. Our inability to implement our business strategies and sustain our growth may impair our financial growth and thus result in an adverse impact on our Company's share price.

**47. *Employee misconduct, errors or fraud could expose us to business risks or losses that could adversely affect our business prospects, results of operations and financial condition.***

Employee misconduct, errors or frauds could expose us to business risks or losses, including regulatory sanctions, penalties and serious harm to our reputation. Such employee misconduct includes breach in security requirements, misappropriation of funds, hiding unauthorized activities, failure to observe our stringent operational standards and processes, and improper use of confidential information. It is not always possible to detect or deter such misconduct, and the precautions we take to prevent and detect such misconduct may not be effective. In addition, losses caused on account of employee misconduct or misappropriation of petty cash expenses and advances may not be recoverable, which we may result in write-off of such amounts and thereby adversely affecting our results of operations. Our employees may also commit errors that could subject us to claims and proceedings for alleged negligence, as well as regulatory actions in which case, our reputation, business prospects, results of operations and financial condition could be adversely affected.

**48. *Our employees may unionize in the future, thereby restricting the flexibility of our labour policies.***

As on date, our employees are not represented by any labour union. However, our employees may unionize in the future. While we consider our current labour relations to be satisfactory there can be no assurance that we will not experience future disruptions to our operations due to disputes including strikes, work stoppages, or increase wage demands by our employees or other problems with work force which may adversely affect our business or operations. In that case, there may be restrictions on the flexibility of our labour policies.

**49. *Our inability to fulfill certain export obligations***

Our Company (hereinafter referred to as "the Lessee") has entered into a Lease Agreement with The Maharashtra State Co-operative Bank Limited (hereinafter referred to as "the Lessor") and Rokdeshwar Sahakari Soot Girni Ltd (hereinafter referred to as "the Borrower Girni") for Unit 2. Pursuant to letter dated March 01, 2021 from the Department of Customs (NS-II), Nhava Sheva, Uran, district Raigad, the Borrower Girni is required to meet export obligations of Rs. 4057 lakhs as against the import duty exemption availed by them. At the time of entering into Lease agreement by our Company, the period to meet the export obligations by the Borrower Girni was expired and for which our Company had requested for extension of time to complete the export obligation on behalf of the Borrower Girni.

Our inability to fulfill these export obligations as stated in Lease agreement or rejection of our application for extension/completion of time for meeting these export obligations by DGFT could result in potential closure/termination of the lease arrangement.

50. ***Our Promoter and Promoter Group will continue to retain majority shareholding in us after the Issue, which will allow them to exercise significant influence over us and potentially create conflicts of interest.***

After the completion of Initial Public issue of 64,00,000 new equity shares to general public still, our Promoter and Promoter Group may beneficially own approximately 72.74 % of our post-Issue equity share capital. As a result, our Promoters will have the ability to exercise significant influence over all matters requiring shareholders' approval. Accordingly, our Promoters will continue to retain significant control, including being able to control the composition of our Board of Directors, determine decisions requiring simple or special majority voting of shareholders, undertaking sale of all or substantially all of our assets, timing and distribution of dividends and termination of appointment of our officers, and our other shareholders may be unable to affect the outcome of such voting. There can be no assurance that our Promoters will exercise their rights as shareholders to the benefit and best interests of our Company. Further, such control could delay, defer or prevent a change in control of our Company, impede a merger, consolidation, takeover or other business combination involving our Company, or discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of our Company even if it is in our Company's best interest. The interests of our Promoters could conflict with the interests of our other equity shareholders, and our Promoters could make decisions that materially and adversely affect your investment in the Equity Shares.

51. ***The rate of interest for the loans obtained by us from the bank is variable and any increase in interest rates may adversely affect our results of operations and financial condition.***

Our Company is susceptible to changes in interest rates and the risks arising there from. Our sanction letters provide for interest at variable rates with a provision for the periodic resetting of interest rates. Further the lenders are entitled to change the applicable rate of interest depending upon the policies of the RBI and a contractually agreed spread, and in the event of an adverse change in our Company's credit risk rating. For further details of interest payable on our borrowings, please refer to the section titled "Financial Indebtedness" on page no. 215 of this Prospectus. Further, in recent years, the Government of India has taken measures to control inflation, which have included tightening the monetary policy by raising interest rates. As such, any increase in interest rates may have an adverse effect on our business, results of operations, cash flows and financial condition

52. ***We export our products to various countries, on account of which we may be subject to significant import duties or restrictions. Further, unavailability of fiscal benefits enjoyed by us or our inability to comply with related requirements may have an adverse effect on our business and results of operations.***

Revenues from exports were ₹ 32019.60 Lakhs, ₹19933.03 Lakhs, ₹17520.13 Lakhs and ₹16047.35 Lakhs and represented 86.53%, 74.27%, 80.87% and 89.14%, respectively, of our total revenue from operations for the Nine month period ended on December 31, 2021 and for the financial year ended on March 31, 2021, March 31, 2020 and March 31, 2019, respectively. These countries impose varying import duties on our products. There can be no assurance that the import duties will not increase or new restrictions will not be imposed by such countries. Any substantial increase in such duties or imposition of new restrictions may adversely affect our business, financial condition and results of operations.

Export destination countries may also enter into free trade agreements or regional trade agreements with countries other than India. Such agreements and alteration of existing tax treaties may lead to increased competition or may even place us at a competitive disadvantage compared to manufacturers in other countries. India is also a party to, and is currently negotiating, free trade agreements with several countries and if we export our products to such countries, any revocation or alteration of those bilateral agreements may also adversely affect our ability to export. Occurrence of any of these events may adversely affect our business, financial condition and results of operations. Further, changes in import policies or an economic slowdown in countries to which we export our products may have a significant adverse impact on our business, financial condition and results of operations.

53. ***If our third-party service providers and key suppliers are not able to or do not fulfil their service obligations, our operations could be disrupted and our operating results could be harmed.***

We depend on a number of third-party service providers such as service providers that provide road transport, maintenance of our information technology systems, packaging material suppliers, etc. and key suppliers, who are critical to our operations. These third-party service providers and key suppliers are essential in our production process. Our operations could be disrupted if we do not successfully manage relationships with such third-party service providers and key suppliers, if they do not perform or are unable to perform agreed-upon services, or if they are unwilling to make their services available to us at reasonable prices. If such third-party service providers and key suppliers do not perform their service obligations, it could adversely affect our reputation, business, financial condition and results of operations.

54. ***Any delays and/or defaults in customer payments could result in increase of working capital investment and/or reduction of our Company's profits, thereby affecting our operation and financial condition.***

We are exposed to payment delays and/or defaults by our customers. Our financial position and financial performance are dependent on the creditworthiness of our customers. Such delays in payments may require our Company to make a working capital investment. We cannot assure you that payments from all or any of our customers will be received in a timely manner or to that extent will be received at all. If a customer defaults in making its payments on an order on which our Company has devoted significant resources, or if an order in which our Company has invested significant resources is delayed, cancelled or does not proceed to completion, it could have a material adverse effect on our Company's results of operations and financial condition. For the nine months period ended on December 31, 2021 and the financial year ended on March 31, 2021, March 31, 2020 and March 31, 2019 our trade receivables were ₹ 12,606.66 Lakhs, ₹ 5,850.12 Lakhs, ₹ 3,757.78 Lakhs and ₹ 3,401.89 Lakhs respectively.

There is no guarantee on the timeliness of all or any part of our customers' payments and whether they will be able to fulfill their obligations, which may arise from their financial difficulties, deterioration in their business performance, or a downturn in the global economy. If such events or circumstances occur, our financial performance and our operating cash flows may be adversely affected.

55. ***Any variation in the utilization of the Net Proceeds as disclosed in this Prospectus shall be subject to certain compliance requirements, including prior Shareholders' approval.***

In accordance with Section 27 of the Companies Act, 2013, we cannot undertake any variation in the utilization of the Net Proceeds as disclosed in this Prospectus without obtaining the shareholders' approval through a special resolution. In the event of any such circumstances that requires us to undertake variation in the disclosed utilization of the Net Proceeds, we may not be able to obtain the Shareholders' approval in a timely manner, or at all. Any delay or inability in obtaining such Shareholders' approval may adversely affect our business or operations. Further, our Promoters or controlling shareholders would be required to provide an exit opportunity to the shareholders who do not agree with our proposal to modify the objects of the Offer as prescribed in the SEBI ICDR Regulations. If our shareholders exercise such exit option, our business and financial condition could be adversely affected. Therefore, we may not be able to undertake variation of objects of the Offer to use any unutilized proceeds of the Offer, if any, even if such variation is in the interest of our Company, which may restrict our ability to respond to any change in our business or financial condition and may adversely affect our business and results of operations. For further details of the proposed objects of the Offer, refer section titled "Objects of the Issue" beginning on page 73 of this Prospectus

56. ***We are subject to various laws and regulations in jurisdictions where we operate, including environmental and health and safety laws and regulations, which may subject us to increased compliance costs, which may in turn result in an adverse effect on our financial condition.***

We may incur substantial costs to comply with requirements of environmental laws and regulations. In addition, we may discover currently unknown environmental problems or conditions. We are subject to significant national and state environmental laws and regulations, which govern the discharge, emission, storage, handling and disposal of a variety of substances that may be used in or result from our operations. Environmental laws and regulations in India are becoming increasingly stringent and it is possible that they will become significantly stringent in the future. In addition, failure to comply with environmental laws may result in assessment of penalties and fines against us by regulatory authorities. The commencement of environmental actions against us or the imposition of any penalties or fines on us as a result thereof could have a material adverse effect on our business prospects and results of operations.

57. ***Information relating to the installed capacity, actual production and capacity utilization of our manufacturing facilities included in this Prospectus are based on various assumptions and estimates and future production and capacity may vary.***

Information relating to the installed capacity, actual production and capacity utilization of our manufacturing facilities included in this Prospectus are based on various assumptions and estimates of our management that have been taken into account in the calculation of our installed capacity, actual production and capacity utilization. Actual production levels and future capacity utilization rates may vary significantly from the estimated production capacities of our manufacturing facilities and historical capacity utilization rates. In addition, capacity utilization is calculated differently in different countries, industries and for the different kinds of products we manufacture. Undue reliance should therefore not be placed on our historical installed capacity, actual production and capacity utilization for our existing manufacturing facilities included in this Prospectus. For more details see section titled "Business Overview beginning on page 120 of this Prospectus

58. ***If there is any under-utilization of our proposed capacities, the capacity of the production plant will not be fully utilized, which could affect our ability to fully absorb fixed costs and thus may adversely impact our financial performance.***

We have planned to increase our product portfolio and may enter more geographical areas based on our estimates of market demand and profitability. In the event of non-materialization of our estimates and expected order flow for our existing and / or future products and / or failure of optimum utilization of our capacities, due to factors including adverse economic scenario, change in demand or for any other reason, our capacities may not be fully utilized thereby impairing our ability to fully absorb our fixed cost and may adversely impact our financial performance.

59. ***If we are subject to any frauds, theft, or embezzlement by our employees, suppliers, contractors or distributors, it could adversely affect our reputation, results of operations, financial condition and cash flows.***

Our operations may be subject to incidents of theft. We may also encounter some inventory loss on account of employee/ contractor/ distributor/ vendor fraud, theft, or embezzlement. Although we have set up various security measures in our manufacturing facility such as deployment of security guards and operational processes such as periodic stock taking, there can be no assurance that we will not experience any fraud, theft, employee negligence, loss in transit or similar incidents in the future, which could adversely affect our reputation, results of operations, financial condition, and cash flows.

60. ***We face foreign exchange risks that could adversely affect our results of operations.***

Revenues from exports were ₹32019.60 Lakhs, ₹ 19933.03 Lakhs, ₹17520.13 Lakhs, and ₹ 16047.35 Lakhs respectively, of our total revenue from operations for the nine months period ended on December 31, 2021 and for the financial year ended on March 31, 2021, March 31, 2020 and March 31, 2019, respectively. Our sales and most of our expenses are denominated in the Indian Rupees. However, expenses such as import freight, export sales agent's commission, interest expense on foreign currency, foreign denominated borrowings and our export revenue is denominated and invoiced in foreign currency. Hence, we are exposed to fluctuations in exchange rates between currencies. In the financial year ended on March 31, 2021, we incurred foreign exchange gain of ₹ 237.91 Lakhs, representing 0.88% of our total income, while in the nine month period ended December 31, 2021, we recorded exchange fluctuation gain (net) of ₹ 542.48 Lakhs representing 1.47 % of our total income and for the financial year ended on March 31, 2020 and March 31, 2019, we recorded exchange fluctuation of gain ₹282.19 Lakhs and ₹ 225.83 Lakhs, representing 1.30%, and 1.25%, respectively, of our total income. Although we closely follow our exposure to foreign currencies, such activity may not always be sufficient to protect us against incurring potential losses if currencies fluctuate significantly.

61. ***Our business is dependent on the adequate and uninterrupted supply of electrical power at a reasonable cost. Unavailability of such adequate and uninterrupted supply of electrical power may significantly impact our business and results of operation.***

Failure on account of unavailability of electrical power may restrict us in utilizing our full capacity and, hence, may impact our business and results of operation. Adequate and cost-effective supply of electrical power is critical to our operations, which entails significant consumption of electrical power. There can be no assurance that electricity supplied by them will be sufficient to meet our requirements or that we will be able to procure adequate and uninterrupted power supply in the future at a reasonable cost. Further, if the per unit cost of electricity is increased by the state electricity boards, our power costs will increase and it may not be possible to pass on any increase in our power costs to our customers, which may adversely affect our profit margins.

62. ***Changing laws, rules and regulations and legal uncertainties, may adversely affect our business, results of operations, cash flows and financial condition.***

Our business could be adversely affected by any change in laws, municipal plans or interpretation of existing laws, or promulgation of new laws, rules and regulations applicable to us. Further, to process payments in some jurisdictions outside India we may need to appoint local payment settlement systems, we may also be subject to restrictions on repatriation of cash and earnings generated through sales made outside India. Further, any incentives, rebates or export subsidies that we currently avail or are eligible for, might not be continued by the government and we might not be able to avail such benefits in the future.

In addition, the GoI has recently introduced certain labour legislations which consolidate, subsume and replace numerous existing central labour legislations. For further information, see "Key Industry Regulations and Policies" beginning on page 136 of this Prospectus. Further, any change in the implementation of health, safety or environment laws may impose additional costs and may increase our employee costs, thereby adversely affecting our business, results of operations, cash flows and financial condition.

Unfavourable changes in or interpretations of existing, or the promulgation of new, laws, rules and regulations including foreign investment laws governing our business, operations and group structure could result in us being deemed to be in contravention of such laws and may require us to apply for additional approvals. We may incur increased costs and other burdens relating to compliance with such new requirements, which may also require significant management time and other resources, and any failure to comply may adversely affect our business, results of operations, cash flows and financial condition. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, 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 affect our business, results of operations, cash flows and financial condition.

63. ***Some agreements entered into by our Company with various parties are not adequately stamped and registered. The said agreements may not be admissible as evidence in a court of law, until the relevant stamp duties are paid and the relevant registration, if required, is done.***

Some of the leave and license and lease deeds/agreements entered into by our Company with various parties for our leasehold properties are not adequately stamped and registered. The potential consequence of this could be that the said agreements may not be admissible as evidence in a court of law, until the relevant stamp duties are paid, and the registration of such agreements has been done with the relevant authorities. As on the date of this Prospectus, our Company has not initiated / been party to any litigation in this regard. Any claim or adverse order / finding in connection with these agreements could adversely affect the operations of our Company.

64. ***Compliance with provisions of Foreign Account Tax Compliance Act may affect payments on the Equity Shares.***

The U.S. "Foreign Account Tax Compliance Act" (or "FATCA") imposes a new reporting regime and potentially, imposes a 30% withholding tax on certain "foreign pass-through payments" made by certain non-U.S. financial institutions (including intermediaries).

If payments on the Equity Shares are made by such non-U.S. financial institutions (including intermediaries), this withholding may be imposed on such payments if made to any non-U.S. financial institution (including an intermediary) that is not otherwise exempt from FATCA or other holders who do not provide sufficient identifying information to the payer, to the extent such payments are considered "foreign pass-through payments". Under current guidance, the term "foreign pass-through payment" is not defined and it is therefore not clear whether and to what extent payments on the Equity Shares would be considered "foreign pass-through payments". The United States has entered into intergovernmental agreements with many jurisdictions (including India) that modify the FATCA withholding regime described above. It is not yet clear how the intergovernmental agreements between the United States and these jurisdictions will address "foreign pass-through payments" and whether such agreements will require us or other financial institutions to withhold or report on payments on the Equity Shares to the extent they are treated as "foreign pass-through payments". Prospective investors should consult their tax advisors regarding the consequences of FATCA, or any intergovernmental agreement or non-U.S. legislation implementing FATCA, to their investment in Equity Shares.

#### **External risk factors**

##### **Risks relating to the Issue and investments in our Equity Shares**

65. ***After the Issue, our Equity Shares may experience price and volume fluctuations or an active trading market for our Equity Shares may not develop.***

There has been no public market for the Equity Shares prior to the Issue and an active trading market for the Equity Shares may not develop or be sustained after the Issue. Further, the price at which the Equity Shares are initially traded may not correspond to the prices at which the Equity Shares will trade in the market subsequent to the Issue.

The price of the Equity Shares may fluctuate after the Issue as a result of several factors, including volatility in the Indian and global securities markets, the results of our operations, the performance of our competitors, developments in the Indian textile sector, changing perceptions in the market about investments in the Indian textile sector, adverse media reports on us or the Indian textile sector, changes in the estimates of our performance or recommendations by financial analysts, significant developments in India's economic liberalization and deregulation policies, and significant developments in India's fiscal regulations.

The trading price of our Equity Shares might also decline in reaction to events that affect the entire market and/or other companies in our industry even if these events do not directly affect us and/or are unrelated to our business, financial condition or operating results.

66. ***Any future issuance of our Equity Shares may dilute prospective investors' shareholding, and sales of our Equity Shares by our Promoters or other major shareholders may adversely affect the trading price of our Equity Shares.***

Upon completion of the Issue, our Promoters and Promoter Group will continue to control our Company through their shareholding in the Company. Any future equity issuances by us, including in a primary offering or pursuant to a preferential allotment or sale of Equity Shares by our Promoter or other major Shareholders (post lock-in period in the Issue), or any perception by investors that such issuances or sales might occur, may lead to the dilution of investor shareholding in our Company or affect the trading price of the Equity Shares and could affect our ability to raise capital through an offering of our securities.

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

Under current Indian tax laws and regulations, unless specifically exempted, capital gains arising from the sale of equity shares in an Indian company are generally taxable in India. A securities transaction tax (“STT”) is levied on and collected by an Indian stock exchange on which equity shares are sold. Any gain realized on the sale of equity shares held for more than 12 months, which are sold using any other platform other than on a recognized stock exchange and on which no STT has been paid, are subject to long-term capital gains tax in India. Until March 31, 2018, any gain realized on the sale of equity shares, listed on a stock exchange and held for more than 12 months was not subject to capital gains tax in India if STT was paid on the transaction.

However, with the enactment of the Finance Act, 2018 the exemption previously granted in respect of payment of long-term capital gains tax has been withdrawn and such taxes are now payable by the investors with effect from April 1, 2018. The Finance Act, 2018 provides that existing investors are eligible for relief on such capital gains accrued until January 31, 2018 and any long-term capital gains made after January 31, 2018 shall be subject to taxation.

The Finance Act, 2019 amended the Indian Stamp Act, 1899 with effect from July 1, 2020 clarified that, in the absence of a specific provision under an agreement, the liability to pay stamp duty in case of sale of securities through stock exchanges will be on the buyer, while in other cases of transfer for consideration through a depository, the onus will be on the transferor. The stamp duty for transfer of securities other than debentures on a delivery basis is specified at 0.015% and on a non-delivery basis is specified at 0.003% of the consideration amount. As such, there is no certainty on the impact that the Finance Act, 2019 may have on our Company’s business and operations.

Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less will be subject to short-term capital gains tax in India. In cases where the seller is a non-resident, capital gains arising from the sale of the equity shares will be partially or wholly exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Historically, Indian tax treaties do not limit India’s ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the equity shares.

Further, we cannot predict whether any tax laws or other regulations impacting it will be enacted, or predict the nature and impact of any such laws or regulations or whether, if at all, any laws or regulations would have a material adverse effect on our business, financial condition, results of operations and cash flows.

**68. *Rights of shareholders under Indian law may be more limited than under the laws of other jurisdictions.***

Indian legal principles related to corporate procedures, directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as shareholder in an Indian company than as shareholder of a corporation in another jurisdiction.

**69. *QIBs and Non-Institutional Investors are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a Bid.***

Pursuant to the SEBI ICDR Regulations, QIBs and Non-Institutional Investors are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a Bid. RIBs can revise or withdraw their Bids during the Bid/Issue Period. While our Company is required to complete Allotment pursuant to the Issue within such period as may be prescribed under applicable law, events affecting the Bidders’ decision to invest in the Equity Shares, including adverse changes in international or national monetary policy, financial, political or economic conditions, our business, results of operation or financial condition may arise between the date of submission of the Bid and Allotment. Our Company may complete the Allotment of the Equity Shares even if such events occur, and such events limit the Bidders’ ability to sell the Equity Shares Allotted pursuant to the Issue or cause the trading price of the Equity Shares to decline on listing.

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

Under the Companies Act, a company incorporated in India must offer holders of its equity shares preemptive rights to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages prior to the issuance of any new equity shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by holders of three-fourths of the equity shares who have voted on such resolution.

However, if the law of the jurisdiction that you are in does not permit the exercise of such pre-emptive rights without us filing an offering document or registration statement with the applicable authority in such jurisdiction, you will be unable to exercise such pre-emptive rights unless we make such a filing. We may elect not to file a registration statement in relation to pre-emptive rights otherwise available by Indian law to you. To the extent that you are unable to exercise pre-emptive rights granted in respect of the Equity Shares, you may suffer future dilution of your ownership position and your proportional interests in us would be reduced.

**71. *Under Indian law, foreign investors are subject to investment restrictions that limit our ability to attract foreign investors, which may adversely affect the trading price of the Equity Shares.***

Under foreign exchange regulations which are currently in force in India, transfer of shares between nonresidents and residents are freely permitted (subject to certain restrictions), if they comply with the valuation and reporting requirements specified under applicable law. If a transfer of shares is not in compliance with such requirements and does not fall under any of the exceptions, then prior approval of the relevant regulatory authority is required. Additionally, shareholders who seek to convert Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India require a no-objection or a tax clearance certificate from the Indian income tax authorities. We cannot assure you that any required approval from the RBI or any other governmental agency can be obtained with or without any particular terms or conditions.

In terms of Press Note 3 of 2020, dated April 17, 2020, issued by the Department for Promotion of Industry and Internal Trade (“DPIIT”), the FDI Policy has been recently modified to state that all investments under the foreign direct investment route by entities of a country which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country will require prior approval of the GoI. Further, in the event of transfer of ownership of any existing or future foreign direct investment in an entity in India, directly or indirectly, resulting in the beneficial ownership falling within the aforesaid restriction/ purview, such subsequent change in the beneficial ownership will also require approval of the GoI. Furthermore, on April 22, 2020, the Ministry of Finance, GoI has also made similar amendment to the FEMA Rules. While the term “beneficial owner” is defined under the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005 and the General Financial Rules, 2017, neither the foreign direct investment policy nor the FEMA Rules provide a definition of the term “beneficial owner”. The interpretation of “beneficial owner” and enforcement of this regulatory change involves certain uncertainties, which may have an adverse effect on our ability to raise foreign capital. Further, there is uncertainty regarding the timeline within which the said approval from the GoI may be obtained, if at all.

For further information, see “*Restrictions on Foreign Ownership of Indian Securities*” on beginning page 299. Our ability to raise any foreign capital under the FDI route is therefore constrained by Indian law, which may adversely affect our business, financial condition, cash flows, results of operations and prospects.

**72. *The Issue Price of the Equity Shares may not be indicative of the market price of the Equity Shares after the Issue.***

The Issue Price of the Equity Shares will be determined by our Company in consultation with the LM through the Fixed Process and may not be indicative of prices that will prevail in the open market following the Issue. The market price of the Equity Shares may be influenced by many factors, which are beyond our control. As a result of these factors, there can be no assurance that the investors may not be able to resell their Equity Shares at or above the Issue Price. In addition, the stock market often experiences price and volume fluctuations that are unrelated or disproportionate to the operating performance of a particular company. These broad market fluctuations and industry factors may materially reduce the market price of the Equity Shares, regardless of our Company's performance.

**Risks relating to India**

**73. *Any deterioration in the general economic conditions in India and globally could adversely affect our business and results of operation.***

Our results of operations and financial condition depend significantly on global macro-economic conditions and the health of the Indian economy. We operate in and also derive a portion of our revenue from India and the performance and growth of our business is significantly dependent on the performance of the Indian economy. In the past, the Indian economy has been affected by global economic uncertainties, liquidity crisis, domestic policies, domestic and global political environment, volatility in interest rates, currency exchange rates, commodity and oil prices, volatility in inflation rates and various other factors. Risk management initiatives undertaken by financial institutions in order to

remedy the global economic slowdown could affect the availability of funds in the future or cause the withdrawal of our existing credit facilities. Further the Indian economy is undergoing many changes and it is difficult to predict the impact of certain fundamental economic changes on our business. An increase in trade deficit, a downgrading in India's sovereign debt rating or a decline in India's foreign exchange reserves could negatively affect interest rates and liquidity, which could adversely affect the Indian economy and our business. Any downturn in the macroeconomic environment in India could also adversely affect our business, results of operations, financial condition and the trading price of the Equity Shares. The Indian economy is also influenced by economic and market conditions in other countries, particularly emerging market countries in Asia. A loss of investor confidence in other emerging market economies or any worldwide financial instability may adversely affect the Indian economy, which could materially and adversely affect our business and results of operations and the market price of the Equity Shares.

**74. Any adverse change in India's credit rating by an international rating agency could materially adversely affect our business and profitability.**

India's sovereign rating is Baa2 with a "negative" outlook (Moody's), BBB- with a "stable" outlook (S&P) and BBB- with a "negative" outlook (Fitch). India's sovereign rating could be downgraded due to various factors, including changes in tax or fiscal policy or a decline in India's foreign exchange reserves, which are outside our Company's control. Any adverse change in India's credit ratings by international rating agencies may adversely impact the Indian economy and consequently our ability to raise additional financing in a timely manner or at all, as well as the interest rates and other commercial terms at which such additional financing is available. This could have an adverse effect on our business and financial performance, ability to obtain financing for capital expenditures and the price of the Equity Shares.

**75. Any volatility in exchange rates may lead to a decline in India's foreign exchange reserves and may affect liquidity and interest rates in the Indian economy, which could adversely impact us.**

Foreign inflows into India have remained extremely volatile responding to concerns about the domestic macroeconomic landscape and changes in the global risk environment. The widening current account deficit has been attributed largely to the surge in gold and oil imports. The Indian rupee also faces challenges due to the volatile swings in capital flows. Further, there remains a possibility of intervention in the foreign exchange market to control volatility of the exchange rate. The need to intervene may result in a decline in India's foreign exchange reserves and subsequently reduce the amount of liquidity in the domestic financial system. This in turn could cause domestic interest rates to rise. Further, increased volatility in foreign flows may also affect monetary policy decision making. For instance, a period of net capital outflows might force the RBI to keep monetary policy tighter than optimal to guard against any abnormal currency depreciation.

**76. Terrorist attacks, civil unrest and other acts of violence or war involving India and other countries would negatively affect the Indian market where our Equity Shares trade and lead to a loss of confidence.**

Terrorist attacks and other acts of violence or war may negatively affect the Indian markets on which our Equity Shares are proposed to be listed and traded. In addition, any deterioration in relations between India and its neighbors might result in investor concern about stability in the region, which could materially adversely affect the price of our Equity Shares. Civil unrest in India in the future as well as other adverse social, economic and political events in India could have an adverse impact on us. Such incidents also create a greater perception that investment in Indian companies involves a higher degree of risk, which could have an adverse impact on our business and the trading price of our Equity Shares.

**77. It may not be possible for investors outside India to enforce any judgment obtained outside India against our Company or our management or any of our associates or affiliates in India, except by way of a suit in India.**

Our Company is incorporated under the laws of India and all our Directors and Key Managerial Personnel reside in India. Further, significant portion of our assets, and the assets of our Key Managerial Personnel and Directors, are located in India. As a result, it may be difficult to effect service of process outside India upon us and our Directors and Key Managerial Personnel or to enforce judgments obtained in courts outside India against us or our Key Managerial Personnel and Directors, including judgments predicated upon the civil liability provisions of the securities laws of jurisdictions outside India.

India has reciprocal recognition and enforcement of judgments in civil and commercial matters with only a limited number of jurisdictions, which includes the United Kingdom, Singapore and Hong Kong. In order to be enforceable, a judgment from a jurisdiction with reciprocity must meet certain requirements of the Code of Civil Procedure, 1908 ("Civil Code"). The Civil Code only permits the enforcement of monetary decrees, not being in the nature of any amounts payable in respect of taxes, other charges, fines or penalties. Judgments or decrees from jurisdictions which do not have reciprocal recognition with India cannot be enforced by proceedings in execution in India. Therefore, a final judgment for the payment of money rendered by any court in a non-reciprocating territory for civil liability,

whether or not predicated solely upon the general laws of the non-reciprocating territory, would not be enforceable in India. Even if an investor obtained a judgment in such a jurisdiction against us, our officers or Directors, it may be required to institute a new proceeding in India and obtain a decree from an Indian court. However, the party in whose favour such final judgment is rendered may bring a fresh suit in a competent court in India based on a final judgment that has been obtained in a non-reciprocating territory within three years of obtaining such final judgment. Further, there are considerable delays in the disposal of suits by Indian courts. It is unlikely that an Indian court would award damages on the same basis or to the same extent as was awarded in a final judgment rendered by a court in another jurisdiction if the Indian court believed that the amount of damages awarded was excessive or inconsistent with public policy in India. In addition, any person seeking to enforce a foreign judgment in India is required to obtain prior approval of the RBI to repatriate any amount recovered pursuant to the execution of the judgment.

**78. *We are subject to regulatory, economic, social and political uncertainties and other factors beyond our control.***

We are incorporated in India and we conduct our corporate affairs and manufacturing activities in India. Our Equity Shares are proposed to be listed and traded on EMERGE platform of NSE Limited. Consequently, our business, operations, financial performance and the market price of our Equity Shares will be affected by the following external risks, should any of them materialize:

- changes in exchange rates and controls;
- macroeconomic factors and central bank regulation, including in relation to interest rates movements which may in turn adversely impact our access to capital and increase our borrowing costs;
- decline in India's foreign exchange reserves which may affect liquidity in the Indian economy;
- political instability, resulting from a change in government or in economic and fiscal policies;
- civil unrest, acts of violence, regional conflicts or situations or war may adversely affect the financial markets;
- any scarcity of credit or other financing in India, resulting in an adverse effect on economic conditions in India and scarcity of financing for our expansions;
- downgrading of India's sovereign debt rating by rating agencies;
- changes in government policies, including taxation policies, social and civil unrest and other political, social and economic developments in or affecting India; or
- natural calamities and force majeure events.

The Government of India has exercised and continues to exercise significant influence over many aspects of the Indian economy. Indian governments have generally pursued policies of economic liberalization and financial sector reforms, including by relaxing restrictions on the private sector. Nevertheless, the role of the Indian central and state governments in the Indian economy as producers, consumers and regulators has remained significant and we cannot assure you that such liberalization policies will continue. A significant change in India's policy of economic liberalization and deregulation or any social or political uncertainties could adversely affect business and economic conditions in India generally and our business and prospects. India has in the past experienced community disturbances, strikes, riots, terror attacks, epidemics and natural disasters. India has also experienced natural calamities such as earthquakes, tsunamis, floods and drought in the past few years. There can be no assurance that we will not be affected by natural or man-made disasters in India or elsewhere in the future. These acts and occurrences could have an adverse effect on the financial markets and the economy of India and of other countries, thereby resulting in a loss of business confidence and a suspension of our operations, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

**79. *A third party could be prevented from acquiring control of our Company because of anti-takeover provisions under Indian law.***

There are provisions in Indian law that may delay, deter or prevent a future takeover or change in control of our Company, even if a change in control would result in the purchase of your Equity Shares at a premium to the market price or would otherwise be beneficial to you. Such provisions may discourage or prevent certain types of transactions involving actual or threatened change in control of our Company. Under the Takeover Regulations, an acquirer has been defined as any person who, directly or indirectly, acquires or agrees to acquire shares or voting rights or control over a company, whether individually or acting in concert with others. Although these provisions have been formulated to ensure that interests of investors/shareholders are protected, these provisions may also discourage a third party from attempting to take control of our Company. Consequently, even if a potential takeover of our Company would result in the purchase of the Equity Shares at a premium to their market price or would otherwise be beneficial to its

stakeholders, it is possible that such a takeover would not be attempted or consummated because of the Indian takeover regulations.

**80. Significant differences exist between Ind AS and other accounting principles, such as U.S. GAAP and International Financial Reporting Standards (“IFRS”), which investors may be more familiar with and may consider material to their assessment of our financial condition.**

Our Restated Financial Statements are prepared in accordance with Company Act & SEBI (ICDR) Regulations. No attempt has been made to reconcile any of the information given in this document to any other principles or to base it on any other standards. Ind AS differs in certain significant respects from IFRS, U.S. GAAP and other accounting principles with which prospective investors may be familiar in other countries. If our financial statements were to be prepared in accordance with such other accounting principles, our results of operations, cash flows and financial position may be substantially different. Prospective investors should review the accounting policies applied in the preparation of our restated financial statements, and consult their own professional advisers for an understanding of the differences between these accounting principles and those with which they may be more familiar.

**81. There are restrictions on daily movements in the trading price of the Equity Shares, which may adversely affect a shareholder’s ability to sell Equity Shares or the price at which Equity Shares can be sold at a particular point in time.**

Our listed Equity Shares will be subject to a daily “circuit breaker” imposed on listed companies by the Stock Exchanges, which does not allow transactions beyond certain volatility in the trading price of the Equity Shares. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on the Equity Shares’ circuit breaker will be set by the Stock Exchanges based on historical volatility in the price and trading volume of the Equity Shares. The Stock Exchanges are not required to inform our Company of the percentage limit of the circuit breaker, and they may change the limit without our knowledge. This circuit breaker would effectively limit the upward and downward movements in the trading price of the Equity Shares. As a result of this circuit breaker, there can be no assurance regarding the ability of shareholders to sell Equity Shares or the price at which shareholders may be able to sell their Equity Shares

**82. Rights of shareholders of companies under Indian law may be more limited than under the laws of other jurisdictions.**

Our Articles of Association, composition of our Board, Indian laws governing our corporate affairs, the validity of corporate procedures, directors’ fiduciary duties, responsibilities and liabilities, and shareholders’ rights may differ from those that would apply to a company in another jurisdiction. Shareholders’ rights under Indian law may not be as extensive and wide-spread as shareholders’ rights under the laws of other countries or jurisdictions. Investors may face challenges in asserting their rights as shareholder our Company than as a shareholder of an entity in another jurisdiction.

## SECTION - III –INTRODUCTION

### THE ISSUE

The following table summarizes the Issue details:

| PARTICULARS   | DETAILS OF EQUITY SHARES  |
|---|---|
| <b>Issue of Equity Shares by our Company</b>        | 64,00,000 Equity Shares of face value of ₹ 10.00/- each fully paid-up for cash at price of ₹ 75/- per Equity Share aggregating to ₹ 4800.00 Lakhs   |
| <b>of which</b>                                     |   |
| <b>Market Maker Reservation Portion</b>             | 3,36,000 Equity Shares of face value of ₹ 10.00/- each fully paid-up for cash at price of ₹ 75/- per Equity Share aggregating to ₹ 252.00 Lakhs   |
| <b>Net Issue to The Public*</b>                     | 60,64,000 Equity Shares of face value of ₹ 10.00/- each fully paid-up for cash at price of ₹ 75/- per Equity Share aggregating to ₹ 4548.00 Lakhs   |
| <b>of which</b>                                     |   |
| <b>(A) Retail Portion</b>                           | 30,32,000 Equity Shares of face value of ₹10.00/- each fully paid-up for cash at price of ₹ 75 /- per Equity Share aggregating to ₹.2274.00 Lakhs i.e., 50% of the Net Issue shall be available for allocation Retail Individual Investors                          |
| <b>(B) Non – Institutional Portion</b>              | 30,32,000 Equity Shares of face value of ₹ 10.00/- each fully paid-up for cash at price of ₹ 75/- per Equity Share aggregating to ₹2274.00 Lakhs i.e., 50% of the Net Issue shall be available for allocation for Investors other than Retail Individual Investors. |
| <b>Pre-and Post-Issue Equity Shares</b>             |   |
| <b>Equity shares outstanding prior to the issue</b> | 1,70,81,000 Equity Shares of face value of ₹. 10.00/- each  |
| <b>Equity shares outstanding after the issue</b>    | 2,34,81,000 Equity Shares of face value of ₹.10.00/- each   |
| <b>Use Of Issue Proceeds</b>                        | For details, please refer section titled “Objects of the Issue” beginning on page 73 of this Prospectus.  |

The Issue has been authorized by the Board of Directors vide a resolution passed at its meeting held on January 25, 2022 and approved by the members of our Company vide a special resolution at the Extra Ordinary General Meeting held on January 25, 2022 pursuant to section 62(1)(c) of the Companies Act.

This Issue is being made in terms of Chapter IX of SEBI ICDR Regulations, 2018, as amended. For further details, please refer to section titled “Issue Structure” beginning on page 264 of this Prospectus.

\*As per the Regulation 253 of the SEBI (ICDR) Regulations, as amended, as present issue is a fixed price issue the allocation in the net offer to the public category shall be made as follows:

- a) Minimum fifty percent to retail individual investor; and
- b) remaining to:
  - (i) individual applicants other than retail individual investors; and
  - (ii) other investors including corporate bodies or institutions, irrespective of the number of specified securities applied for;

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

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

For further details please refer to section titled ‘Issue Information’ beginning on page 25 of this Prospectus.

**SUMMARY OF FINANCIAL INFORMATION**  
**ANNEXURE 1**  
**STATEMENT OF ASSETS AND LIABILITIES AS RESTATED**

| <i>(₹ in Lakhs)</i>                                  |            |   |                 |                 |                 |
|--|------------|---|-----------------|-----------------|-----------------|
| Particulars  | Annex . No | Nine months period ended on December 31, 2021 | Year ended      |                 |                 |
|  |            |   | March 31, 2021  | March 31, 2020  | March 31, 2019  |
| <b><u>EQUITY AND LIABILITIES</u></b>                 |            |   |                 |                 |                 |
| <b>(1) Shareholders' Funds</b>                       |            |   |                 |                 |                 |
| Share Capital  | 5          | 170.81  | 170.81          | 170.81          | 170.81          |
| Reserves and Surplus                                 | 6          | 3850.37                                       | 2,263.45        | 1,557.81        | 1,243.18        |
| Total  |            | <b>4021.18</b>                                | <b>2,434.26</b> | <b>1,728.62</b> | <b>1,413.99</b> |
| <b>(2) Share Application Money Pending Allotment</b> |            |   |                 |                 |                 |
| <b>(3) Non-Current Liabilities</b>                   |            |   |                 |                 |                 |
| Long-Term Borrowings                                 | 7          | 223.75  | 125.22          | 54.58           | 139.58          |
| Deferred Tax Liabilities (Net)                       | 8          | 0.06  | 1.97            | 1.29            | 0.56            |
| Other Long-Term Liabilities                          |            | 0.00  | 0.00            | 0.00            | 0.00            |
| Long-Term Provisions                                 |            | 0.00  | 0.00            | 0.00            | 0.00            |
| Total  |            | <b>223.81</b>                                 | <b>127.19</b>   | <b>55.87</b>    | <b>140.14</b>   |
| <b>(4) Current Liabilities</b>                       |            |   |                 |                 |                 |
| Short-Term Borrowings                                | 9          | 9,153.97                                      | 5,275.04        | 2,844.64        | 3,623.26        |
| Trade Payables                                       | 10         | 2,224.71                                      | 1,166.34        | 818.53          | 319.61          |
| Other Current Liabilities                            | 11         | 2,083.28                                      | 199.33          | 178.42          | 163.48          |
| Total  |            | <b>13,461.96</b>                              | <b>6,640.72</b> | <b>3,841.59</b> | <b>4,106.35</b> |
| <b>Total Equity and Liabilities</b>                  |            | <b>17,706.95</b>                              | <b>9,202.17</b> | <b>5,626.08</b> | <b>5,660.48</b> |
| <b><u>ASSETS</u></b>                                 |            |   |                 |                 |                 |
| <b>(1) Non-Current Assets</b>                        |            |   |                 |                 |                 |
| Plant Property and Equipment                         |            |   |                 |                 |                 |
| Tangible Assets                                      | 12         | 307.27  | 162.04          | 157.05          | 173.76          |
| Non-Current Investments                              | 13         | 107.62  | 107.62          | 107.62          | 107.62          |
| Deferred Tax Assets (Net)                            |            | 0.00  | 0.00            | 0.00            | 0.00            |
| Long Term Loans and Advances                         | 14         | 283.24  | 187.68          | 126.32          | 18.44           |
| Other Non-Current Assets                             |            | 0.00  | 0.00            | 0.00            | 0.00            |
| <b>Total Non-Current Assets</b>                      |            | <b>698.13</b>                                 | <b>457.34</b>   | <b>390.99</b>   | <b>299.83</b>   |
| <b>(2) Current Assets</b>                            |            |   |                 |                 |                 |
| Current Investments                                  | 15         | 73.94   | 53.71           | 41.96           | 24.13           |
| Inventories  | 16         | 864.64  | 1,013.40        | 278.71          | 326.05          |
| Trade Receivables                                    | 17         | 12,606.66                                     | 5,850.12        | 3,757.78        | 3,401.89        |
| Cash and Cash Equivalents                            | 18         | 975.33  | 795.58          | 542.22          | 1,001.65        |
| Short-Term Loans and Advances                        | 19         | 2,445.27                                      | 1,001.17        | 546.33          | 511.54          |
| Other Current Assets                                 | 20         | 42.98   | 30.86           | 68.09           | 95.39           |
| <b>Total Current Assets</b>                          |            | <b>17,008.82</b>                              | <b>8,744.84</b> | <b>5,235.09</b> | <b>5,360.65</b> |
| <b>Total Assets</b>                                  |            | <b>17,706.95</b>                              | <b>9,202.17</b> | <b>5,626.08</b> | <b>5,660.48</b> |

For **Nagori Nuwal & Co.**  
Chartered Accountants  
(**F.R.N.:** 008185C)

Sd/-

CA Shankar Lal Laddha  
Partner  
(**Membership No.** 76554)  
**UDIN:** 22076554AGZIME3364  
**Date:** April 12, 2022  
**Place:** Mumbai

For and on behalf of Board of Directors  
Of Le Merite Exports Limited

Sd/-

Abhishek Lath  
**Director**  
(DIN - 00331675)

Sd/-

Umashankar Lath  
**Director**  
(DIN - 05135035)

**ANNEXURE - 2**  
**STATEMENT OF PROFIT & LOSS, AS RESTATED**

(₹ in lakhs)

| Particulars  | Annx. No | Nine months period ended on December 31, 2021 | Year ended March 31, 2021 | Year ended March 31, 2020 | Year ended March 31, 2019 |
|--|----------|---|---------------------------|---------------------------|---------------------------|
| <b>(A) INCOME</b>  |          |   |                           |                           |                           |
| Revenue From Operations  | 21       | 37,004.08                                     | 26,839.37                 | 21,666.72                 | 18,001.20                 |
| Other Income   | 22       | 82.95   | 74.07                     | 61.28                     | 92.13                     |
| <b>Total Revenue</b>   |          | <b>37,087.03</b>                              | <b>26,913.44</b>          | <b>21,728.00</b>          | <b>18,093.32</b>          |
| <b>(B) EXPENDITURE</b>   |          |   |                           |                           |                           |
| Purchase of Stock-in-trade   | 23       | 30,423.47                                     | 24,384.33                 | 19,656.02                 | 16,347.34                 |
| Changes in Inventories of Stock-in-Trade                           | 24       | 148.76  | (734.69)                  | 47.34                     | 220.97                    |
| Employee Benefits Expenses   | 25       | 358.70  | 277.29                    | 248.09                    | 173.90                    |
| Finance Costs  | 26       | 245.98  | 165.00                    | 252.42                    | 349.15                    |
| Depreciation and Amortization Expense                              | 12       | 36.80   | 16.39                     | 15.56                     | 19.42                     |
| Other Expenses   | 28       | 3,755.47                                      | 1,868.78                  | 1,077.51                  | 822.29                    |
| <b>Total Expenditure</b>   |          | <b>34,969.18</b>                              | <b>25,977.10</b>          | <b>21,296.94</b>          | <b>17,933.07</b>          |
| <b>Profit Before Exceptional and Extraordinary Items and Tax</b>   |          | <b>2,117.85</b>                               | <b>936.33</b>             | <b>431.06</b>             | <b>160.25</b>             |
| Exceptional Items  |          | 0.00  | 0.00                      | 0.00                      | 0.00                      |
| <b>Profit Before Extraordinary Items and Tax</b>                   |          | <b>2,117.85</b>                               | <b>936.33</b>             | <b>431.06</b>             | <b>160.25</b>             |
| Extraordinary Items  |          | -   | -                         | -                         | -                         |
| <b>Profit Before Tax</b>   |          | <b>2,117.85</b>                               | <b>936.33</b>             | <b>431.06</b>             | <b>160.25</b>             |
| Prior Period Items   |          | -   | -                         | -                         | -                         |
| <b>Tax Expense:</b>  |          |   |                           |                           |                           |
| (1) Current tax  |          | 532.85  | 230.00                    | 115.70                    | 46.99                     |
| (2) Deferred tax   |          | (1.91)  | 0.68                      | 0.73                      | 0.44                      |
| (3) Excess / Short Tax Provision W/off                             |          |   |                           | -                         | -                         |
| <b>Profit for the year</b>   |          | <b>1,586.91</b>                               | <b>705.65</b>             | <b>314.62</b>             | <b>112.83</b>             |
| <b>Earning per equity share of the face value of Rs.10 /- each</b> |          |   |                           |                           |                           |
| (1) Basic  |          | 92.91   | 41.31                     | 18.42                     | 6.61                      |
| (2) Diluted  |          | 92.91   | 41.31                     | 18.42                     | 6.61                      |

For **Nagori Nuwal & Co.**  
Chartered Accountants  
(**F.R.N.:** 008185C)

Sd/-

CA Shankar Lal Laddha  
Partner  
(**Membership No.** 76554)  
**UDIN:** 22076554AGZIME3364  
**Date:** April 12, 2022  
**Place:** Mumbai

For and on behalf of Board of Directors  
Of Le Merite Exports Limited

Sd/-

Abhishek Lath  
**Director**  
(**DIN** - 00331675)

Sd/-

Umashankar Lath  
**Director**  
(**DIN** - 05135035)



|  |              |               |               |               |                 |
|--|--------------|---------------|---------------|---------------|-----------------|
|  | <b>Total</b> | <b>975.33</b> | <b>795.58</b> | <b>542.21</b> | <b>1,001.65</b> |
|--|--------------|---------------|---------------|---------------|-----------------|

For **Nagori Nuwal & Co.**  
Chartered Accountants  
(**F.R.N.:** 008185C)

For and on behalf of Board of Directors  
Of Le Merite Exports Limited

Sd/-

Sd/-

Sd/-

CA Shankar Lal Laddha  
Partner  
(**Membership No.** 76554)  
**UDIN:** 22076554AGZIME3364  
**Date:** April 12, 2022  
**Place:** Mumbai

Abhishek Lath  
**Director**  
(**DIN** - 00331675)

Umashankar Lath  
**Director**  
(**DIN** - 05135035)

## GENERAL INFORMATION

Our Company was originally incorporated as a Private Limited Company in name and style of “Didwaniya Yarn Exports Private Limited” on December 24, 2003 under the Companies Act, 1956 bearing Corporate Identification Number U17111MH2003PTC143645 issued by the Registrar of Companies, Maharashtra, Mumbai. Prakashchandra Didwaniya, Prashant Didwaniya and Chandabai Didwaniya were the original Promoters and subscribers of the Company at the time of incorporation. Further, the name of our Company was changed to “Le Merite Exports Private Limited” and a special resolution was passed by the Shareholders of the Company at the Extra-Ordinary General Meeting held on August 07, 2004. The Assistant Registrar of Companies, Maharashtra, Mumbai issued a fresh Certificate of Incorporation dated September 02, 2004, upon change of the name. Further, on March 31, 2006 the entire share capital of our Company was transferred by the Didwaniya family to the Lath family and the control of the company was handed over to Lath Family, the new promoters of our company, pursuant to share transfer deed. Further, our Company was converted into a Public Limited Company pursuant to the special resolution passed by the shareholders at the Extra-Ordinary General Meeting of our Company held on June 02, 2015 and consequent upon such conversion the name of our Company was changed to “Le Merite Exports Limited” vide a fresh certificate of incorporation dated July 08, 2015 bearing Corporate Identification Number U17111MH2003PLC143645 issued by the Deputy Registrar of Companies, Mumbai.

For further details, please refer to section titled “History and Certain Corporate Matters” beginning on page 150 of this Prospectus

### REGISTERED OFFICE OF OUR COMPANY

#### Le Merite Exports Limited

B1-104D, Boomerang, Chandivali Farm Road,  
Powai, Andheri (East),  
Mumbai - 400072  
Maharashtra, India  
Tel No: 022 28579209  
Email: [compliance@lemeriteexports.com](mailto:compliance@lemeriteexports.com)  
Website: [www.lemeriteexports.com](http://www.lemeriteexports.com)

#### Corporate identity number and registration number

Corporate Identity Number: U17111MH2003PLC143645  
Registration Number: 143645

#### Address of the Registrar of Companies (RoC)

Registrar of Companies, 100, Everest, Marine Drive,  
Mumbai- 400002, Maharashtra.

### BOARD OF DIRECTORS OF OUR COMPANY

Our Company’s Board comprises of the following Directors as set forth the details in the following table

| Name                      | DIN      | Designation                  | Address  |
|---------------------------|----------|------------------------------|--|
| Abhishek Lath             | 00331675 | Managing Director & CFO      | A/702, Mahavir Clasik, Saki Vihar Road, Powai Opp. L&T Gate No. 5, Mumbai, Sakinaka, Maharashtra, 400072 |
| Umashankar Lath           | 05135035 | Chairman & Managing Director | Ward No.41, Shri Hari Kripa, Near Shri Krishna, Mangal Karyalay, Station Road, Indira Colony, Burhanpur  |
| Sweta Lath                | 07213314 | Executive Director           | A/702, Mahavir Clasik, Saki Vihar Road, Powai Opp. L&T Gate No. 5, Mumbai, Sakinaka, Maharashtra, 400072 |
| Jaydeep Purujit Mehta     | 06952808 | Independent Director         | 204, Aarambh Residency, Behind Kalpvruj Complex, Gotri Road, Vadodra, Subhanpura, Gujarat- 390023        |
| Narendra Kumar Srivastava | 09439120 | Independent Director         | B-1201, Mahaveer Jyoti CHS Ltd., Sector-10, Kharghar, Navi Mumbai, PIN-410210                            |
| Rohit Agarwal             | 01924587 | Independent Director         | 3A/177, Azad Nagar, Nearby Kanpur Zoo, Kanpur, Uttar Pradesh- 208002                                     |

For detailed profile of our Board of Directors, please refer to the section titled “Our Management” on page 156 of this Prospectus.

**COMPANY SECRETARY & COMPLIANCE OFFICER**

**Name:** Ms. Sarita Mishra

**Address:** B1-104D, Boomerang, Chandivali Farm Road, Powai, Andheri (East), Mumbai - 400072, Maharashtra

**Tel No:** 022 28579209

**Email:** [compliance@lemeriteexports.com](mailto:compliance@lemeriteexports.com)

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

*Note: Investors can contact our Company Secretary and Compliance Officer, the Lead Manager or the Registrar to the Issue, in case of any pre-issue or post-issue related problems, such as non-receipt of letters of allotment, non-credit of allotted Equity Shares in the respective beneficiary account, non-receipt of refund orders and non-receipt of funds by electronic mode etc.*

**Investor Grievances**

All grievances relating to the ASBA process and UPI payment mechanism 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, UPI ID, PAN, date of the ASBA Form, address of the applicant, number of Equity Shares applied for and the name and address of the Designated Intermediary where the ASBA Form was submitted by the ASBA Applicant.

Further, the investors shall also enclose the Acknowledgement Slip from the Designated Intermediaries in addition to the documents/ information mentioned above.

**DETAILS OF KEY INTERMEDIARIES PERTAINING TO THIS ISSUE AND OUR COMPANY:**

| LEAD MANAGER TO THE ISSUE  | REGISTRAR TO THE ISSUE   |
|--|--|
| <p><b>FEDEX SECURITIES PRIVATE LIMITED</b><br/>                     B 7, 3<sup>rd</sup> Floor, Jay Chambers, Dayaldas Road, Vile Parle (East), Mumbai - 400 057, Maharashtra, India<br/> <b>Tel No:</b> +91 8104985149<br/> <b>Fax No:</b> +91 22 26186966<br/> <b>Contact Person:</b> Yash Kadakia<br/> <b>Email Id:</b> <a href="mailto:mb@fedsec.in">mb@fedsec.in</a><br/> <b>Website:</b> <a href="http://www.fedsec.in">www.fedsec.in</a><br/> <b>Investor Grievance Email:</b> <a href="mailto:mb@fedsec.in">mb@fedsec.in</a><br/> <b>SEBI Registration Number:</b> INM000010163</p> | <p><b>BIGSHARE SERVICES PRIVATE LIMITED</b><br/>                     1st Floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road, Marol, Andheri East, Mumbai – 400059, Maharashtra, India<br/> <b>Tel No.:</b> +91-022-62638200<br/> <b>Fax no:</b> +91 -022 62638280<br/> <b>Website:</b> <a href="http://www.bigshareonline.com">www.bigshareonline.com</a><br/> <b>Email:</b> <a href="mailto:ipo@bigshareonline.com">ipo@bigshareonline.com</a><br/> <b>Investor Grievance Email:</b> <a href="mailto:investor@bigshareonline.com">investor@bigshareonline.com</a><br/> <b>Contact Person:</b> Mr. Swapnil Kate<br/> <b>SEBI Registration No:</b> INR000001385<br/> <b>CIN:</b> U99999MH1994PTC076534</p> |
| LEGAL ADVISOR TO THE ISSUE   | BANKERS TO THE ISSUE / REFUND BANK /SPONSOR BANK   |
| <p><b>Advocate Pooja Sharma</b><br/>                     8/14, 30, Malad Co-op Housing Society Limited,<br/>                     Poddar Park, Malad East,<br/>                     Mumbai – 400097,<br/>                     Maharashtra, India.<br/> <b>Tel No.:</b> +91 9022869773<br/> <b>Email Id:</b> <a href="mailto:poojalegalventures@gmail.com">poojalegalventures@gmail.com</a><br/> <b>Bar Council No.:</b> MAH/5967/2013</p>   | <p><b>Kotak Mahindra Bank Limited</b><br/>                     Kotak Infiniti, 6th Floor, Building No. 21, Infinity Park, Off Western Express Highway, General AK Vaidya Marg, Malad (East), Mumbai – 400 097, Maharashtra, India.<br/> <b>Tel No:</b> 022-66056588<br/> <b>Fax No:</b> 022-67132416<br/> <b>Contact Person:</b> Mr. Kushal Patankar<br/> <b>Email Id:</b> <a href="mailto:cmsipo@kotak.com">cmsipo@kotak.com</a><br/> <b>Website:</b> <a href="http://www.kotak.com">www.kotak.com</a><br/> <b>SEBI Registration Number:</b> INBI00000927</p>   |
| ADVISOR TO THE ISSUE   |  |
| <p><b>Tiare Consilium Private Limited</b><br/>                     No.52, 3rd Floor, Bhagavati 33rd Cross, 9th main, 4th Block, Jayanagar, Bengaluru, 560011 Karnataka, India<br/> <b>Telephone:</b> 080-26657177<br/> <b>Email Id:</b> <a href="mailto:info@tiareconsilium.com">info@tiareconsilium.com</a><br/> <b>Website:</b> <a href="http://www.tiareconsilium.com">www.tiareconsilium.com</a><br/> <b>Contact Person:</b> Ms. Shivani Vashistha</p>   |  |

**STATUTORY AUDITOR****Nagori Nuwal & Co. Chartered Accountants**

229, Starlit Tower, 29 Y. N. Road, Indore- 452001

**Tel No:** 073) 4086411**E-mail:** nagorinuwal@yahoo.com**Contact Person:** CA Shankar Laddha**Firm Registration No:** 008185C**Membership No:** 76554**Peer Review number:** 013344**BANKER'S TO THE COMPANY****Shinhan Bank**

Ground Floor, Tower I, Peninsula Corporate Park, G.K. Marg, Lower Parel, Mumbai - 400013

**Tel No:** 022-6199 2047

Fax No. 022-61992010

**Email Id:** [credit.mum@shinhan.com](mailto:credit.mum@shinhan.com)**Website:** [www.shinhan.com](http://www.shinhan.com)**Contact Person:** Mr. Sandeep Aswale**UCO Bank**

UCO Bank Buildings, D.N.Road, Mumbai 400023, Maharashtra

**Tel No:** 022-40180120/0108**Email Id:** [mumbai@ucobank.co.in](mailto:mumbai@ucobank.co.in)**Website:** [www.ucobank.com](http://www.ucobank.com)**Contact Person:** Mr. Pravin/Lalit**ICICI Bank**

ICICI Bank Towers, Bandra Kurla Complex, Bandra (East) Mumbai 400051, Maharashtra India

**Telephone number:** 9819042733**Fax number:** NA**Email id:** [chamanbaby.ansari@icicibank.com](mailto:chamanbaby.ansari@icicibank.com)**Website:** [www.icicibank.com](http://www.icicibank.com)**Tirupati Urban Co-op Bank Ltd**

172, S.A. Road, Shradhanand Peth, Nagpur

**Contact Person:** Neha Jangra/ Ram Diwakar**Telephone number:** 0712 223 1722 / 2235 600**Fax number:** 0712 2221686**Email id:** [saroad@tirupatibank.com](mailto:saroad@tirupatibank.com)**Website:** [www.tirupatibank.com](http://www.tirupatibank.com)**SYNDICATE MEMBER**

As on the date of this Prospectus, there are no syndicate members.

**DESIGNATED INTERMEDIARIES****SELF-CERTIFIED SYNDICATE BANKS ("SCSBs")**

The lists of SCSBs notified by SEBI to act as SCSB for the ASBA process is available on the website of SEBI on <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes> or at such other website as may be prescribed by SEBI from time to time. For details of the Designated Branches of SCSBs collecting the Application Forms, please refer to the above-mentioned SEBI link.

**Investors Banks or Issuer Bank for UPI**

The list of banks that have been notified by SEBI to act as SCSBs for the UPI process provided on <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40>

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.

**REGISTERED BROKERS**

In terms of SEBI circular no. CIR/CFD/14/2012 dated October 4, 2012, applicant can submit Application Form for the Issue using the stock brokers network of the Stock Exchanges, i.e., through the Registered Brokers at the Brokers Centers.

The list of the Registered Brokers, including details such as postal address, telephone number and e-mail address, is provided on the website of the SEBI ([www.sebi.gov.in](http://www.sebi.gov.in)), and updated from time to time. For details on Registered Brokers, please refer <http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes>.

**REGISTRAR TO THE ISSUE AND SHARE TRANSFER AGENTS ("RTA")**

In terms of SEBI circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015, the list of the RTAs eligible to accept Applications forms at the Designated RTA Locations, including details such as address, telephone number and e-mail address, are provided on the website of the SEBI ([www.sebi.gov.in](http://www.sebi.gov.in)), and updated from time to time. For details on RTA, please refer <http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes>.

#### **COLLECTING DEPOSITORY PARTICIPANTS (“CDP”)**

In terms of SEBI circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015, the list of the CDPs eligible to accept Application Forms at the Designated CDP Locations, including details such as name and contact details, are provided on the website of Stock Exchange. 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.

#### **IPO GRADING**

Since the Issue is being made in terms of Chapter IX of the SEBI (ICDR) Regulations, 2018, there is no requirement of appointing an IPO Grading agency.

#### **CREDIT RATING**

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

#### **DEBENTURE TRUSTEES**

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

#### **MONITORING AGENCY**

As per regulation 262(1) of the SEBI ICDR Regulations, the requirement of Monitoring Agency is not mandatory if the Issue size is below Rs. 10,000 Lakh. Since the Issue size is only of ₹ 4800.00 Lakhs, our Company has not appointed any monitoring agency for this Issue. However, as per Section 177 of the Companies Act, 2013, the Audit Committee of our Company, would be monitoring the utilization of the proceeds of the Issue.

#### **APPRAISING ENTITY**

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

#### **FILING THE DRAFT PROSPECTUS/ PROSPECTUS**

- a. The Draft Prospectus and Prospectus shall be filed with EMERGE Platform of NSE (“NSE EMERGE”) situated at Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051 India.
- b. A soft copy of Prospectus shall be submitted to SEBI. However, SEBI will not issue any observation on the offer document in term of Regulation 246(2) of the SEBI (ICDR) Regulations, 2018. Further, a soft copy of the Prospectus along with relevant documents shall be filed with SEBI pursuant to SEBI Circular Number SEBI/HO/CFD/DIL1/CIR/P/2018/011 dated January 19, 2018, through SEBI Intermediary Portal at <https://siportal.sebi.gov.in>
- c. A copy of the Prospectus, along with the material documents and contracts required to be filed under Section 26 of the Companies Act, will be filed with the RoC, and through the electronic portal at <http://www.mca.gov.in/mcafoportal/loginvalidateuser.do>

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

Fedex Securities Private Limited is the sole Lead Manager to this 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.

#### **TYPE OF ISSUE**

The present issue is considered to be 100% Fixed Price Issue.

#### **UNDERWRITER’S**

Our Company and Lead Manager to the Issue hereby confirm that the Issue is 100% Underwritten. The underwriting agreement is dated April 13, 2022 and pursuant to the terms of the underwriting agreement, obligations of the underwriter are subject to certain conditions specified therein. The underwriter has indicated their intention to underwrite following number of specified securities being issued through this Issue.

| Name, Address, Telephone, Facsimile, and Email of the Underwriters   | Indicated number of Equity Shares to be Underwritten | Amount Underwritten (in Lakh) | % of the total Issue size Underwritten |
|--|--|-------------------------------|--|
| Fedex Securities Private Limited<br><b>B 7, 3rd Floor, Jay Chambers, Dayaldas Road, Vile Parle (East), Mumbai - 400 057, Maharashtra, India</b><br>Tel No: +91 8104985149<br>Fax No: +91 22 26186966<br>Contact Person: Yash Kadakia<br>Email Id: mb@fedsec.in<br>Website: www.fedsec.in<br>Investor Grievance Email: mb@fedsec.in<br>SEBI Registration Number: INM000010163 | 64,00,000*   | 4800.00                       | 100.00%                                |
| <b>TOTAL</b>   | <b>64,00,000</b>                                     | <b>4800.00</b>                | <b>100.00%</b>                         |

\*Includes 3,36,000 Equity Shares of the Market Maker Reservation Portion which are to be subscribed by the Market Maker in order to claim compliance with the requirements of Regulation 261 of the SEBI (ICDR) Regulations, 2018, as amended.

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

#### CHANGE IN THE STATUTORY AUDITOR DURING LAST 3 YEARS

| DETAILS OF PREVIOUS AUDITOR   | DETAILS OF NEW AUDITOR   | REASON         |
|---|--|----------------|
| <b>MBRK &amp; Co. Chartered Accountants</b><br>405, Skyline Epitome, near Vidyavihar Station, Vidyavihar Society, Vidyavihar, Mumbai, Maharashtra 400086<br>Tel No: 094032 03536<br>E-mail: <a href="mailto:mbrk.co@gmail.com">mbrk.co@gmail.com</a><br>Website: NA<br>Contact Person: CA Kashish Rathi (Partner)<br>Firm Registration No: 145647W<br>Membership No: 180106 | <b>Nagori Nuwal &amp; Co. Chartered Accountants</b><br>229, Starlit Tower, 29 Y. N. Road, Indore-452001<br>Tel No: 073) 4086411<br>E-mail: nagorinuwal@yahoo.com<br>Contact Person: CA Shankar Laddha<br>Firm Registration No: 008185C<br>Membership No: 76554<br>Peer Review number: 013344 | Pre-occupation |

#### DETAILS OF MARKET MAKING ARRANGEMENT FOR THIS ISSUE

Our Company and the Lead Manager has entered into Market Making Agreement dated April 13, 2022 with the following Market Maker to fulfill the obligations of Market Making for this Issue:

|  |  |
|--|--|
| <b>Name:</b>   | Rikhav Securities Limited  |
| <b>Correspondence Address:</b>                             | Office No.922-A, 9th Floor, P.J.Tower, Dalal Street, Mumbai Maharashtra 400001 India |
| <b>Tel No:</b>   | <b>022 69077353</b>  |
| <b>Email id:</b>   | <b>022 69077301</b>  |
| <b>Website:</b>  | <b>info@rikhav.net</b>   |
| <b>Contact Person:</b>                                     | <b>www.rikhav.net</b>  |
| <b>SEBI Registration Number:</b>                           | <b>Hitesh Lakhani</b>  |
| <b>Market Maker Registration No. (SME Segment of NSE):</b> | <b>INZ000157737</b>  |
| <b>Code</b>  | <b>12804</b>   |

The Market Maker shall fulfill the applicable obligations and conditions as specified in the SEBI (ICDR) Regulations, 2018, and its amendments from time to time and the circulars issued by the NSE and SEBI regarding this matter from time to time.

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

3. 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 script provided that he sells his entire holding in that script in one lot along with a declaration to the effect to the selling broker.
4. 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 1600 equity shares; however, the same may be changed by the Emerge Platform of NSE 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 (Including the 5% Equity Shares out to be allotted under this Issue). 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 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, NSE 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 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. On the first day of the listing, there will be pre-opening session (call auction) and there after the trading will happen as per the equity market hours. The circuits will apply from the first day of the listing on the discovered price during the pre-open call auction.
10. The Marker maker may also be present in the opening call auction, but there is no obligation on him to do so.
11. There will be special circumstances under which the Market Maker may be allowed to withdraw temporarily/fully from the market – for instance due to system problems, any other problems. All controllable reasons require prior approval from the Exchange, while force majeure will be applicable for non-controllable reasons. The decision of the Exchange for deciding controllable and non-controllable reasons would be final.
12. The Market Maker(s) shall have the right to terminate said arrangement by giving a six months' notice or on mutually acceptable terms to the Merchant Banker, who shall then be responsible to appoint a replacement Market Maker(s) and execute a fresh arrangement.
13. 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 261 of the SEBI (ICDR) Regulations, 2018, as amended. 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 or as specified by the relevant laws and regulations applicable at that particular point of time. The Market Making Agreement is available for inspection at our office from 11.00 a.m. to 5.00 p.m. on working days.
14. Risk containment measures and monitoring for Market Makers: Emerge Platform of NSE will have all margins, which are applicable on the NSE main board viz., Mark-to-Market, Value-At-Risk (VAR) Margin, Extreme Loss Margin, Special Margins and Base Minimum Capital etc. NSE can impose any other margins as deemed necessary from time-to-time.
15. Punitive Action in case of default by Market Makers: Emerge Platform of NSE 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.
16. 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.
17. Price Band and Spreads: The trading shall take place in TFT segment for first 10 days of commencement of trading. The

price band shall be 20% and the market maker spread (difference between the sell and the buy quote) shall be within 10% or as intimated by Exchange from time to time.

18. Pursuant to SEBI Circular number CIR/MRD/DSA/31/2012 dated November 27, 2012, limits on the upper side for market maker(s) 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<br/>(including mandatory initial inventory of 5%<br/>of the Issue Size)</b> | <b>Re-Entry threshold for buy quote<br/>(including mandatory initial<br/>inventory of 5% of the Issue Size)</b> |
|-------------------|--|---|
| Up to 20 Crore    | 25%  | 24%   |
| 20 to 50 Crore    | 20%  | 19%   |
| 50 to 80 Crore    | 15%  | 14%   |
| Above 80 Crore    | 12%  | 11%   |

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

## CAPITAL STRUCTURE

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

(Amount in Lakhs except share data)

| Sr. No.   | Particulars   | Aggregate Nominal Value | Aggregate value at Issue Price |
|-----------|---|-------------------------|--------------------------------|
| <b>A.</b> | <b>AUTHORISED EQUITY SHARE CAPITAL</b>  |                         |                                |
|           | 2,50,00,000 Equity Shares of face value of ₹10.00/- each  | 2500.00                 | --                             |
| <b>B.</b> | <b>ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE ISSUE</b>  |                         |                                |
|           | 1,70,81,000 Equity Shares of face value of ₹ 10.00/- each   | 1708.10                 | --                             |
| <b>C.</b> | <b>PRESENT ISSUE IN TERMS OF THIS PROSPECTUS*</b>   |                         |                                |
|           | Issue of 64,00,000 Equity Shares of ₹10.00/- each for cash at price of ₹ 75 /- per share  | 640.00                  | 4800.00                        |
|           | <b>Which comprises:</b>   |                         |                                |
|           | <b>Market Maker Reservation portion:</b><br>Reservation for Market Maker 3,36,000 Equity Shares of ₹10.00/- each for cash at price of ₹ 75 /- per share   | 33.60                   | 252.00                         |
|           | <b>Net Issue to the Public:</b><br>Net Issue to the Public 60,64,000 Equity Shares of ₹10.00/- each for cash at price of ₹ 75 /- per share  | 606.40                  | 4548.00                        |
|           | <b>Of which:</b>  |                         |                                |
|           | <b>Allocation to Retail Individual Investor:</b><br>30,32,000 Equity Shares of ₹10.00/- each for cash at price of ₹ 75 /- per share i.e., 50% of the Net Offer shall be available for allocation Retail Individual Investors                          | 303.20                  | 2274.00                        |
|           | <b>Allocation to Other than Retail Individual Investors:</b><br>30,32,000 Equity Shares of ₹10.00/- each for cash at price of ₹ 75/- per share i.e., 50% of the Net Issue shall be available for allocation to other than Retail Individual Investors | 303.20                  | 2274.00                        |
| <b>D.</b> | <b>ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE ISSUE</b>   |                         |                                |
|           | 2,34,81,000 Equity Shares of face value of ₹10.00/- each  | 2348.10                 |                                |
| <b>E.</b> | <b>SECURITIES PREMIUM ACCOUNT**</b>   |                         |                                |
|           | Before the Issue  | 2313.08                 |                                |
|           | After the Issue   | 6473.08                 |                                |

\*The present Issue has been authorized pursuant to a resolution of our Board of Directors dated January 25, 2022 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 January 25, 2022

\*\*The Securities Premium Amount is as on April 13, 2022 certified by Nagori Nuwal & Co. Chartered Accountant

### Notes to the Capital Structure

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

##### a) Details Of Changes in Authorized Share Capital Of The Company Since Incorporation:

| Sr. No | Date of Resolution | AGM / EOGM       | Particulars of Change  |
|--------|--------------------|------------------|--|
| 1      | December 24, 2003* | On Incorporation | The Authorized Share Capital of our Company was ₹1,00,000 divided into 10,000 Equity Shares of ₹10.00/- each.  |
| 2      | August 07, 2004*   | EOGM             | The Authorized Share Capital of our Company increased from ₹1,00,000 divided into 10,000 Equity Shares of ₹10.00/- each to ₹5,00,000 divided into 50,000 Equity Shares of ₹10.00/- each. |

|    |                   |      |  |
|----|-------------------|------|--|
| 3  | February 19, 2008 | EOGM | The Authorized Share Capital of our Company increased from ₹5,00,000 divided into 50,000 Equity Shares of ₹10.00/- each to ₹25,00,000 divided into 2,50,000 Equity Shares of ₹10.00/- each.          |
| 4. | February 15, 2010 | EOGM | The Authorized Share Capital of our Company increased from ₹25,00,000 divided into 250,000 Equity Shares of ₹10.00/- each to ₹1,00,00,000 divided into 10,00,000 Equity Shares of ₹10.00/- each.     |
| 5. | February 28, 2011 | EOGM | The Authorized Share Capital of our Company increased from ₹1,00,00,000 divided into 10,00,000 Equity Shares of ₹10.00/- each to ₹5,00,00,000 divided into 50,00,000 Equity Shares of ₹10.00/- each. |
| 6. | November 18, 2021 | EOGM | The authorised share capital of our Company increased from ₹ 5,00,00,000 divided into 50,00,000 Equity Shares of ₹ 10 each to ₹ 25,00,00,000 divided into 2,50,00,000 Equity Shares of ₹ 10 each.    |

\* Certain secretarial records could not be traced as the relevant information was not available in the records maintained by our Company. Accordingly, we have relied on the search report dated December 09, 2021 prepared by Vijaykumar Tiwari & Associates, independent practicing company secretary, and certified by their certificate dated December 09, 2021 ("RoC Search Report").

History of Issued and Paid-Up Equity Share Capital of our Company since incorporation

| Date of Allotment                  | Number of Equity Shares allotted | Face value (₹) | Issue Price (₹) | Nature of Consideration | Nature of allotment             | Cumulative no. of Equity Shares |
|------------------------------------|----------------------------------|----------------|-----------------|-------------------------|---------------------------------|---------------------------------|
| On Incorporation <sup>(i)</sup>    | 10,000                           | 10.00          | 10.00           | Cash                    | Subscription to MOA             | 10,000                          |
| December 15, 2005* <sup>(ii)</sup> | 40,000                           | 10.00          | 10.00           | Cash                    | Further Issue                   | 50,000                          |
| January 02, 2009 <sup>(iii)</sup>  | 200,000                          | 10.00          | 10.00           | Cash                    | Further Issue                   | 2,50,000                        |
| March 12, 2010 <sup>(iv)</sup>     | 5,00,000                         | 10.00          | 10.00           | Cash                    | Further Issue                   | 7,50,000                        |
| February 02, 2011 <sup>(v)</sup>   | 2,49,100                         | 10.00          | 10.00           | Cash                    | Further Issue                   | 9,99,100                        |
| March 15, 2012 <sup>(vi)</sup>     | 7,09,000                         | 10.00          | 10.00           | Cash                    | Further Issue                   | 17,08,100                       |
| January 25, 2022 <sup>(vii)</sup>  | 1,53,72,900                      | 10.00          | NA              | Bonus                   | Bonus Issue in the ratio of 9:1 | 1,70,81,000                     |

\* Certain secretarial records could not be traced as the relevant information was not available in the records maintained by our Company. Accordingly, we have relied on the search report dated December 09, 2021 prepared by Vijaykumar Tiwari & Associates, independent practicing company secretary, and certified by their certificate dated December 09, 2021 ("RoC Search Report").

i. Initial Subscribers to the Memorandum of Association of our company

| Sr. No.      | Name                               | No. of Equity Shares |
|--------------|------------------------------------|----------------------|
| 1.           | Prakashchandra Dwarkadas Didwaniya | 9,800                |
| 2.           | Prashant Didwaniya                 | 100                  |
| 3.           | Chandabai Didwaniya                | 100                  |
| <b>TOTAL</b> |                                    | <b>10,000</b>        |

ii. Allotment of 40,000 Equity Shares of face value of ₹10.00/- each as per the details given below:

| Sr. No.      | Name               | No. of Equity Shares |
|--------------|--------------------|----------------------|
| 1.           | Prashant Didwaniya | 40,000               |
| <b>TOTAL</b> |                    | <b>40,000</b>        |

iii. Allotment of 2,00,000 Equity Shares of face value of ₹10.00/- each as per the details given below:

| Sr. No. | Name | No. of Equity Shares |
|---------|------|----------------------|
|---------|------|----------------------|

|              |                 |                 |
|--------------|-----------------|-----------------|
| 1.           | Abhishek Lath   | 1,00,000        |
| 2.           | Umashankar Lath | 50,000          |
| 3.           | Punit Lath      | 50,000          |
| <b>TOTAL</b> |                 | <b>2,00,000</b> |

- iv. Allotment of 5,00,000 Equity Shares of face value of ₹10.00/- each as per the details given below:

| Sr. No.      | Name                 | No. of Equity Shares |
|--------------|----------------------|----------------------|
| 1.           | Abhishek Lath        | 1,30,000             |
| 2.           | Punit Lath           | 1,06,000             |
| 3.           | Ashadevi Lath        | 1,65,000             |
| 4.           | Umashankar Lath- HUF | 99,000               |
| <b>TOTAL</b> |                      | <b>5,00,000</b>      |

- v. Allotment of 2,49,100 Equity Shares of face value of ₹10.00/- each as per the details given below:

| Sr. No.      | Name                      | No. of Equity Shares |
|--------------|---------------------------|----------------------|
| 1.           | Abhishek Lath             | 1,70,000             |
| 2.           | Ashadevi Lath             | 40,000               |
| 3.           | Meghal Jawahar Shah - HUF | 100                  |
| 4.           | Umashankar Lath- HUF      | 39,000               |
| <b>TOTAL</b> |                           | <b>2,49,100</b>      |

- vi. Allotment of 7,09,000 Equity Shares of face value of ₹10.00/- each as per the details given below:

| Sr. No.      | Name            | No. of Equity Shares |
|--------------|-----------------|----------------------|
| 1.           | Abhishek Lath   | 80,000               |
| 2.           | Umashankar Lath | 1,50,000             |
| 3.           | Punit Lath      | 1,70,000             |
| 4.           | Ashadevi Lath   | 1,50,000             |
| 5.           | Sweta Lath      | 1,59,000             |
| <b>TOTAL</b> |                 | <b>7,09,000</b>      |

- vii. Bonus Issue of 1,53,72,900 Equity shares in the ratio 9:1 (nine equity shares for every one equity share held) to the existing shareholders:

| Sr. No.      | Name                   | No. of Equity Shares |
|--------------|------------------------|----------------------|
| 1.           | Abhishek Lath          | 47,25,000            |
| 2.           | Umashankar Lath        | 18,22,500            |
| 3.           | Ashadevi Lath          | 61,50,600            |
| 4.           | Sweta Lath             | 14,31,000            |
| 5.           | Umashankar HUF         | 12,42,000            |
| 6.           | Abhishek Lath HUF      | 900                  |
| 7.           | Kailash Damodhar Rathi | 900                  |
| <b>TOTAL</b> |                        | <b>1,53,72,900</b>   |

**2. Issue of Equity Shares and Preference Shares for consideration other than cash or out of revaluation reserves.**

Except as disclosed below, our Company has not issued any Equity Shares or preference shares for consideration other than cash or out of revaluation reserves, on the date of this Prospectus.

| Date of Allotment | Name of Allotees | Number of Equity shares allotted | Face Value | Issue Price | Nature / Reason of Allotment | Benefits accrued to our company |
|-------------------|------------------|----------------------------------|------------|-------------|------------------------------|---------------------------------|
|                   | Abhishek Lath    | 47,25,000                        | 10.00      | NA          | Bonus Issue                  |                                 |

|                  |                        |           |  |  |  |                           |
|------------------|------------------------|-----------|--|--|--|---------------------------|
| January 25, 2022 | Umashankar Lath        | 18,22,500 |  |  |  | Capitalisation of profits |
|                  | Ashadevi Lath          | 61,50,600 |  |  |  |                           |
|                  | Sweta Lath             | 14,31,000 |  |  |  |                           |
|                  | Umashankar HUF         | 12,42,000 |  |  |  |                           |
|                  | Abhishek Lath HUF      | 900       |  |  |  |                           |
|                  | Kailash Damodhar Rathi | 900       |  |  |  |                           |

3. No Equity Shares have been allotted pursuant to any scheme approved under Section 391 – 394 of the Companies Act, 1956 or under Section 230-234 of the Companies Act, 2013.
4. Our Company does not have any Employee Stock Option Scheme / Employee Stock Purchase Scheme for our employees.
5. **Issue of specified securities at a price lower than the Issue Price in the last year**  
 Except as disclosed above under “*Capital Structure - History of Equity Share capital of our Company*” beginning on page 60 of this Prospectus, our Company has not issued any Equity Shares at a price which may be lower than the Issue Price during a period of one year preceding the date of this Prospectus.
6. We have not re-valued our assets since inception and have not issued any equity shares (including bonus shares) by capitalizing any revaluation reserves.
7. As on the date of this Prospectus, our Company does not have any preference share capital.
8. The Issue Price shall be determined by our Company in consultation with the LM. Except for issuance of bonus, our Company has not issued any Equity Shares during a period of one year preceding the date of this Prospectus which may be lower than the Offer Price.
9. As on date of this Prospectus, our Company has not issued preference shares and does not have any outstanding preference shares.

## 10. Shareholding Pattern of our Company:

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

| Category (I) | Category of Shareholder (II)   | No. 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 No of Shares held (VII = IV + V + VI) | Shareholding as a % of total No. of Shares (calculated as per SCRR, 1957 (As a % of (A + B + C2) (VIII) | Number of Voting Rights held in each Class of securities (IX) |                       | No of underlying outstanding convertible securities (incl. Warrants) (X) | Shareholding as a % assuming full convertible securities (as a % of diluted share capital (As a % of (A + B + C2) (XI =VII +X) | Number of Locked in shares (XII) |                                 | No. of shares Pledged or Otherwise Encumbered (XIII) |                                 | No. of Equity shares held in Demat Form (XIV) |
|--------------|--------------------------------|---------------------------|---|---|---|---|---|---|-----------------------|--|--|----------------------------------|---------------------------------|--|---------------------------------|---|
|              |                                |                           |   |   |   |   |   | No of voting Right  | Total as % of (A+B+C) |  |  | No (a)                           | As a % of total shares held (b) | No (a)   | As a % of total shares held (b) |   |
| A            | Promoter and Promoter Group    | 6                         | 1,70,80,000                                 | --  | --  | 1,70,80,000                                 | 99.99   | 1,70,80,000   | 99.99                 | --   | 99.99  | --                               | --                              | --   | --                              | 1,70,80,000                                   |
| B            | Public                         | 1                         | 1,000                                       | --  | --  | 1,000                                       | 0.01  | 1,000   | 0.01                  | --   | 0.01   | --                               | --                              | --   | --                              | 1,000   |
| C            | Non-Promoter Non-Public        | --                        | --  | --  | --  | --  | --  | --  | --                    | --   | --   | --                               | --                              | --   | --                              | --  |
| C1           | Shares Underlying DRs          | --                        | --  | --  | --  | --  | --  | --  | --                    | --   | --   | --                               | --                              | --   | --                              | --  |
| C2           | Shares held by Employee Trusts | --                        | --  | --  | --  | --  | --  | --  | --                    | --   | --   | --                               | --                              | --   | --                              | --  |
|              | <b>Total (A+B+C)</b>           | <b>7</b>                  | <b>1,70,81,000</b>                          | <b>--</b>                                   | <b>--</b>   | <b>1,70,81,000</b>                          | <b>100.00</b>   | <b>1,70,81,000</b>  | <b>100.00</b>         | <b>--</b>  | <b>--</b>  | <b>--</b>                        | <b>--</b>                       | <b>--</b>  | <b>--</b>                       | <b>1,70,81,000</b>                            |

*As on the date of this 1 Equity Share holds 1 Vote. All pre issue Equity Shares of our Company will be locked in as mentioned above prior to listing of Equity Shares on Emerge Platform of National stock Exchange of India Limited.*

**Note:**

- PAN of the Shareholders will be provided by our Company prior to Listing of Equity Shares on the Stock Exchange.
- Our Company will file shareholding pattern of our Company, in the form prescribed under Regulation 31 of the SEBI Listing Regulations, one day prior to the listing of the Equity Shares. The Shareholding pattern will be uploaded on the website of NSE Limited before commencement of trading of such equity shares.
- In terms of SEBI circular bearing no. CIR/ISD/3/2011 dated June 17, 2011 and SEBI circular bearing no. SEBI/CIR/ISD/05/2011 dated September 30, 2011 our Company shall ensure that the Equity Shares held by the Promoters / members of the Promoter Group shall be dematerialized prior to filing the Prospectus with the ROC. As on date of this Prospectus the equity shares of our company held by the promoters & promoter group is in demat.

**11. The shareholding pattern of our Promoters and Promoter Group before and after the issue is set forth below:**

The shareholding pattern of our Promoters and Promoter Group before and after the issue is set forth below:

| Particulars               | Pre-Issue          |                        | Post- Issue        |                        |
|---------------------------|--------------------|------------------------|--------------------|------------------------|
|                           | Number of Shares   | Percentage (%) holding | Number of Shares   | Percentage (%) holding |
| <b>Promoters (A)</b>      |                    |                        |                    |                        |
| Abhishek Lath             | 52,50,000          | 30.74                  | 52,50,000          | 22.36                  |
| Umashankar Lath           | 20,25,000          | 11.86                  | 20,25,000          | 8.62                   |
| <b>Total (A)</b>          | <b>72,75,000</b>   | <b>42.59</b>           | <b>72,75,000</b>   | <b>30.98</b>           |
| <b>Promoter Group (B)</b> |                    |                        |                    |                        |
| Ashadevi Lath             | 68,34,000          | 40.01                  | 68,34,000          | 29.10                  |
| Sweta Lath                | 15,90,000          | 9.31                   | 15,90,000          | 5.88                   |
| Uma Shankar Lath- HUF     | 13,80,000          | 8.08                   | 13,80,000          | 6.77                   |
| Abhishek Lath- HUF        | 1,000              | 0.01                   | 1,000              | 0.00                   |
| <b>Total (B)</b>          | <b>98,05,000</b>   | <b>57.40</b>           | <b>98,05,000</b>   | <b>41.76</b>           |
| <b>Total (A+B)</b>        | <b>1,70,80,000</b> | <b>99.99</b>           | <b>1,70,80,000</b> | <b>72.74</b>           |

**12. Details regarding major shareholders:**

- a) Set forth below is a list of shareholders holding 1% or more of the paid-up capital of our company and the number of Equity shares held by them as on date of this Prospectus:

| Particulars         | Number of Shares | Percentage (%) holding |
|---------------------|------------------|------------------------|
| Ashadevi Lath       | 68,34,000        | 40.01                  |
| Abhishek Lath       | 52,50,000        | 30.74                  |
| Umashankar Lath     | 20,25,000        | 11.86                  |
| Sweta Lath          | 15,90,000        | 9.31                   |
| Umashankar Lath HUF | 13,80,000        | 8.08                   |

- b) Set forth below is a list of shareholders holding 1% or more of the paid-up capital of our company and the number of Equity shares held by them as on date two (2) years prior to the date of this Prospectus:

| Particulars         | Number of Shares | Percentage (%) holding |
|---------------------|------------------|------------------------|
| Ashadevi Lath       | 6,83,400         | 40.01                  |
| Abhishek Lath       | 5,25,000         | 30.74                  |
| Umashankar Lath     | 2,02,500         | 11.86                  |
| Sweta Lath          | 1,59,000         | 9.31                   |
| Umashankar Lath HUF | 1,38,000         | 8.08                   |

- c) Set forth below is a list of shareholders holding 1% or more of the paid-up capital of our company and the number of Equity shares held by them as on date one (1) year prior to the date of this Prospectus:

| Particulars      | Number of Shares | Percentage (%) holding |
|------------------|------------------|------------------------|
| Ashadevi Lath    | 6,83,400         | 40.01                  |
| Abhishek Lath    | 5,25,000         | 30.74                  |
| Uma shankar Lath | 2,02,500         | 11.86                  |
| Sweta Lath       | 1,59,000         | 9.31                   |

|                      |          |      |
|----------------------|----------|------|
| Uma shankar Lath HUF | 1,38,000 | 8.08 |
|----------------------|----------|------|

- d) Set forth below is a list of shareholders holding 1% or more of the paid-up capital of our company and the number of Equity shares held by them as on date ten (10) days prior to the date of this Prospectus:

| Particulars         | Number of Shares | Percentage (%) holding |
|---------------------|------------------|------------------------|
| Ashadevi Lath       | 68,34,000        | 40.01                  |
| Abhishek Lath       | 52,50,000        | 30.74                  |
| Umashankar Lath     | 20,25,000        | 11.86                  |
| Sweta Lath          | 15,90,000        | 9.31                   |
| Umashankar Lath HUF | 13,80,000        | 8.08                   |

- e) Our Company has not issued any convertible instruments like warrants, debentures etc. since its Incorporation and there are no outstanding convertible instruments as on date of this Prospectus.

13. Our Company presently does not have any intention, proposal, negotiation or consideration to alter its capital structure within a period of six (6) months from the date of Issue Opening Date, by way of split/ consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into exchangeable, directly or indirectly, for our Equity Shares) whether preferential or otherwise or issue of bonus or rights, except that if we acquire companies / business or enter into joint venture(s) or for any regulatory compliance, we may consider additional capital to fund such activities or to use Equity Shares as a currency for acquisition or participation in such joint ventures.

#### 14. Details of our Promoters' Shareholding

As on the date of this Prospectus, our Promoters Abhishek Lath & Umashankar Lath is holding 72,75,000 Equity Shares, constituting 42.59 % of the pre- issued, subscribed and paid-up Equity Share capital of our Company.

The build-up of the equity shareholding of our Promoters since incorporation of our Company is set forth in the table below.

| Date of Allotment / Transfer / Transmission | Number of Equity Shares | Face Value (Rs) | Issue Price/Transfer Price (Rs) | Nature of Consideration | Nature of Allotment/Transaction             | % of pre issue equity share capital | % of post issue equity share capital |
|---|-------------------------|-----------------|---------------------------------|-------------------------|---|-------------------------------------|--------------------------------------|
| <b>Name of promoter: Abhishek Lath</b>      |                         |                 |                                 |                         |   |                                     |                                      |
| April 15, 2005                              | 5,000                   | 10.00           | 10.00                           | Cash                    | Acquisition pursuant to transfer of shares* | 0.03%                               | 0.02%                                |
| March 31, 2006                              | 40,000                  | 10.00           | 10.00                           | Cash                    | Acquisition pursuant to transfer of shares* | 0.23%                               | 0.17%                                |
| January 02, 2009                            | 1,00,000                | 10.00           | 10.00                           | Cash                    | Further Issue                               | 0.59%                               | 0.43%                                |
| March 12, 2010                              | 1,30,000                | 10.00           | 10.00                           | Cash                    | Further Issue                               | 0.76%                               | 0.55%                                |
| February 10, 2011                           | 1,70,000                | 10.00           | 10.00                           | Cash                    | Further Issue                               | 1.00%                               | 0.72%                                |
| March 15, 2012                              | 80,000                  | 10.00           | 10.00                           | Cash                    | Further Issue                               | 0.47%                               | 0.34%                                |
| January 25, 2022                            | 47,25,000               | 10.00           | NA                              | NA                      | Bonus Issue                                 | 27.66%                              | 20.12%                               |

|       |           |  |  |  |  |  |        |        |
|-------|-----------|--|--|--|--|--|--------|--------|
| TOTAL | 52,50,000 |  |  |  |  |  | 30.74% | 22.36% |
|-------|-----------|--|--|--|--|--|--------|--------|

\*Details of acquisition pursuant to transfer of shares are set forth below

| Sr No | Date of Transfer | Transferor               | Transferee    | Equity Shares | Fully Paid-up | Face Value | Premium | Issue Price |
|-------|------------------|--------------------------|---------------|---------------|---------------|------------|---------|-------------|
| 1.    | April 15, 2005   | Prakashchandra Didwaniya | Abhishek Lath | 4,800         | Fully         | 10.00      | Nil     | 10.00       |
| 2.    | April 15, 2005   | Prakashchandra Didwaniya | Abhishek Lath | 100           | Fully         | 10.00      | Nil     | 10.00       |
| 3.    | April 15, 2005   | Chandabai Didwaniya      | Abhishek Lath | 100           | Fully         | 10.00      | Nil     | 10.00       |
| 4.    | March 31, 2006   | Prashant Didwaniya       | Abhishek Lath | 40,000        | Fully         | 10.00      | Nil     | 10.00       |

| Date of Allotment / Transfer / Transmission | Number of Equity Shares | Face Value (Rs) | Issue Price/Transfer Price (Rs) | Nature of Consideration | Nature of Allotment/Transaction             | % of pre issue equity share capital | % of post issue equity share capital |
|---|-------------------------|-----------------|---------------------------------|-------------------------|---|-------------------------------------|--------------------------------------|
| <b>Name of promoter: Umashankar Lath</b>    |                         |                 |                                 |                         |   |                                     |                                      |
| April 15, 2005                              | 2,500                   | 10              | 10                              | Cash                    | Acquisition pursuant to transfer of shares* | 0.01%                               | 0.01%                                |
| January 02, 2009                            | 50,000                  | 10              | 10                              | Cash                    | Further Issue                               | 0.29%                               | 0.21%                                |
| March 15, 2012                              | 1,50,000                | 10              | 10                              | Cash                    | Further Issue                               | 0.88%                               | 0.64%                                |
| January 25, 2022                            | 18,22,500               | 10              | NA                              | NA                      | Bonus Issue                                 | 10.67%                              | 7.76%                                |
| <b>TOTAL</b>                                | <b>20,25,000</b>        |                 |                                 |                         |   | <b>11.86%</b>                       | <b>8.62%</b>                         |

\*Details of acquisition pursuant to transfer of shares are set forth below

| Sr No | Date of Transfer | Transferor               | Transferee      | Equity Shares | Fully Paid-up | Face Value | Premium | Issue Price |
|-------|------------------|--------------------------|-----------------|---------------|---------------|------------|---------|-------------|
| 1.    | April 15, 2005   | Prakashchandra Didwaniya | Umashankar Lath | 2,500         | Fully         | 10.00      | Nil     | 10.00       |

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

| Name of the Promoter | No. of Equity Shares held | Average cost of Acquisition (in Rs.) |
|----------------------|---------------------------|--------------------------------------|
| Abhishek Lath        | 52,50,000                 | 1                                    |
| Umashankar Lath      | 20,25,000                 | 1                                    |

16. All the Equity Shares held by our Promoters were fully paid. Further, none of the Equity Shares held by our Promoter are subject to any pledge.

17. As on Date of filing Prospectus we have Seven (07) shareholders.

18. Except bonus issuance as stated above, there has been no acquisition, sale or transfer of Equity Shares by our Promoters during last 6 months preceding the date of filing of this Prospectus.

19. No financing arrangements have been entered by the Promoter, members of the Promoter Group, the Directors or their relatives for the purchase by any other person of the securities of our Company other than in the normal course of business of the financing entity during a period of six months preceding the date of filing of this Prospectus.

## 20. Details of Promoters' Contribution and Lock-in for Three Years

Pursuant to the Regulation 236 and 238 of SEBI (ICDR) Regulations, 2018, an aggregate of at least 20% of the post Issue Equity Share capital of our Company held by our Promoter shall be locked-in for a period of three years from the date of Allotment in this Issue. As on date of this Prospectus, our Promoters collectively hold 72,50,000 Equity Shares constituting 30.98% of the Post Issued, Subscribed and Paid-up Equity Share Capital of our Company, which are eligible for Promoters' Contribution.

Our Promoter have consented to include such number of Equity Shares held by them as may constitute of the post issue Equity Share capital of our Company as Promoters' Contribution and have agreed not to sell or transfer or pledge or otherwise encumber or in any manner otherwise dispose of in any manner, the Promoters' Contribution from the date of filing of this Prospectus until the commencement of the lock-in period specified above or for such other time as required under SEBI ICDR Regulations, except as may be permitted, in accordance with the SEBI ICDR Regulations.

Details of the Equity Shares forming part of Promoters' Contribution and their lock-in details are as follows: -

| Date of Allotment/transfer/made fully paid up | Nature of acquisition                       | Number of Equity Shares | Face Value per Share (₹) | Issue price per Equity Share (₹) | % of Issue Equity Share Capital | Pre-Issue Share Capital | Post-Issue Equity Capital | Lock-in Period |
|---|---|-------------------------|--------------------------|----------------------------------|---------------------------------|-------------------------|---------------------------|----------------|
| <b>Abhishek Lath</b>                          |   |                         |                          |                                  |                                 |                         |                           |                |
| April 15, 2005                                | Acquisition pursuant to transfer of shares  | 5000                    | 10                       | 10                               | 0.03%                           | 0.02%                   |                           | 1 year         |
| March 31, 2006                                | Acquisition pursuant to transfer of shares* | 40,000                  | 10                       | 10                               | 0.23%                           | 0.17%                   |                           | 1 year         |
| January 02, 2009                              | Further Issue                               | 1,00,000                | 10                       | 10                               | 0.59%                           | 0.43%                   |                           | 1 year         |
| March 12, 2010                                | Further Issue                               | 1,30,000                | 10                       | 10                               | 0.76%                           | 0.55%                   |                           | 1 year         |
| February 10, 2011                             | Further Issue                               | 1,70,000                | 10                       | 10                               | 1.00%                           | 0.72%                   |                           | 1 year         |
| March 15, 2012                                | Further Issue                               | 80,000                  | 10                       | 10                               | 0.47%                           | 0.34%                   |                           | 1 year         |
| January 25, 2022                              | Bonus Issue                                 | 47,25,000               | 10                       | NA                               | 27.66%                          | 20.12%                  |                           | 3 years        |
| <b>Total</b>                                  |   | <b>52,50,000</b>        | <b>10</b>                |                                  | <b>30.74%</b>                   | <b>22.36%</b>           |                           |                |
| <b>Umashankar Lath</b>                        |   |                         |                          |                                  |                                 |                         |                           |                |
| April 15, 2005                                | Acquisition pursuant to transfer of shares  | 2,500                   | 10                       | 10                               | 0.01%                           | 0.01%                   |                           | 1 year         |
| January 02, 2009                              | Further Issue                               | 50,000                  | 10                       | 10                               | 0.29%                           | 0.21%                   |                           | 1 year         |
| March 15, 2012                                | Further Issue                               | 1,50,000                | 10                       | 10                               | 0.88%                           | 0.64%                   |                           | 1 year         |
| January 25, 2022                              | Bonus Issue                                 | 18,22,500               | 10                       | NA                               | 10.67%                          | 7.76%                   |                           | 1 year         |
| <b>Total</b>                                  |   | <b>20,25,000</b>        | <b>10</b>                |                                  | <b>11.86%</b>                   | <b>8.62%</b>            |                           |                |

Our Company undertakes that the Equity Shares that are being locked-in are not ineligible for computation of Promoters' Contribution in terms of Regulation 237 of the SEBI ICDR Regulations. In this connection, we confirm the following:

- i. The Equity Shares acquired during the three (3) years preceding the date of this Prospectus for consideration other than cash and revaluation of assets or capitalization of intangible assets, or bonus shares issued out of revaluations reserves or unrealized profits or against equity shares which are otherwise ineligible for computation of Promoter's Contribution;
- ii. The Equity Shares acquired during the year preceding the date of this Prospectus, at a price lower than the price at which the Equity Shares are being offered to the public in the Issue is not part of the minimum promoter's contribution;

- iii. The Promoter's Contribution does not include any Equity Shares acquired during the immediately preceding one year or are not arising out of securities allotted during the immediately preceding one year;
- iv. Our Company has not been formed pursuant to the conversion of a partnership firm or a limited liability partnership firm into a company and, hence, no Equity Shares have been issued in the one year immediately preceding the date of this Prospectus pursuant to conversion from a partnership firm; and
- v. The Equity Shares held by the Promoters that are subject to any pledge or any other form of encumbrance
- vi. Specific written consent has been obtained from the Promoters for inclusion of 47,25,000 Equity Shares for ensuring lock-in of three years to the extent of minimum 20.12 % of post issue Paid-up Equity Share Capital from the date of allotment in the public Issue.

The minimum Promoters' Contribution has been brought to the extent of not less than the specified minimum lot and from the persons defined as Promoters under the SEBI (ICDR) Regulations. The Promoters' Contribution constituting 47,25,000 Equity Shares which is 20.12 % of the post issue capital shall be locked-in for a period of three years from the date of Allotment of the Equity Shares in the Issue.

#### **21. Equity Shares locked-in for one year other than Minimum Promoters' Contribution.**

Pursuant to regulation 238(b) and 239 of the SEBI (ICDR) Regulations, other than the Equity Shares held by our Promoters, which will be locked-in as minimum Promoters' contribution for three (3) years, all entire pre-Issue Equity Shares shall be subject to lock-in for a period of one year from the date of Allotment in this Issue.

#### **22. Inscription or recording of non-transferability**

In terms of Regulation 241 of the SEBI (ICDR) Regulations, 2018, our Company confirms that certificates of Equity Shares which are subject to lock in shall contain the inscription "Non-Transferable" and specify the lock- in period and in case such equity shares are dematerialized, the Company shall ensure that the lock in is recorded by the Depository.

#### **23. Pledge of Locked in Equity Shares**

Pursuant to Regulation 242 of the SEBI (ICDR) Regulations, the locked-in Equity Shares held by our Promoters can be pledged with any scheduled commercial bank or public financial institution or systematically important non-banking finance company or a housing finance company as collateral security for loans granted by them, provided that:

- a) if the equity shares are locked-in in terms of clause (a) of regulation 238, the loan has been granted to the company or its subsidiary(ies) for the purpose of financing one or more of the objects of the issue and pledge of equity shares is one of the terms of sanction of the loan
- b) if the specified securities are locked-in in terms of clause (b) of regulation 238 and the pledge of specified securities is one of the terms of sanction of the loan.

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

#### **24. Transferability of Locked in Equity Shares**

- 25. In terms of Regulation 243 of the SEBI (ICDR) Regulations, 2018 and subject to provisions of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 as applicable;
- 26. The Equity Shares held by our Promoter and locked in as per Regulation 238 of the SEBI (ICDR) Regulations, 2018 may be transferred to another Promoter or any person of the Promoters' Group or to a new promoter(s) or persons in control of our Company, subject to continuation of lock-in for the remaining period with transferee and such transferee shall not be eligible to transfer them till the lock-in period stipulated has expired.
- 27. The equity shares held by persons other than promoters and locked in as per Regulation 239 of the SEBI (ICDR) Regulations, 2018 may be transferred to any other person (including Promoter and Promoters' Group) holding the equity shares which are locked-in along with the equity shares proposed to be transferred, subject to continuation of lock-in for the remaining

period with transferee and such transferee shall not be eligible to transfer them till the lock-in period stipulated has expired.

- 28.** Our Company, our Directors and the Lead Manager to this Issue have not entered into any buy-back or similar arrangements with any person for purchase of our Equity Shares issued by our Company.
- 29.** As on date of the Prospectus, there are no partly paid-up equity shares and all the Equity Shares of our Company are fully paid up. Further, since the entire money in respect of the Issue is being called on application, all the successful applicants shall be issued fully paid-up equity shares.
- 30.** Our Company does not have any Employee Stock Option Scheme / Employee Stock Purchase Scheme for our employees, and we do not intend to allot any shares to our employees under Employee Stock Option Scheme / Employee Stock Purchase Scheme from the proposed issue. As and when, options are granted to our employees under the Employee Stock Option Scheme, our Company shall comply with the SEBI Share Based Employee Benefits and Sweat Equity Regulations, 2021
- 31.** None of the persons/entities comprising our Promoter Group, the directors of company which is our promoter or our Directors or their relatives or our Company have financed the purchase by any other person of securities of our Company other than in the normal course of the business of any such entity/individual or otherwise during the period of six months immediately preceding the date of filing of this Prospectus
- 32.** All the Equity Shares of our Company are fully paid up as on the date of the Prospectus. Further, since the entire issue price in respect of the Issue is payable on application, all the successful applicants will be issued fully paid-up equity shares and thus all shares offered through this issue shall be fully paid-up.
- 33.** Prior to this Initial Public Offer, our Company has not made any public issue or right issue to public at large.
- 34.** As on the date of filing of this Prospectus, there are no outstanding warrants, options or rights to convert debentures, loans or other financial instruments into our Equity Shares.
- 35.** As per RBI regulations, OCBs are not allowed to participate in this Issue.
- 36.** Our Company has not raised any bridge loans.
- 37.** Our Promoters and the members of our Promoter Group will not participate in this Issue.
- 38.** Our Company has not made any public issue since its incorporation.
- 39.** As on the date of this Prospectus, the Lead Manager and their respective associates (determined as per the definition of 'associate Company' under Section 2(6) of the Companies Act, 2013) do not hold any Equity Shares in our Company.
- 40.** Our Company shall ensure that transactions in the Equity Shares by the Promoter and the Promoter Group between the date of filing this Prospectus and Issue Closing Date shall be reported to the Stock Exchange within twenty-four hours of such transaction.
- 41.** For the details of transactions by our Company with our Promoter Group, Group Companies for the period ended December 31, 2021 and financial years ended March 31, 2021, 2020 and 2019, please refer to paragraph titled Details of Related Parties Transactions as restated in the section titled "Restated Financial Statements" beginning on page 180 of this Prospectus.
- 42.** None of our Directors or Key Managerial Personnel holds Equity Shares in our Company, except as stated in the section titled "Our Management" beginning on page 156 of this Prospectus.

## SECTION - IV – PARTICULARS OF THE ISSUE

### OBJECTS OF THE ISSUE

The Issue comprises a Fresh Issue of 64,00,000 Equity Shares by our Company aggregating to ₹ 4800.00 Lakhs (“Fresh Issue”).

Our Company proposes to utilize the Net Proceeds from the issue towards the following objects:

1. Meeting incremental working capital requirements; and
2. General corporate purposes

(Collectively referred to as “Objects”)

In addition, our Company expects to receive the benefits of listing of the Equity Shares on the Stock, enhance our Company’s visibility, brand name and create a public market for our Equity Shares in India.

The main objects clause and the objects ancillary to the main objects clause as set out in the Memorandum of Association enables our Company to undertake its existing activities and the activities for which funds are being raised by our Company in the Issue. The fund requirement and its deployment are based on estimates made by our management and such estimates have not been subjected to appraisal by any bank or financial institution.

### Net Proceeds

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

| Particulars                       | Estimated Amount |
|-----------------------------------|------------------|
| Gross proceeds of the Fresh Issue | 4800.00          |
| Less: Issue related expenses      | 300.00           |

### REQUIREMENT OF FUNDS AND UTILIZATION OF NET PROCEEDS

| Particulars                                      | Amount (₹ in Lakhs) |
|--|---------------------|
| Meeting incremental working capital requirements | 3400.00             |
| General corporate purposes#                      | 1100.00             |
| <b>Total</b>                                     | <b>4500.00</b>      |

#the amount utilized for general corporate purpose shall not exceed 25% of the gross proceeds of the issue

We may have to revise our expenditure and fund requirement as a result of variations in cost estimates on account of variety of factors such as changes in our financial condition, business or strategy as well as external factors which may not be in our control and may entail rescheduling and revising the planned expenditure and funding requirement and increasing or decreasing the expenditure for a particular purpose from the planned expenditure at the discretion of our management. In case of any surplus after utilization of the Net Proceeds for the stated objects, including any surplus unutilized issue related expenses, we may use such surplus towards general corporate purposes. To the extent our Company is unable to utilize any portion of the Net Proceeds towards the aforementioned objects of the Issue, as per the estimated schedule of deployment specified above, our Company shall deploy the Net Proceeds in subsequent financial years towards the aforementioned objects.

In case of variations in the actual utilization of funds earmarked for the purposes set forth above, increased fund requirements for a particular purpose may be financed by surplus funds, if any, available in respect of the other purposes for which funds are being raised in this Issue. If surplus funds are unavailable, the required financing will be done through internal accruals through cash flows from our operations and debt. In case of a shortfall in raising requisite capital from the Net Proceeds towards meeting the objects of the Issue, we may explore a range of options including utilizing our internal accruals and seeking additional debt from existing and future lenders. We believe that such alternate arrangements would be available to fund any such shortfalls.

The above estimates are based on current conditions and are subject to revisions in light of changes in external circumstances or costs, or our financial condition, business or strategy. For further details of factors that may affect these estimates, see section titled “Risk Factors” beginning on page 21 of this Prospectus.

#### Schedule of implementation and Deployment of Net Proceeds

We propose to deploy the Net Proceeds for the aforesaid purposes in accordance with the estimated schedule of implementation and deployment of funds set forth in the table below:

(₹ in Lakhs)

| Particulars                                      | Amount already deployed | Amount to be funded from Net Proceeds | Estimated utilisation of Net Proceeds |                |
|--|-------------------------|---------------------------------------|---------------------------------------|----------------|
|  |                         |                                       | March 31, 2022                        | March 31, 2023 |
| Meeting incremental working capital requirements | Nil                     | 3400.00                               | Nil                                   | 3400.00        |
| General corporate purposes*                      | Nil                     | 1100.00                               | Nil                                   | 1100.00        |
| <b>Net Proceeds of the issue</b>                 | Nil                     | 4500.00                               | Nil                                   | 4500.00        |

\* The amount utilized for general corporate purposes shall not exceed 25% of the Net Proceeds of the Fresh Issue

As indicated above, our Company proposes to deploy the entire Net Proceeds towards the objects as described in the Financial Year ended March 31, 2023. In the event that the estimated utilization of the Net Proceeds in the Financial Year ended March 31, 2023 is not completely met, the same shall be utilized, in part or full, in the next financial year or a subsequent period towards the Objects.

#### Means of Finance

The fund requirements, the deployment of funds and the intended use of the Net Proceeds, as indicated above, are based on our current business plan and circumstances, management estimates, prevailing market conditions and other commercial and technical factors, which are subject to change from time to time. These fund requirements have not been appraised by any bank, financial institution or any other external agency. Our Company may have to revise its funding requirements and deployment on account of a variety of factors, including but not limited to our financial and market condition, business and strategy, competition, interest or exchange rate fluctuations 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 our management, subject to applicable law.

In the event of any shortfall of funds for the activities proposed to be financed out of the Net Proceeds as stated above, our Company may re-allocate the Net Proceeds to the activities where such shortfall has arisen, subject to availability and compliance with applicable laws. Further, in case of shortfall in the Net Proceeds or cost overruns, our management may explore a range of options including utilizing our internal accruals or seeking additional equity and/or debt arrangements from existing and future lenders or any combination of them. If the actual utilisation towards any of the Objects is lower than the proposed deployment such balance will be used for (i) general corporate purposes to the extent that the total amount to be utilised towards general corporate purposes will not exceed 25% of the Gross Proceeds in accordance with the SEBI ICDR Regulations; or (ii) towards any other object where there may be a shortfall, at the discretion of the management of our Company and in compliance with applicable laws.

In the event the Net Proceeds are not completely utilised for the objects stated above by the end of Financial Year ended March 31, 2023, such amounts will be utilised (in part or full) in subsequent periods, as determined by our Company, in accordance with applicable law. Further, if the Net Proceeds are not completely utilised for the objects during the

respective periods stated above due to factors such as (i) economic and business conditions; (ii) timely completion of the Offer; (iii) market conditions outside the control of our Company; and (iv) any other commercial considerations, the remaining Net Proceeds shall be utilised (in part or full) in subsequent periods as may be determined by our Company, in accordance with applicable laws.

For further details on the risks involved in our proposed fund utilization as well as executing our business strategies, please refer the section titled “Risk Factors” beginning on page 21 of this Prospectus.

Fund requirements for the Objects are proposed to be met from the Net Proceeds and our internal accruals. Accordingly, we confirm that there is no requirement to make firm arrangements of finance under Regulation 230(1)(e) of the SEBI ICDR Regulations 2018 and Clause 9(C) of Part A of Schedule VI of the SEBI ICDR Regulations 2018 through verifiable means towards at least 75% of the stated means of finance, excluding the amounts to be raised through the Issue or through existing identifiable internal accruals.

#### Details of objects of the fresh issue

##### 1. Meeting incremental working capital requirements

We fund the majority of our working capital requirements in the ordinary course of our business from our internal accruals, networth, financing from various banks and financial institutions, unsecured loans from body corporates, Directors & shareholders. As on March 31, 2019, March 31, 2020 and March 31, 2021, the amount outstanding on our Company’s fund based working capital facilities was ₹ 3603.09 Lakhs, ₹ 2840.41 Lakhs and ₹ 5271.56 Lakhs respectively as per Restated Financial Statements. As on December 31, 2021, our outstanding working capital facilities comprised fund-based limit of ₹ 9150.49 Lakhs

Our Company requires additional working capital for executing its future orders that may be received, for funding future growth requirements of our Company and for other strategic, business and corporate purposes.

Set forth below are the current assets and working capital requirement of our Company as on March 31, 2019, 2020, 2021 as per the Restated Financial Statements and as certified by Nagori Nuwal & Co. Chartered Accountant by way of their certificate dated April 12, 2022. For details of the working capital facilities availed by us, see “Financial Indebtedness” beginning on page 215 of this Prospectus

#### Basis of estimation of incremental working capital requirement

Details of Company’s working capital as at March 31, 2021, March 31, 2020 and March 31, 2019 and for the nine months period ended December 31, 2021 the source of funding, on the basis of Restated Financial Statements of our Company as at March 31, 2021, March 31, 2020 and March 31, 2019 and for the nine months period ended December 31, 2021 as set out in the table below:

(₹. In lakhs)

| Sr No     | Particulars  | As at December 31, 2021 (Audited) | As at March 31, 2021 (Audited) | As at March 31, 2020 (Audited) | As at March 31, 2019 (Audited) |
|-----------|--|-----------------------------------|--------------------------------|--------------------------------|--------------------------------|
| <b>I</b>  | <b>Current assets</b>                              |                                   |                                |                                |                                |
|           | Inventories  | 864.64                            | 1,013.40                       | 278.71                         | 326.05                         |
|           | Trade receivables                                  | 12606.66                          | 5,850.12                       | 3,757.78                       | 3,401.89                       |
|           | Short Term Loans & Advances & Other Current Assets | 2488.26                           | 1032.03                        | 614.42                         | 606.93                         |
|           | <b>Total Current Assets (A)</b>                    | <b>15959.56</b>                   | <b>7895.55</b>                 | <b>4650.91</b>                 | <b>4334.87</b>                 |
| <b>II</b> | <b>Current liabilities</b>                         |                                   |                                |                                |                                |
|           | Trade payables                                     | 2224.73                           | 1166.34                        | 818.53                         | 319.61                         |
|           | Advance from Customers                             | 1757.59                           | 97.20                          | 52.49                          | 65.25                          |

| Sr No      | Particulars   | As at December 31, 2021 (Audited) | As at March 31, 2021 (Audited) | As at March 31, 2020 (Audited) | As at March 31, 2019 (Audited) |
|------------|---|-----------------------------------|--------------------------------|--------------------------------|--------------------------------|
|            | Other Current Liabilities   | 301.43                            | 99.54                          | 125.93                         | 82.32                          |
|            | <b>Total current liabilities (B)</b>  | <b>4283.75</b>                    | <b>1363.08</b>                 | <b>996.95</b>                  | <b>467.18</b>                  |
|            | <b>Net working capital (A – B)</b>  | <b>11675.82</b>                   | <b>6532.47</b>                 | <b>3653.96</b>                 | <b>3867.69</b>                 |
|            |   |                                   |                                |                                |                                |
| <b>III</b> | <b>Sources of funds</b>   |                                   |                                |                                |                                |
|            | Borrowings from banks, financial institution and non-banking financial companies (including bill discounting) | 9150.49                           | 5271.56                        | 2840.42                        | 3603.09                        |
|            | Unsecured Borrowings  | 3.48                              | 3.48                           | 4.22                           | 20.17                          |
|            | Internal accruals / Equity  | 2521.84                           | 1257.43                        | 809.32                         | 244.43                         |
|            | <b>Total Means of Finance</b>   | <b>11675.82</b>                   | <b>6532.47</b>                 | <b>3653.96</b>                 | <b>3867.69</b>                 |

# Cash and cash equivalents have not been considered as part of the current assets in the computation of net working capital requirements

# Current maturities of long-term debt have not been considered as part of the current liabilities in the computation of estimated net working capital requirements

\*Certified by Nagori & Nuwal & Co., Chartered Accountants, pursuant to their certificate dated April 13, 2022

For further details, please refer to "Restated Financial Statements" beginning on page 180, respectively.

#### **Expected working capital requirements**

The estimates of the working capital requirements for the Financial Years ended March 31, 2022 and March 31, 2023 have been prepared based on the management estimates of current and future financial performance. The projection has been prepared using set of assumptions that include assumptions about future events and management's action that are not necessarily expected to occur.

On the basis of our existing working capital requirements and estimated working capital requirements, our Board pursuant to its resolution dated April 13, 2022 has approved the projected working capital requirements for Financial Year ended March 31, 2022 and Financial Year ended March 31, 2023, together with the assumptions and justifications for holding levels, and the proposed funding of such working capital requirements, as set forth below:

Details of the Company's projected working capital requirements for Financial Year ended March 31, 2022 and Financial Year ended March 31, 2023, together with the assumptions and justifications for holding levels, and the proposed funding of such working capital requirements, are as set forth below:

(₹. In lakhs)

| Sr No     | Particulars                     | March 31, 2023 (Estimated) | March 31, 2022 (Estimated) |
|-----------|---------------------------------|----------------------------|----------------------------|
| <b>I</b>  | <b>Current assets</b>           |                            |                            |
|           | Inventories                     | 2665.48                    | 1909.04                    |
|           | Trade receivables               | 15070.78                   | 10833.33                   |
|           | Other current assets            | 2903.38                    | 2133.40                    |
|           | <b>Total Current Assets (A)</b> | <b>20639.64</b>            | <b>14855.77</b>            |
| <b>II</b> | <b>Current liabilities</b>      |                            |                            |
|           | Trade payables                  | 3168.68                    | 2140.98                    |
|           | Advance from Customers          | 81.65                      | 102.06                     |

| Sr No      | Particulars   | March 31, 2023<br>(Estimated) | March 31, 2022<br>(Estimated) |
|------------|---|-------------------------------|-------------------------------|
|            | Other Current Liabilities   | 90.58                         | 82.57                         |
|            | <b>Total current liabilities (B)</b>  | <b>3340.91</b>                | <b>2325.61</b>                |
| <b>III</b> | <b>Net working capital requirements (A – B)</b>   |                               |                               |
|            | <b>Sources of funds</b>   |                               |                               |
|            | Borrowings from banks, financial institution and non-banking financial companies (including bill discounting) | 9811.00                       | 9271.27                       |
|            | Unsecured Borrowings  | 3.48                          | 3.48                          |
|            | Internal accruals / Equity  | 4084.25                       | 3255.41                       |
|            | Issue proceeds  | 3400.00                       | Nil                           |

Cash and cash equivalents have not been considered as part of the current assets in the computation of estimated net working capital requirements

Current maturities of long-term debt have not been considered as part of the current liabilities in the computation of estimated net working capital requirements

Our Company proposes to utilize ₹ 3400.00 Lakhs from the Net Proceeds towards funding our working capital requirements. In addition to the Net Proceeds, our Company expects that the funding pattern for working capital requirements for financial year ending March 31, 2023 will comprise of working capital facilities and internal accruals.

The table below contains the details of the holding levels (in number of days or relevant matrix as applicable) considered and is derived from the Restated Financial Statements for financial year March 31, 2019, financial year March 31, 2020 and financial year March 31, 2021 and for the nine months period ended on December 31, 2021, the projections for financial year March 31, 2022 and financial year March 31, 2023 and the assumptions based on which the working plan projections has been made and approved by our Board of Directors.

Assumptions for our estimated working capital requirement:

(in days)

| Particulars  | Holding Levels<br>(March 31,<br>2023) | Holding Levels<br>(March 31,<br>2022) | Holding Levels<br>(December<br>31, 2021)* | Holding Levels<br>(March 31,<br>2021)* | Holding Levels<br>(March 31,<br>2020)* | Holding Levels<br>(March 31,<br>2019)* |
|--|---------------------------------------|---------------------------------------|---|--|--|--|
| Inventories  | 13.90                                 | 13.94                                 | 6.43                                      | 13.78                                  | 4.70                                   | 6.61                                   |
| Trade receivables  | 78.58                                 | 79.08                                 | 93.69                                     | 79.56                                  | 63.30                                  | 68.98                                  |
| Other Financial &<br>Current Assets  | 15.14                                 | 15.43                                 | 18.49                                     | 14.04                                  | 10.35                                  | 12.31                                  |
|  | <b>107.62</b>                         | <b>108.45</b>                         | <b>118.61</b>                             | <b>107.37</b>                          | <b>78.35</b>                           | <b>87.90</b>                           |
| <b>Current Liabilities<br/>(excluding<br/>borrowings and<br/>income tax<br/>liabilities)</b> |                                       |                                       |   |  |  |  |
| Trade payables   | 16.52                                 | 15.63                                 | 16.53                                     | 15.86                                  | 13.79                                  | 6.48                                   |
| Advances from<br>customer  | 0.43                                  | 0.75                                  | 13.06                                     | 1.32                                   | 0.88                                   | 1.32                                   |

|                                       |              |              |       |       |       |       |
|---------------------------------------|--------------|--------------|-------|-------|-------|-------|
| Other Financial & Current Liabilities | 0.47         | 0.60         | 2.24  | 1.35  | 2.12  | 1.67  |
|                                       | 17.42        | 16.98        | 31.83 | 18.53 | 16.79 | 9.47  |
| <b>Working Capital Cycle</b>          | <b>90.20</b> | <b>91.47</b> | 86.78 | 88.84 | 61.56 | 78.42 |

*Certified by Nagori & Nuwal & Co., Chartered Accountants, pursuant to their certificate dated April 13, 2022*

The table below sets forth the key assumptions for our working capital projections:

| S. No. | Particulars                      | Assumptions (No. of days)   |
|--------|----------------------------------|---|
| 1.     | Inventories                      | In order to achieve cost competitiveness and shorter lead times through constant innovation, we need to maintain efficient inventory levels. In the financial year ended on March 31, 2019, March 31, 2020 and March 31, 2021 our inventory days were 6.61 days, 4.7 days and 13.78 days respectively. We have estimated 13.94 days of finished inventory for the the financial year ended on March 31, 2022 and 13.90 days of finished inventory for the financial year ended on March 31, 2023 due to efficient planning and considering the current market demand for cotton candies respectively. |
| 2.     | Trade receivables                | In the financial year ended on March 31, 2019, March 31, 2020 and March 31, 2021 our receivable days were 68.98 days, 63.30 days and 79.56 days respectively. Due to the business growth and proposed expansion and the need for increasing the sales volume we estimate the receivable to be maintained at levels of 79.08 days for the financial year ended on March 31, 2022 and 78.58 for the financial year ended on March 31, 2023 respectively.  |
| 3.     | Other Financial & Current Assets | The key items under this head are export incentives receivables, refund from statutory authorities, advance to suppliers, advances etc.   |
| 4.     | Trade payables                   | Our trade payables have been for 6.48 days, 13.79 days and 15.86 days for the financial year ended on March 31, 2019, March 31, 2020 and March 31, 2021 respectively. However, going forward we estimate to maintain payables at 15.63 days for the financial year ended on March 31, 2022 and 16.52 days for the financial year ended on March 31, 2023 to avail best pricing and also buy from large suppliers.   |
| 5.     | Other current liabilities        | Other current liabilities include current maturities of long-term debts, provisions, statutory dues, expenses payable etc.  |

## 2. **General Corporate Purposes**

The Net Proceeds will first be utilized for the Object set out above, post which, our Company proposes to deploy the balance Net Proceeds aggregating to ₹ 1100.00 Lakhs towards general corporate purposes, subject to such amount not exceeding 25% of the Gross Proceeds, in compliance with the SEBI ICDR Regulations. The general corporate purposes for which our Company proposes to utilise the Net Proceeds, includes but are not restricted to strategic initiatives, meeting funding requirements for expansion of our business operations and growth opportunities, strengthening marketing capabilities and brand building exercises, providing security deposits and cash collaterals and for meeting exigencies, repayment of debt, working capital requirements, expenses of our Company, as applicable and any other purpose, as may be approved by the Board or a duly constituted committee thereof subject to compliance with Companies Act and other applicable laws. Our Company's management shall have flexibility in utilising surplus amounts, if any. In addition to the above, our Company may utilise the Net Proceeds towards other expenditure, as may be considered expedient, and as

approved periodically by our Board or a duly constituted committee thereof, subject to compliance with necessary provisions of the Companies Act and the SEBI Listing Regulations.

### Means of Finance

The fund requirements set out above are proposed to be funded from the Net Proceeds. Accordingly, we confirm that there are no requirements to make firm arrangements of finance under Regulation 230(1)(e) of the SEBI ICDR Regulations 2018 and Clause 9(C) of Part A of Schedule VI of the SEBI ICDR Regulations 2018 through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised from Offer. In case of shortfall in the Net Proceeds or any increase in the actual utilisation of funds earmarked for the Objects, our Company may explore a range of options including utilising our internal accruals and/ or availing further borrowings. Subject to applicable law, if the actual utilisation towards the Objects, including utilization towards Issue expense, is lower than the proposed deployment, such balance will be used for general corporate purposes to the extent that the total amount be utilised towards general corporate purposes will not exceed 25% of the Gross Proceeds in accordance with SEBI ICDR Regulations

### The details of indicative expenses intended to be incurred from the IPO proceeds are as follows:

The total expenses of the Offer are estimated to be approximately ₹ 300.00 Lakhs

### Issue Related Expenses

The Estimated Expenses are as follows:

| Activity *  | Estimated Expenses (₹ in Lakhs) | As a % of total estimated issue related expenses | As a % of the total issue size |
|---|---------------------------------|--|--------------------------------|
| Lead Manager Fees including Underwriting Commission*              | 26.00                           | 8.67%  | 0.54%                          |
| Brokerage, Selling, Commission and upload fees                    | 5.00                            | 1.67%  | 0.10%                          |
| Registrar to the Issue  | 0.5                             | 0.17%  | 0.01%                          |
| Legal and Other Advisory Services *                               | 24.00                           | 8.00%  | 0.50%                          |
| Advertising and marketing Expenses*                               | 80.00                           | 26.67%   | 1.67%                          |
| Regulators including Stock Exchange *                             | 8.00                            | 2.67%  | 0.17%                          |
| Printing and Distribution of issue stationery                     | 3.00                            | 1.00%  | 0.06%                          |
| Others, if any (Market making, depositories, marketing fees etc.) | 153.5                           | 51.17%   | 3.20%                          |
| <b>Total estimated issue related expenses</b>                     | <b>300</b>                      | <b>100.00%</b>                                   | <b>6.25%</b>                   |

\* As on date of this Prospectus, the fund deployed out of internal accruals as on April 12, 2021 is Rs. 11.36 lakhs towards issue expenses vide certificate dated April 13, 2022 received from Nagori Nuwal & Co, Chartered Accountants and the same will be recouped out of issue expenses.

### Notes:

- Structure for commission and brokerage payment to the SCSBs Syndicate, RTAs, CDPs and SCSBs

|  |   |
|--|---|
| ASBA applications procured directly from the applicant and Bided (excluding applications made using the UPI Mechanism, and in case the Issue is made as per Phase I of UPI Circular) | ₹ 10 per application on wherein shares are allotted |
| Syndicate ASBA application procured directly and bided by the Syndicate members (for the forms directly procured by them)  | ₹ 10 per application on wherein shares are allotted |
| Processing fees / uploading fees on Syndicate ASBA application for SCSBs Bank  | ₹ 10 per application on wherein shares are allotted |
| Sponsor Bank shall be payable processing fees on UPI application processed by them   | ₹ 10 per application on wherein shares are allotted |

2. No additional uploading/processing charges shall be payable to the SCSBs on the applications directly procured by them.
3. The commissions and processing fees shall be payable within 30 Working days post the date of receipt of final invoices of the respective intermediaries.
4. Amount Allotted is the product of the number of Equity Shares Allotted and the Issue Price.

#### **Interim use of Net Proceeds**

Pending utilization for the purposes described above, we undertake to temporarily invest the funds from the Net Proceeds only with the scheduled commercial banks for the necessary duration. Such deposits will be approved by our Board from time to time. Our Company confirms that, pending utilization of the Net Proceeds for the purposes described above, it shall not use the funds for buying, trading or otherwise dealing in shares of any other listed company or for any investment in the equity markets.

#### **Bridge Financing Facilities**

Our Company has not raised any bridge loans which are required to be repaid from the Net Proceeds

#### **Appraisal Report**

None of the Objects of the Issue for which the Net Proceeds will be utilized has been appraised by any agency

#### **Monitoring Utilization of Funds**

Since our issue size, does not exceed one hundred crore rupees, we are not required to appoint monitoring agency for monitoring the utilization of Net Proceeds in accordance with Regulation 262(1) of SEBI ICDR Regulations

Our Audit Committee shall monitor the utilization of the proceeds of the Issue. We will disclose the utilization of the Net Proceeds, including interim use, under a separate head specifying the purpose for which such proceeds have been utilized along with details, if any in relation to all such proceeds of the Issue that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of the Issue in our balance sheet for the relevant financial years subsequent to receipt of listing and trading approvals from the Stock Exchange.

Pursuant to Regulation 32(5) of the SEBI Listing Regulations, our Company shall disclose to the Audit Committee the uses and application of the Net Proceeds. The Audit Committee shall make recommendations to our Board for further action, if appropriate. Our Company shall, on an annual basis, prepare a statement of funds utilized for purposes other than those stated in this Prospectus and place it before the Audit Committee. Such disclosure shall be made only till such time that all the Net Proceeds have been utilized in full. The statement shall be certified in accordance with Regulations 32(5) of the SEBI Listing Regulations. Furthermore, in accordance with the SEBI Listing Regulations, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement including deviations, if any, in the utilization of the Net Proceeds of the Issue from the objects of the Issue as stated above and details of category wise variation in the actual utilization of the Net Proceeds of the Issue from the objects of the Issue as stated above. The information will also be published in newspapers simultaneously with the submission of such information to the Stock Exchanges, after placing the same before the Audit Committee. We will disclose the utilization of the Net Proceeds under a separate head along with details in our balance sheet(s) until such time as the Net Proceeds remain unutilized clearly specifying the purpose for which such Net Proceeds have been utilized.

#### **Variation in Objects**

In accordance with Sections 13(8) and 27 of the Companies Act 2013 and the SEBI ICDR Regulations, our Company shall not vary the Objects of the Fresh Issue unless our Company is authorized to do so by way of a special resolution of its Shareholders. In addition, the notice issued to the Shareholders in relation to the passing of such special resolution shall specify the prescribed details and be published in accordance with the Companies Act 2013. Pursuant to the Companies Act 2013, the Promoters or controlling Shareholders will be required to provide an exit opportunity to the Shareholders who do not agree to such proposal to vary the objects, subject to the provisions of the Companies Act 2013 and in

accordance with such terms and conditions, including in respect of pricing of the Equity Shares, in accordance with the Companies Act 2013 and provisions of the SEBI ICDR Regulations

**Other Confirmation**

There are no material existing or anticipated transactions in relation to the utilization of the Net Proceeds with our Promoters, members of the Promoter Group, Directors, Group Companies or Key Managerial Personnel. No part of the Net Proceeds will be utilized by our Company as consideration to our Promoters, members of the Promoter Group, Directors, Group Companies or Key Managerial Personnel. Our Company has not entered into and is not planning to enter into any arrangement/agreements with our Promoters, Directors, Key Managerial Personnel or our Group Companies in relation to the utilization of the Net Proceeds

## BASIS FOR ISSUE PRICE

The Issue Price of ₹ 75 per Equity Share is determined by our Company, in consultation with the Lead Manager on the basis of the following qualitative and quantitative factors. The face value of the Equity Share is ₹ 10 per Equity Share and Issue Price is ₹ 75 per Equity Share. The Issue Price is 7.5 times the face value.

Investors should refer sections / section titled “Risk Factors”, “Business Overview”, “Restated Financial Statements” and “Management Discussion and Analysis of Financial Condition and Results of Operations” beginning on page 21, 120, 180 and 224 respectively of this Prospectus to get an informed view before making an investment decision. The trading price of the Equity shares of our Company could decline due to risk factors and you may lose all or part of your investments.

### Qualitative Factors

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

1. Long standing association with leading consumer brands with a low customer concentration;
2. Deep knowledge and understanding of optimal product assortment and strong supplier network enabling procurement at predictable and competitive pricing, leading to an overall efficient cycle;
3. Healthy financial performance;
4. Experienced management and dedicated employee base with a proven track record;
5. Minimum capex required as manufacturing undertaken through Leased facility or on job work basis;
6. Diverse product portfolio with focus on quality;
7. Location Advantage.

For further details, refer heading “Our Competitive Strengths” under section titled “Business Overview” beginning on page 124 of this Prospectus.

### Quantitative Factors

Information presented below relating to the Company is based on the Restated Financial Statements for the period ended December 31, 2021 and for the Financial Year ended March 31 of 2021, 2020 and 2019. Some of the quantitative factors which form the basis or computing the price, are as follows:

#### a) Basic and Diluted Earnings per Share (EPS)

| Year / Period ended      | Pre-Bonus             |         | Post-Bonus            |         |
|--------------------------|-----------------------|---------|-----------------------|---------|
|                          | Basic and Diluted EPS | Weights | Basic and Diluted EPS | Weights |
| March 31, 2019           | 6.61                  | 1       | 0.66                  | 1       |
| March 31, 2020           | 18.42                 | 2       | 1.84                  | 2       |
| March 31, 2021           | 41.31                 | 3       | 4.13                  | 3       |
| <b>Weightage Average</b> | <b>27.90</b>          |         | <b>2.79</b>           |         |
| December, 2021           | 92.91                 |         | 9.29                  |         |

#### Note.

- Basic and diluted Earnings per share calculations are in accordance with Indian GAAP and Accounting Standard as applicable and based on the Restated Financial Statements of our Company and have been adjusted for bonus issue of Equity Shares post December 31, 2021.

- Basic and Diluted EPS = Net Profit (Loss) after tax as restated attributable to Equity Shareholders / weighted average no. of equity shares outstanding during the year/period as per Restated Financial Statements.
- Weighted Average EPS = Aggregate of Year wise weighted EPS divided by the Aggregate weights i.e [(EPS \*Weights) for each year / Total Weights]
- As per recommendation of the Board of Directors, the Company at Board Meeting dated January 25, 2022, has allotted 9 bonus equity shares of face value of ₹ 10 each in ratio of 9:1 (i.e., 9 (Nine) Bonus Shares for every 1 (One) Equity Share). Consequently, the issued, subscribed and paid-up share capital has increased to ₹ 17,08,10,000 lakhs comprising of 1,70,81,000 equity shares of face value of ₹ 10 each
- The basic and diluted EPS for the nine months period ended on December 31, 2021 has not been annualized.
- The above statement should be read with significant accounting policies and notes on Restated Financial Statements as appearing in the Restated Financial Statements.

**b) Price to Earnings (P/E) ratio in relation to Issue Price ₹ 75 per Equity Share of ₹ 10 each fully paid up**

| Particulars   | P/E ratio |
|---|-----------|
| P/E ratio based on Basic and diluted EPS for financial year ended March 31, 2021 (Pre-Bonus)  | 18.15     |
| P/E ratio based on Basic and diluted EPS for financial year ended March 31, 2021 (Post-Bonus) | 1.82      |
| <b>Industry Peer Group P/E ratio</b>  |           |
| Highest   | 43.91     |
| Lowest  | 12.04     |
| Average   | 24.19     |

*Note-The highest and lowest industry P/E has been considered from the industry peer set provided later in this chapter. The industry average has been calculated as the arithmetic average P/E of the industry peer set disclosed in this chapter. For further details, see below "Comparison of Accounting Ratios with Peer Companies beginning on page 84 of this Prospectus.*

**c) Return on Net worth (RoNW)**

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

| Year Ended              | RoNW (%)      | Weight |
|-------------------------|---------------|--------|
| March 31, 2019          | 7.98%         | 1      |
| March 31, 2020          | 18.20%        | 2      |
| March 31, 2021          | 28.99%        | 3      |
| December 31, 2021*      | 39.46%        |        |
| <b>Weighted Average</b> | <b>21.89%</b> |        |

\* Not Annualised

*Note: Return on Net worth has been calculated as per the following formula:*

- 1) *Return on Net Worth (%) = Net Profit after tax attributable to owners of the Company, as restated / Net worth as restated as at year/period end.*
- 2) *Weighted average = Aggregate of year-wise weighted RoNW divided by the aggregate of weights i.e. (RoNW x Weight) for each year/Total of weights.*
- 3) *Net worth is aggregate value of the paid-up share capital of the Company and other equity, excluding revaluation reserves if any, as per Restated Financial Statements.*

**d) Net Asset Value (NAV)**

| Particulars | ₹ per share | ₹ per share |
|-------------|-------------|-------------|
|-------------|-------------|-------------|

|  | (Pre-Bonus) | (Post-Bonus) |
|--|-------------|--------------|
| Net Asset Value per Equity Share as of March 31, 2021    | 142.51      | 14.25        |
| Net Asset Value per Equity Share as of December 31, 2021 | 235.42      | 23.54        |
| Net Asset Value per Equity Share after IPO               |             | 37.57        |
| Issue Price per equity share                             |             | 75.00        |

*Net Asset Value per Equity Share has been calculated as net worth, as restated, as at period/year end / Number of outstanding equity shares as at period/ year end and have been adjusted for Bonus Issue of equity shares post December 31, 2021*

*Note: The figures disclosed above are based on the Restated Financial Statements of our Company*

*Net Asset Value has been calculated as per the following formula:*

$$\text{NAV} = \frac{\text{Restated Net Worth of Equity Shareholders}}{\text{Outstanding number of Equity shares outstanding during the year / period}}$$

**e) Comparison with industry peers**

| Companies                                  | EPS (Basic) (Rs.) | EPS (Diluted) (Rs.) | PE Ratio | RONW (%) | NAV    | Face Value | Total Income (₹ in Lakhs) |
|--|-------------------|---------------------|----------|----------|--------|------------|---------------------------|
| Le Merite Exports Limited                  | 4.13              | 4.13                | 18.15    | 28.99    | 14.25  | 10.00      | 26,913.44                 |
| <b>Listed Peers</b>                        |                   |                     |          |          |        |            |                           |
| Ambika Cotton Mills Ltd (standalone)       | 118.68            | 118.68              | 20.16    | 12.02%   | 987.26 | 10.00      | 63369.56                  |
| Pashupati Cotspin Ltd. (standalone)        | 3.80              | 3.80                | 29.74    | 5.39%    | 64.42  | 10.00      | 44327.76                  |
| Shiva Texyarn Ltd. (standalone)            | 9.47              | 9.47                | 25.39    | 9.93%    | 95.37  | 10.00      | 34774.54                  |
| Sambandam Spinning Mills Ltd. <sup>1</sup> | 19.03             | 19.03               | 13.89    | 8.05%    | 236.48 | 10.00      | 23139.02                  |
| Precot Ltd.                                | 27.46             | 27.46               | 12.04    | 9.64%    | 284.68 | 10.00      | 67084.00                  |
| KPR Mills Ltd.                             | 14.98             | 14.98               | 43.91    | 21.92%   | 68.31  | 1.00       | 356899.00                 |

*Source: All the financial information for listed industry peers mentioned above is on a consolidated basis (unless otherwise available only on standalone basis) and is sourced from the annual reports/ financial results as available of the respective company for the year ended March 31, 2021 submitted to stock exchanges or on company's website as available.*

**Notes:**

- 1. The number of equity shares of Sambandham Spinning Mills Ltd is net of shares forfeited.*
- 2. K.P.R. Mill Ltd numbers adjusted for Stock Split from Rs.5/- to Rs.1/- on September 24, 2021.*

**Notes:**

- a) Basic EPS refers to the Basic EPS sourced from the annual report/ financial results of the respective company for the year ended March 31, 2021*
- b) Diluted EPS refers to the Diluted EPS sourced from the annual report/ financial results of the respective company for the year ended March 31, 2021*
- c) P/E Ratio has been computed based on the closing market price of equity shares on NSE on April 12, 2022 and on NSE Emerge in case of Pashupati Cotspin Ltd. on April 12, 2022 divided by the Diluted EPS. In case of Sambandam Spinning Mills Ltd the P/E Ratio has been computed based on the closing market price of equity shares on BSE on April 12, 2022.*

d) *Return on Net Worth (%) = Net Profit after tax attributable to owners of the Company, as restated / Net worth as restated as at year/period end. March 31, 2021*

e) *Net worth has been computed as sum of share capital, reserves and surplus (excluding Revaluation Reserves, if any) and as attributable to the owners of the Company*

*Net Asset Value is computed as the closing net worth divided by the equity shares outstanding as at March 31, 2021*

**f) The Issue price is 7.5 times of the face value of the Equity Shares**

The Issue Price of ₹. 75 per equity share has been determined by the Company in consultation with the lead manager on the basis of an assessment of market demand for the equity shares through the fixed price issue process and on the basis of qualitative and quantitative factors.

Prospective investors should read the above-mentioned information along with “Risk Factors”, “Business Overview”, “Management’s Discussion and Analysis of Financial Position and Results of Operations” and “Restated Financial Statements” beginning on pages 21, 120, 224 and 180, respectively, to have a more informed view. The trading price of the equity shares could decline due to the factors mentioned in the “Risk Factors” and you may lose all or part of your investments.

## STATEMENT OF TAX BENEFITS

To,  
The Board of Directors  
Le Merite Exports Limited  
B1-104D, Boomerang,  
1st Floor, Chandivali Farm Road,  
Powai, Andheri- East,  
Mumbai- 400072,  
Maharashtra, India.

Dear Sir,

**Sub: Statement of possible special tax benefits (“the Statement”) available to Le Merite Exports Limited (“the Company”) and its Shareholders prepared in accordance with the requirements of the Securities Exchange Board of India (Issue of Capital Disclosure Requirements) Regulations 2018, as amended (“the Regulations”).**

We report that the enclosed statement in the Annexure I, states the possible special tax benefits under direct and indirect tax laws presently in force in India, available to the Company and its shareholders. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the Act. Hence, the ability of the Company or its shareholders to derive the special tax benefits is dependent upon fulfilling such conditions which, based on business imperatives which the Company may face in the future, the Company may or may not choose to fulfil.

The benefits discussed in the enclosed Annexure I are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Issue. Neither are we suggesting nor advising the investor to invest in the Issue based on this statement. 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 have been/would be met.
- the revenue authorities will concur with the views expressed herein.

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

We hereby give consent to include this statement of special tax benefits in the prospectus and prospectus and in any other material used in connection with the Issue (together, the “Issue Documents”).

This certificate is issued for the sole purpose of the Issue, and can be used, in full or part, for inclusion in the Offer Documents, and for the submission of this certificate as may be necessary, to any regulatory / statutory/ judicial authority, stock exchanges, any other authority as may be required and/or for the records to be maintained by the Lead Manager in connection with the Issue and in accordance with applicable law, and for the purpose of any Defense the Lead Manager may wish to advance in any claim or proceeding in connection with the contents of the Issue Documents.

This certificate may be relied on by the Lead Manager, their affiliates and legal counsel in relation to the Issue.

We shall not be liable to Company for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith of intentional misconduct.

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

**For M/s. Nagori Nuwal and Co.  
Chartered Accountants**

**CA Shankar Lal Laddha  
Partner  
Membership No.: 076554  
Firm Regn. No.: 008185C  
Place: Indore  
Date: 13-01-2022  
UDIN: 22076554AAAAAD7889**

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

Outlined below are the possible special tax benefits available to the Company and its shareholders under the Income-tax Act, 1961 (the "Act") as amended by the Finance Act, 2020 applicable for the Financial Year 2020-21 relevant to the Assessment Year 2021-22, presently in force in India.

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

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

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

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

**Note:**

1. All the above benefits are as per the current tax laws and will be available only to the sole / first name holder where the shares are held by joint holders.
2. No assurance is given that the revenue authorities/courts will concur with the views expressed herein.

Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We undertake to update you in writing of any changes in the abovementioned position until the date the Equity Shares issued pursuant to the Issue commence trading on the stock exchanges. In the absence of any communication from us till the Equity Shares commence trading on the stock exchanges; you may assume that there is no change in respect of the matters covered in this certificate.

**For M/s. Nagori Nuwal and Co.**  
**Chartered Accountants**

**CA Shankar Lal Laddha**  
**Partner**  
**Membership No.: 076554**  
**Firm Regn. No.: 008185C**  
**Place: Indore**  
**Date: 13-01-2022**  
**UDIN: 22076554AAAAAD7889**

## SECTION V – ABOUT THE COMPANY INDUSTRY OVERVIEW

*The information contained in this section, unless otherwise specified, is derived from the report titled “**Development of Textile Industry Section for IPO- Textile and Apparel Industry Overview**” dated January 2022, prepared by Wazir Advisors Private Limited (the “Wazir Report”) and commissioned and paid for by our Company in connection with the Offer. We appointed Wazir on December 31, 2021. The Wazir Report has not been reproduced in its entirety in this Prospectus. There are no material parts, data or information (which may be relevant for the proposed issue), that have been left out or changed in any manner. Industry publications are also prepared based on information as at specific dates and may no longer be current or reflect current trends. The information in this section is also derived from extracts from publicly available information, data and statistics and has been derived from various government publications and industry sources. The information has not been independently verified by us, the Lead Manager, or any of our or their respective affiliates or advisors. The data may have been re-classified by us for the purposes of presentation.*

*Accordingly, investment decisions should not be based on such information. For additional details, including the disclaimers associated with the Wazir Report, see “Certain Conventions, Presentation of Financial, Industry and Market Data and Currency of Presentation – Industry and Market Data” on beginning page 13 of this Prospectus*

### **World Economic Outlook**

The global economic recovery is continuing, even as the pandemic resurges. The fault lines opened up by COVID-19 are looking more persistent—near-term divergences are expected to leave lasting imprints on medium-term performance. Vaccine access and early policy support are the principal drivers of the gaps. The global economy is projected to grow 5.9 percent in 2021 and 4.9 percent in 2022, 0.1 percentage point lower for 2021 than in the July forecast.

**Global GDP review and outlook** While global gross domestic product (GDP) declined sharply in 2020 owing to the Covid-19 pandemic, it is expected to rebound strongly by the end of calendar year 2021 on account of policy support and the vaccination drive and grow at a CAGR of ~4-5% between CY20-25 According to the International Monetary Fund (IMF), global real GDP grew at 3-4% compound annual growth rate (CAGR) from calendar year 1990-2020. The IMF estimated global real GDP de-grew 3.2% in 2020 owing to the pandemic, which has disrupted businesses across the world. In response, almost all major countries had announced stimulus packages, which resulted in a recovery in the second half of 2020. The slowing down of the economy in 2020 resulted in a lower CAGR of just ~2% between 2015 and 2020.

Gaps in expected recoveries across economy groups have widened since the July forecast, for instance between advanced economies and low-income developing countries. Meanwhile, inflation has increased markedly in the United States and some emerging market economies. As restrictions are relaxed, demand has accelerated, but supply has been slower to respond. Although price pressures are expected to subside in most countries in 2022, inflation prospects are highly uncertain. These increases in inflation are occurring even as employment is below pre-pandemic levels in many economies, forcing difficult choices on policymakers. Strong policy effort at the multilateral level is needed on vaccine deployment, climate change, and international liquidity to strengthen global economic prospects. National policies to complement the multilateral effort will require much more tailoring to country-specific conditions and better targeting, as policy space constraints become more binding the longer the pandemic lasts.

(Source: [www.imf.org](http://www.imf.org) )



### **Macroeconomic overview of India**

A review of India's GDP growth GDP grew at 6.6% CAGR from fiscals 2012-20 In 2015, the Ministry of Statistics and Programme Implementation (MoSPI) changed the base year for calculating India's GDP between fiscals 2005 and 2012. Based on this, the country's GDP increased at an eight-year CAGR of 6.6% to Rs 146 trillion in fiscal 2020 from Rs 87 trillion in fiscal 2012.

Fiscal 2021 has been a challenging year for the Indian economy, which was already experiencing a slowdown before the pandemic struck. GDP contracted 7.3% (in real terms) last fiscal, after growing 4.0% in fiscal 2020. At Rs 135.1 billion in fiscal 2021, India's GDP (in absolute terms) went even below the fiscal 2019 level of Rs 140.0 billion.

India has emerged as the fastest growing major economy in the world and is expected to be one of the top three economic powers in the world over the next 10-15 years, backed by its robust democracy and strong partnerships. India's gross domestic product (GDP) at current prices stood at Rs. 51.23 lakh crore (US\$ 694.93 billion) in the first quarter of FY22, as per the provisional estimates of gross domestic product for the first quarter of 2021-22.

India is the fourth-largest unicorn base in the world with over 21 unicorns collectively valued at US\$ 73.2 billion, as per the Hurun Global Unicorn List. By 2025, India is expected to have ~100 unicorns by 2025 and will create ~1.1 million direct jobs according to the Nasscom-Zinnov report 'Indian Tech Start-up'.

According to data from the Department of Economic Affairs, as of August 27, 2021, foreign exchange reserves in India reached US\$ 633.5 billion mark.

With an improvement in the economic scenario, there have been investments across various sectors of the economy. The private equity - venture capital (PE-VC) sector recorded investments worth US\$ 10.7 billion across 137 deals in August 2021, registering a 5x YoY growth. Some of the important recent developments in Indian economy are as follows:

- India's merchandise exports between April 2021 and August 2021 were estimated at US\$ 164.10 billion (a 67.33% YoY increase). Merchandise imports between April 2021 and August 2021 were estimated at US\$ 219.63 billion (an 80.89% YoY growth).
- In August 2021, the Manufacturing Purchasing Managers' Index (PMI) in India stood at 52.3.
- The gross GST (Goods and Services Tax) revenue collection stood at Rs. 112,020 crore (US\$ 15.21 billion) in August 2021.

- According to the Department for Promotion of Industry and Internal Trade (DPIIT), FDI equity inflow in India stood at US\$ 547.2 billion between April 2000 and June 2021.
- India's Index of Industrial Production (IIP) for July 2021 stood at 131.4 against 122.6 for June 2021.
- Consumer Food Price Index (CFPI) – Combined inflation was 3.11 in August 2021 against 3.96 in July 2021.
- Consumer Price Index (CPI) – Combined inflation was 5.30 in August 2021 against 5.59 in July 2021.
- Foreign portfolio investors (FPs) invested US\$ 2.5 billion in India in August 2021.

(Source: [www.ibef.org](http://www.ibef.org) )

The textile, apparel and leather industry in India contributed ~2 per cent in the overall GDP and 13 per cent of total manufacturing GVA at current prices in fiscal 2020. The sector is also the second-largest employment generator in the country, next only to agriculture. It provided total direct and indirect employment to about 10.5 crore people in fiscal 2020.

The government of India has also been actively investing in the Textile and apparel industries. The investments in the textile and wearing apparel segment in India increased from Rs. 2052 billion in fiscal 2012 to Rs. 2973 billion in fiscal 2019, growing at a CAGR of ~5.4%. The increase in investments has led to the total number of textile and apparel factories reaching the figure of 2.90 billion in fiscal 2019, increased from 2.80 billion in fiscal 2012. The Government of India has also been introducing several schemes for the textile and apparel sectors such as the Amended Technology Upgradation Fund Scheme (ATUFS), Scheme for Integrated textiles park (SITP), Samarth scheme, etc. ATUFS has the objective to modernize and upgrade the technology of the Indian textile industry. SITP is for providing world class infrastructure facilities. Of the 56 textile parks which were sanctioned under SITP, 23 have been completed so far. Similarly, Samarth focusses on capacity building in the textile sector. In addition to these, many other schemes specific to silk, jute, wool, handloom, and handicraft sectors are also being implemented.

## Assessment of global and Indian textiles and apparel industry

### Global Textile and Apparel (T&A) Market Overview

Global apparel consumption was ~US\$ 1.6 trillion in 2019-20 in which EU, China and Japan were the largest consumer countries. However, in 2020-21 global apparel consumption declined by 22% from 2019-20 to become US\$ 1.2 trillion, due to the pandemic. EU-27 was the largest apparel consumer market worth US\$ 219 billion, followed by USA, China, and Japan, together constituting approximately 50% of the global apparel market consumption. The other major apparel markets include India, Brazil and Canada, accounting for an additional 9% share.

The global apparel demand is expected to recover in the near future post COVID and grow at a CAGR of 3% from US\$ 1.6 trillion in 2019-20 to reach US\$ 2 trillion by the year 2025-26. Post the recovery, it is projected that China and India will be the fastest growing apparel markets, both growing in double digits. China will become the biggest apparel market adding US\$ 340 billion in market size by 2025-26, whereas India will be the second most attractive apparel market adding US\$ 135 billion by 2025-26. The high growth in these markets will be primarily driven by the economic growth and increasing disposable income of a large population base.

Table 1: Global Apparel Market (Values in US\$ bn.)

| Region | 2019 | 2020 | 2021 | CAGR<br>2019-21 | Projected<br>CAGR<br>2019-25 | 2025 (P) |
|--------|------|------|------|-----------------|------------------------------|----------|
| EU-27  | 264  | 219  | 211  | -11%            | 1%                           | 280      |

|               |      |      |      |      |      |       |
|---------------|------|------|------|------|------|-------|
| United States | 235  | 176  | 257  | 5%   | 2%   | 265   |
| China         | 184  | 166  | 188  | 1%   | 11%  | 340   |
| Japan         | 101  | 81   | 78   | -12% | 0.5% | 105   |
| India         | 78   | 55   | 72   | -4%  | 6%   | 135   |
| Brazil        | 48   | 34   | 39   | -10% | 4%   | 60    |
| Canada        | 25   | 20   | 22   | -6%  | 7%   | 37    |
| RoW           | 690  | 517  | 600  | -7%  | 2%   | 780   |
| World         | 1625 | 1269 | 1467 | -5%  | 3%   | 2,002 |

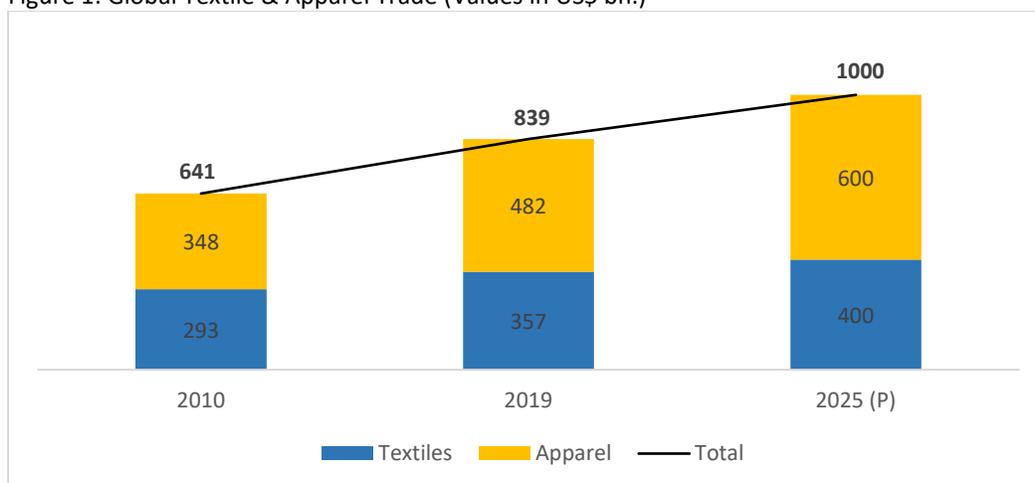
Source - Published data and Wazir Analysis

### Global Textile and Apparel Trade

In 2019, global trade stood at US\$ 839 billion grown at a CAGR of 4% since 2005. Although, the trade slightly declined in 2020 due to the pandemic, it is expected to recovered fully by 2021 and reach US\$ 1 trillion by 2025, growing at a CAGR of 3%. In 2019, Apparel constituted 58% share of global textile & apparel trade followed by fabric which accounted for 19% of the total trade.

As mentioned above the global textile and apparel trade will bounce back shortly and projected to reach US\$ 1,000 billion by 2025, the post pandemic growth in global trade indicates an attractive opportunity for countries with large manufacturing capacities and competitive manufacturing. India can be one of the gainers in the changing trade landscape.

Figure 1: Global Textile & Apparel Trade (Values in US\$ bn.)



Source: UN Comtrade & Wazir Analysis

### Leading Textile & Apparel Exporters

As the pandemic spread out from China, many buyers started to moving out of the country and exploring new sourcing options. Increasing labor and other cost were already causing enough loss in its share and in 2019, although China stood as the largest exporter with 38% share in the global trade. China's share was 34% in 2019 which had been declining for past 5 years. The share has mainly been taken up by Vietnam, Germany and Bangladesh. Vietnam and Germany having 2nd and 3rd position in global trade, respectively, have very small presence in textiles trade but, are major apparel exporters. India stood at 6<sup>th</sup> position in global trade with 4% overall share. It is also the third largest textile exporter in the world

Detailed exports from various countries are shown in the table below:

Table 2: Top Textile and Apparel Exporters in 2020 (Values in US\$ billion)

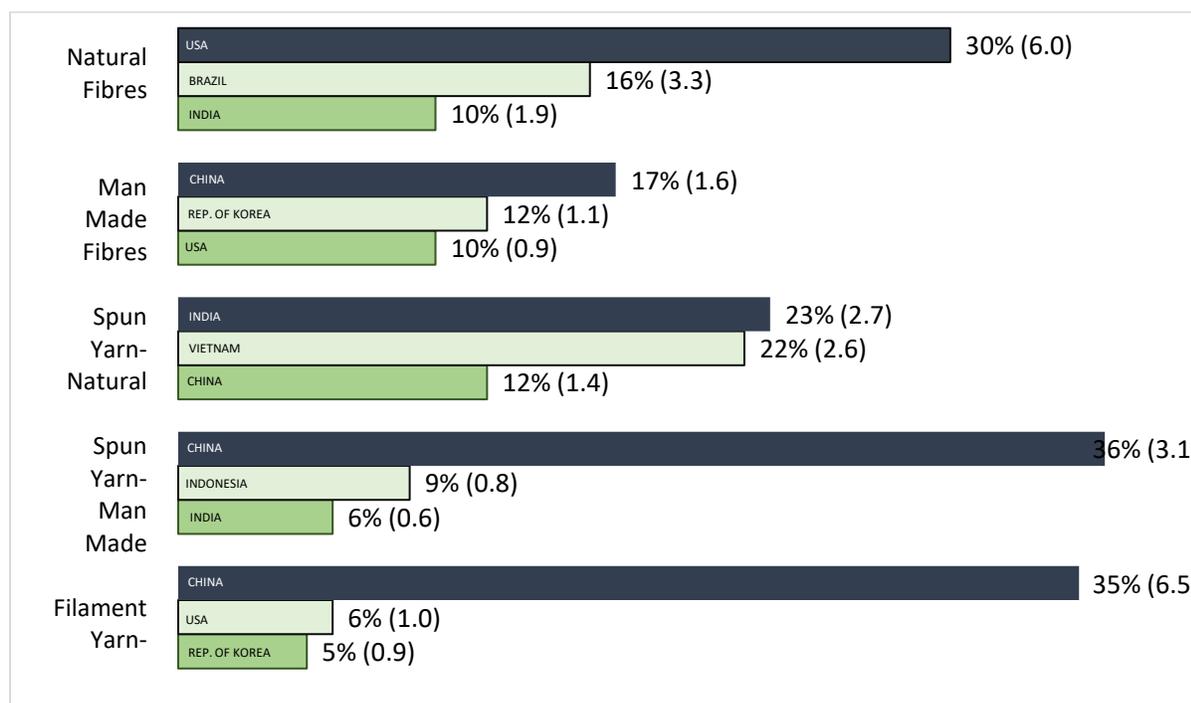
| Rank | Country     | Exports (2020) |         |       | Share (%) |
|------|-------------|----------------|---------|-------|-----------|
|      |             | Textile        | Apparel | Total |           |
| 1    | China       | 161.4          | 132.5   | 293.9 | 38%       |
| 2    | Vietnam     | 10.1           | 30.3    | 40.4  | 5%        |
| 3    | Germany     | 14.2           | 22.6    | 36.7  | 5%        |
| 4    | Bangladesh  | 4.3            | 31.5    | 35.7  | 5%        |
| 5    | Italy       | 10.0           | 20.4    | 30.4  | 4%        |
| 6    | India       | 17.4           | 12.2    | 29.6  | 4%        |
| 7    | Turkey      | 12.1           | 15.0    | 27.0  | 3%        |
| 8    | USA         | 18.7           | 4.1     | 22.8  | 3%        |
| 9    | Netherlands | 5.2            | 11.1    | 16.2  | 2%        |
| 10   | Spain       | 4.2            | 11.6    | 15.8  | 2%        |
|      | ROW         | 101.2          | 124.5   | 225.8 | 29%       |
|      | Total       | 358.6          | 415.8   | 774.4 |           |

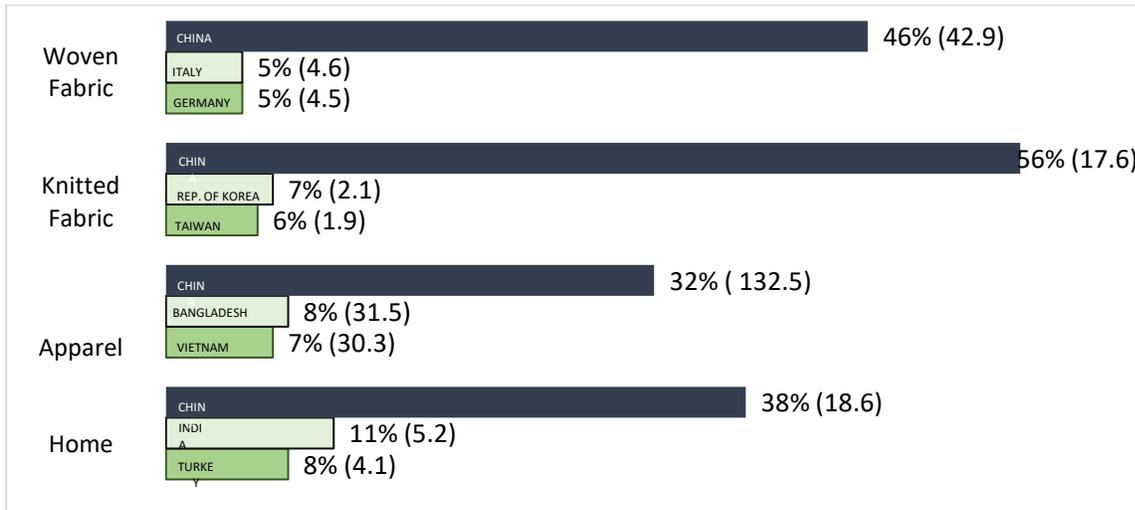
Source: UN Comtrade and Wazir Analysis

Category wise Leading Exporters

China was the leading T&A exporter of manmade staple fiber, MMF spun yarn and MMF filament yarn in 2020, with a market share of 17%, 36% and 35%, respectively. USA and India were the leading exporters of natural fibers and natural spun yarn categories with a market share of 30% and 23%, respectively. China was the leading exporter of fabrics (both knitted and woven), apparel and home textiles in 2020. In apparel category, Bangladesh & Vietnam are competing closely as 2<sup>nd</sup> & 3<sup>rd</sup> largest exporters.

Figure 2: Category wise leading Exporters 2020 Share % (Values in US\$ bn.)





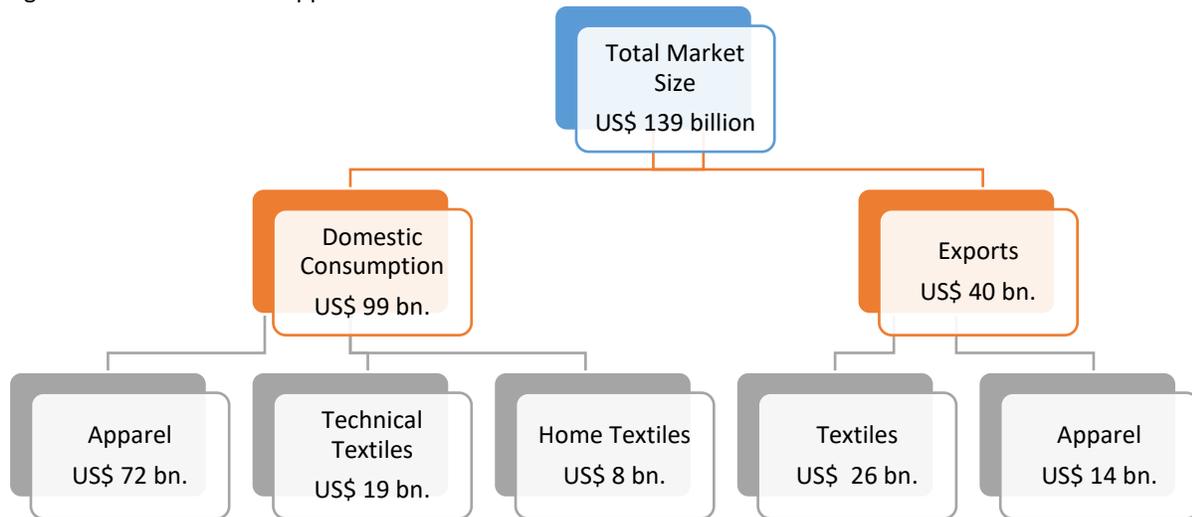
Source – UN Comtrade & Wazir Analysis

### Indian T&A Market Overview

#### Domestic Textile & Apparel Markets

Indian domestic textile and apparel market is estimated to be US\$ 99 bn in 2021-22 which has recovered 30% from 2020-21. Before the pandemic, India's domestic textile and apparel market was growing at a CAGR of about 9% measured since 2010, nevertheless, the market is expected to recover and continue with 10% growth post pandemic and reach US\$ 190 billion by 2025.

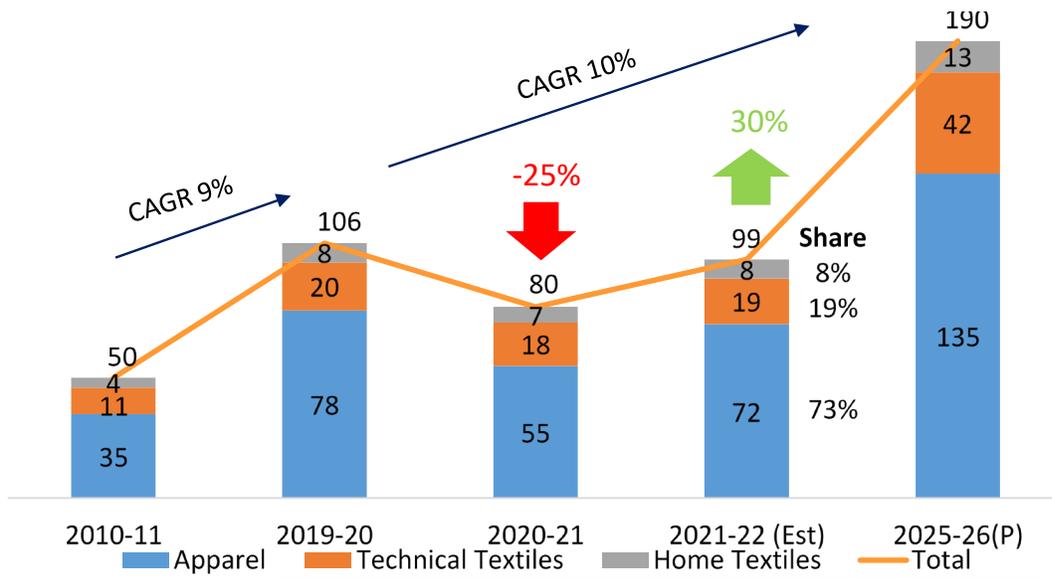
Figure 3: Indian Textile & Apparel Market



Source: Published Reports & Wazir Analysis

Overall CAGR and segment wise market size is shown in figure below:

Figure 4: India's Domestic Textile & Apparel Market (Values in US\$ Billion)

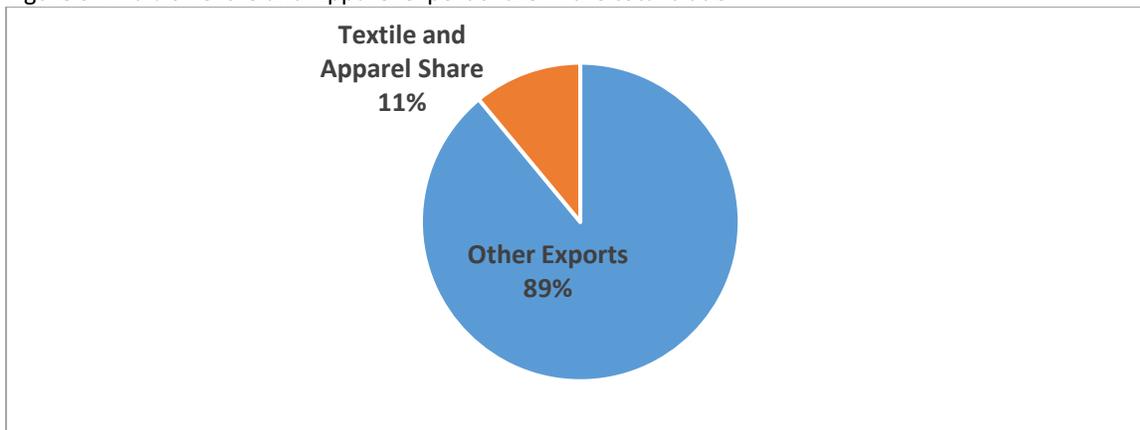


Source: Wazir Analysis

#### India Textile and Apparel Export Scenario

Textile and apparel sector are a major contributor to India's total export earnings. Currently, it contributes to 11% of total export earnings of US\$ 276 billion.

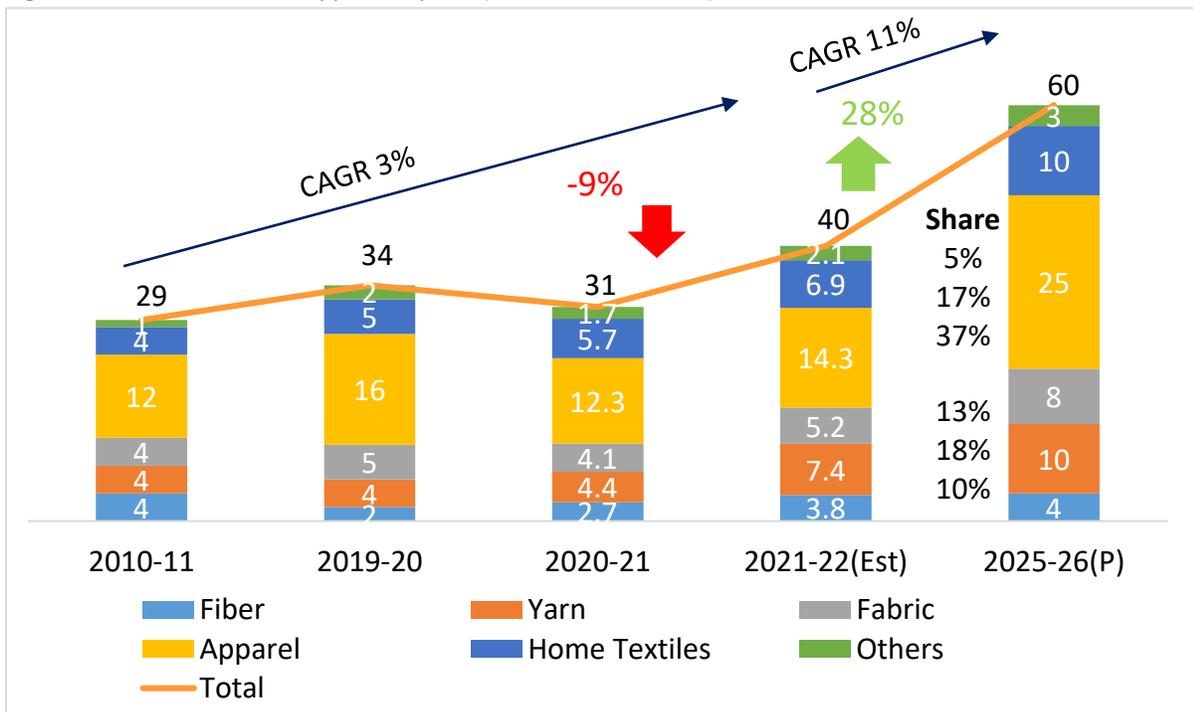
Figure 5: India's Textile and Apparel export share in the total trade



Source: DGCI&S & Wazir Analysis

India's T&A exports were US\$ 31 bn. in 2020-21 and are estimated to be US\$ 40 bn. in 2021-22, a growth of approx. 28%. The exports are expected to reach US\$ 60 bn. in 2025-26, growing at a CAGR of 10% from 2021-22.

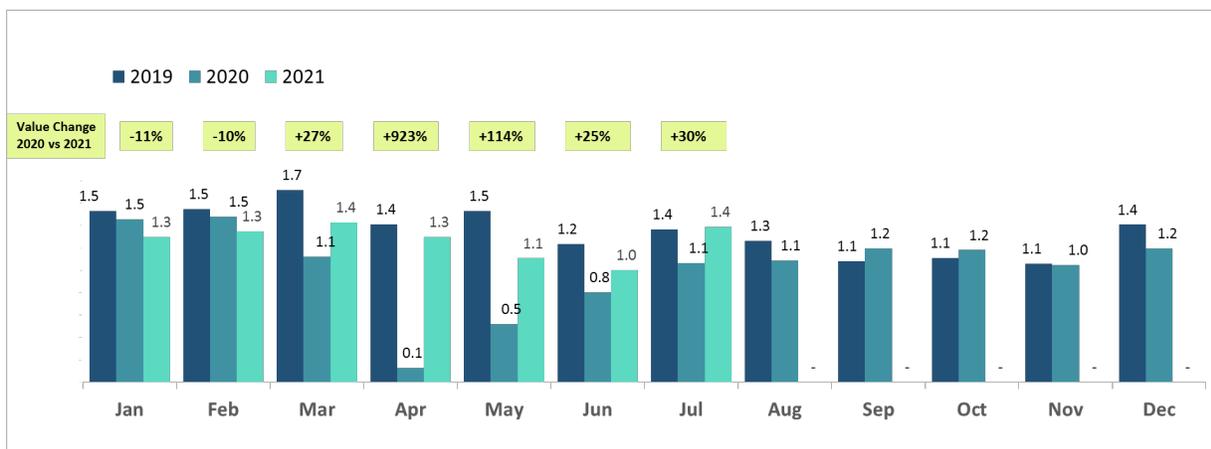
Figure 6: Indian Textile and Apparel Exports (Values in US\$ billion)



Source: DGCI&S & Wazir Analysis

Post COVID Market Recovery

Apparel market has shown promising recovery in the post COVID months. After the drastic drop of exports in April 2020 due to COVID induced nation-wide lockdown, the apparel market has been showing constant recovery and is expected to grow further in the future.



Source: DGCI&S & Wazir Analysis

### Indian Textile and Apparel Exports are growing in FY21

In the first quarter of the financial year, Q1 FY22 the India's exports has registered a good recovery across all the textile & apparel sector where fiber and yarn performed the best. Overall T&A exports have shown a growth CAGR of 6% in Q1 FY22 compared to Q1 FY20, recovering from the extreme low exports seen in Q1 FY21. Fiber and Yarn witnessed the highest CAGR of 69% and 26% respectively in Q1 FY22 compared to Q1 FY20, this is largely driven by the recent increase in cotton fiber demand and due the impact of the recent ban by USA on Xinjiang, China cotton

The yarn export of India has recovered by more than 100% over Q1 FY21 and 26% growth over Q1 FY20. As shown in the table below, the growth is observed across all the sectors with fiber and yarn performing exceptionally well. After a down side of nearly 4-5 years the yarn segment finally gained the potential in the global market and outperformed the competing nations. The biggest market for yarn in Q1 FY22 were China and Bangladesh.

Table 3: India's T&A Exports (US\$ Mn)

| Category     | FY20          | FY21          | % Change    | Q1 FY20      | Q1 FY21      | Q1 FY22      | CAGR FY20-22 |
|--------------|---------------|---------------|-------------|--------------|--------------|--------------|--------------|
| Fibre        | 1,892         | 2,686         | 42%         | 381          | 314          | 1,086        | 69%          |
| Filament     | 1,162         | 827           | -29%        | 299          | 97           | 375          | 12%          |
| Yarn         | 3,501         | 3,408         | -3%         | 886          | 533          | 1,398        | 26%          |
| Fabric       | 5,065         | 4,102         | -19%        | 1,189        | 504          | 1,290        | 4%           |
| Apparel      | 15,509        | 12,289        | -21%        | 4,172        | 1,448        | 3,408        | -10%         |
| Home Textile | 5,272         | 5,728         | 9%          | 1,327        | 714          | 1,610        | 10%          |
| Others       | 1,818         | 1,857         | 2%          | 449          | 245          | 531          | 9%           |
| <b>Total</b> | <b>34,220</b> | <b>30,899</b> | <b>-10%</b> | <b>8,704</b> | <b>3,856</b> | <b>9,700</b> | <b>6%</b>    |

Source: DGCI&S Trade Statistics

### India's Position in Global Trade

India is the leading exporter of natural spun yarn (mainly cotton based). In several categories, it features among the top 5 global exporters – natural fiber, MMF spun yarn, filament yarn, woven fabric and home textiles. MMF staple fibers, knitted fabric and apparel are the categories were India lags in global rankings.

Table 4: India's Position in Global Trade

| Particulars       | Trade value 2020 (US\$ bn.) | Share in Global Trade | Position in Global Trade |
|-------------------|-----------------------------|-----------------------|--------------------------|
| Natural Fibre     | 1.9                         | 10%                   | 3rd                      |
| MMF Staple Fibre  | 0.4                         | 4%                    | 9th                      |
| Staple Fibre      | 2.3                         | 8%                    | 4th                      |
| Natural Spun Yarn | 2.7                         | 23%                   | 1st                      |
| MMF Spun Yarn     | 0.6                         | 12%                   | 3rd                      |
| Spun Yarn         | 3.3                         | 16%                   | 2nd                      |

|               |      |     |      |
|---------------|------|-----|------|
| Filament Yarn | 1.0  | 4%  | 5th  |
| Knit Fabric   | 0.4  | 1%  | 10th |
| Woven Fabric  | 3.6  | 4%  | 4th  |
| Fabrics       | 4.1  | 3%  | 6th  |
| Knit Apparel  | 6.1  | 3%  | 8th  |
| Woven Apparel | 6.1  | 3%  | 8th  |
| Apparel       | 12.2 | 3%  | 7th  |
| Home Textiles | 5.2  | 11% | 2nd  |

Source: UN Comtrade

## Yarn Industry Overview

### Global Yarn Industry Overview

Global spinning capacity is ~243 million spindles with India having the 2<sup>nd</sup> largest capacity of ~53 million spindles after China. India's spinning industry has the presence of complete textile value chain and the infrastructure to manufacture various varieties of yarn which are being used in both domestic and exports market.

Indian spinning industry is adding new 4.5 million spindles in next 18-24 months, which will further increase the overall spindles in India.

Table 5: Global Spindle Capacity

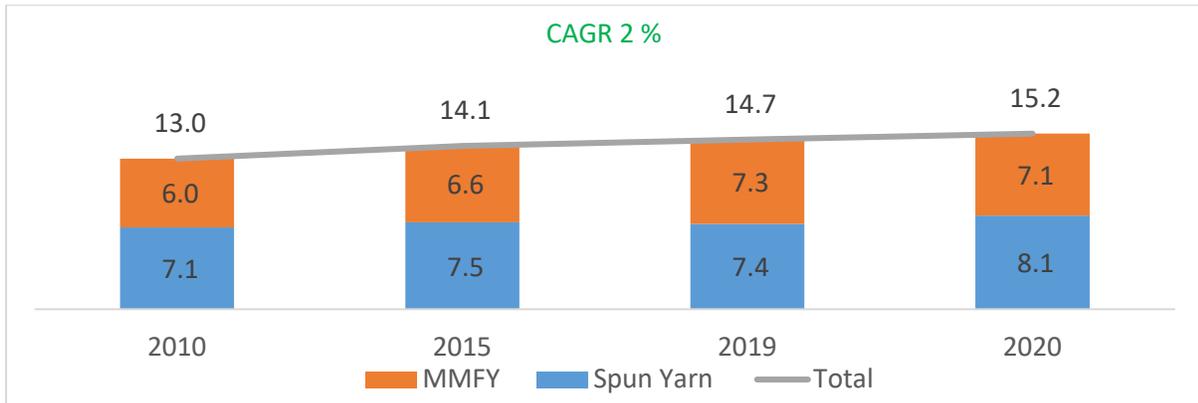
| Rank | Top -10 Countries | Spindles (Millions) |
|------|-------------------|---------------------|
| 1    | China             | 103.0               |
| 2    | India             | 53.4                |
| 3    | Pakistan          | 13.6                |
| 4    | Indonesia         | 12.3                |
| 5    | Bangladesh        | 11.9                |
| 6    | Turkey            | 8.7                 |
| 7    | Vietnam           | 7.1                 |
| 8    | Brazil            | 4.9                 |
| 9    | Thailand          | 3.8                 |
| 10   | Mexico            | 2.4                 |
|      | Other             | 21.4                |
|      | <b>Total</b>      | <b>242.7</b>        |

Source: ITMF

### Historical Trade Scenario

Global yarn exports constitute of 6% share in global T&A trade. The global yarn exports have grown at a CAGR of 2% in volume terms over the past decade to reach 15.2 billion in 2020 from 14.7 billion in 2019.

Figure 9: Global Yarn Trade Volume (Values in billion kgs)



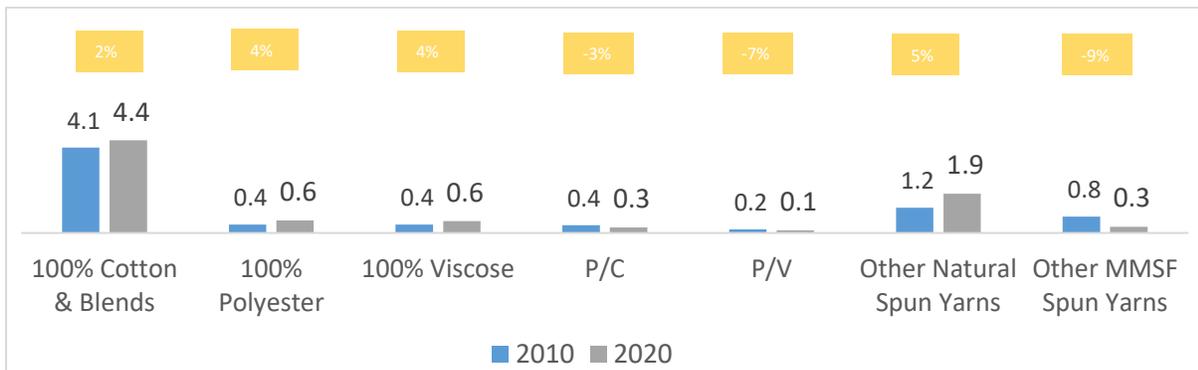
Source: UN Comtrade & Wazir Analysis

### Major Spun Yarn Categories

100% cotton and cotton blend yarns have the highest trade value in the overall global trade of spun yarn. The trade volume of this category has increased at a CAGR of 2% from a period of 2010 to 2020. The global trade volume of 100% polyester has also increased at a CAGR of 4% over the same period of time.

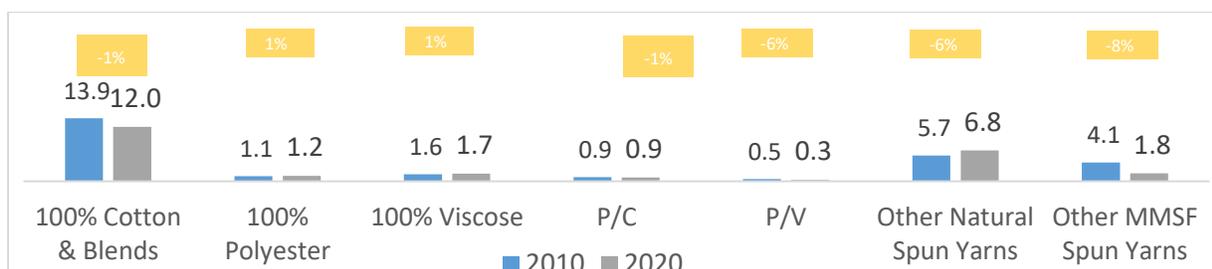
The shift in consumer preference towards affordable and comfortable clothing increases the demand for yarns which are high quality and have properties of comfortability and affordability such as cotton, cotton blends and PC blends etc. Blended varieties of fibres are also taking immense growth in the market owing to significant features of both artificial and natural yarn thus opening up new growth opportunities.

Figure 10: Spun Yarn Trade (Volume in Bn. Kgs)



Source: UN Comtrade & Wazir Analysis

Figure 11: Spun Yarn Trade (Value in US\$ Bn.)



Source: UN Comtrade & Wazir Analysis

### Global Spun Yarn Trade – Top Categories

The Global trade of Spun yarn stood at US\$ 26 billion in 2019-20. In volume terms the trade accounts to 7.4 million kgs growing at a CAGR of 1.3% in 9 years. 100% cotton carded yarn is the highest traded spun yarn category with total value of US\$ 6,562 million and volume, 2,692 million kgs. Among others, the highest categories are 100% cotton- Combed, 100% polyester, 1005 viscose and Polyester cotton Blended yarn.

Table 6: Global Trade of Top spun Yarn Categories

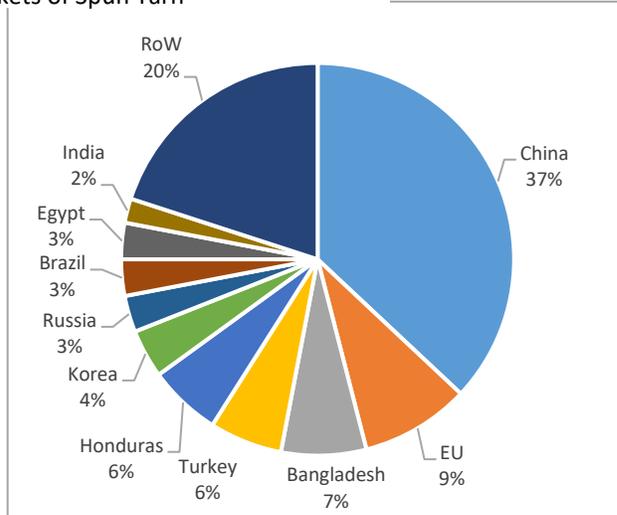
| Sr. No. | Yarn                           | 2019-20<br>Trade Value- US\$ Mn | 2019-20 Trade Volume-<br>Mn Kg |
|---------|--------------------------------|---------------------------------|--------------------------------|
| 1       | 100% Cotton – Carded           | 6562                            | 2,692                          |
| 2       | 100% Cotton – Combed           | 5505                            | 1,485                          |
| 3       | 100% Poly                      | 1588                            | 689                            |
| 4       | 100% Viscose Rayon             | 1476                            | 458                            |
| 5       | P/C                            | 1067                            | 418                            |
| 6       | Cotton Blends – Carded         | 682                             | 288                            |
| 7       | Cotton Blends – Combed         | 876                             | 240                            |
| 8       | P/V                            | 425                             | 170                            |
| 9       | <b>Other Natural Spun Yarn</b> | <b>4945</b>                     | <b>750</b>                     |
| i       | Linen Yarn                     | 456                             | 46                             |
| ii      | Other Natural Spun             | 4489                            | 704                            |
| 10      | <b>Other MMF/MMF Blend</b>     | <b>3411</b>                     | <b>618</b>                     |
| i       | 100% Acrylic                   | 1085                            | 240                            |
| ii      | 100% Nylon                     | 317                             | 26                             |
| iii     | Acrylic Wool                   | 220                             | 20                             |
| iv      | Acrylic Cotton                 | 106                             | 20                             |
| v       | Viscose Cotton                 | 58                              | 14                             |
| vi      | P/W                            | 84                              | 7                              |
| vii     | Others*                        | 1542                            | 292                            |
|         | <b>Total</b>                   | <b>26,537</b>                   | <b>7,404</b>                   |

Source: UN Comtrade & Wazir Analysis

### Major Markets and Suppliers of Spun Yarn

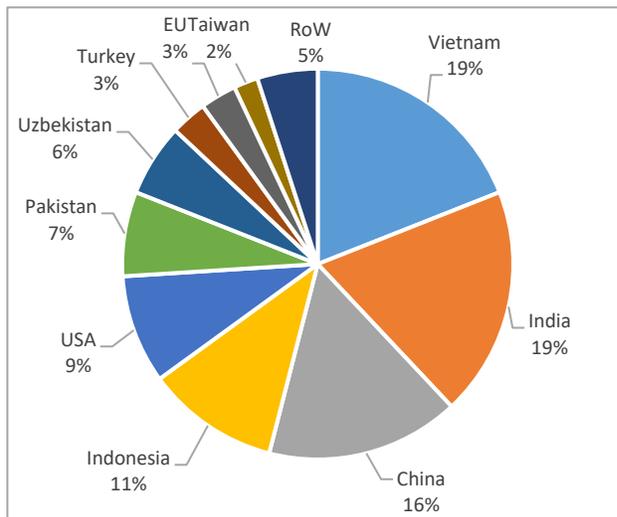
Polyester and cotton are widely used textile yarn products in the world. China with a share of 37% is the largest market of spun yarn, followed by EU (9%) and Bangladesh with a share of 7%. Vietnam and India are the largest suppliers of spun yarn with a total share of 38%. Asia-Pacific is the leading region for exports in the global textile yarn market.

Figure12: Major Markets of Spun Yarn\*



Source: UN Comtrade & Wazir Analysis

Figure 13: Major Suppliers of Spun Yarn\*

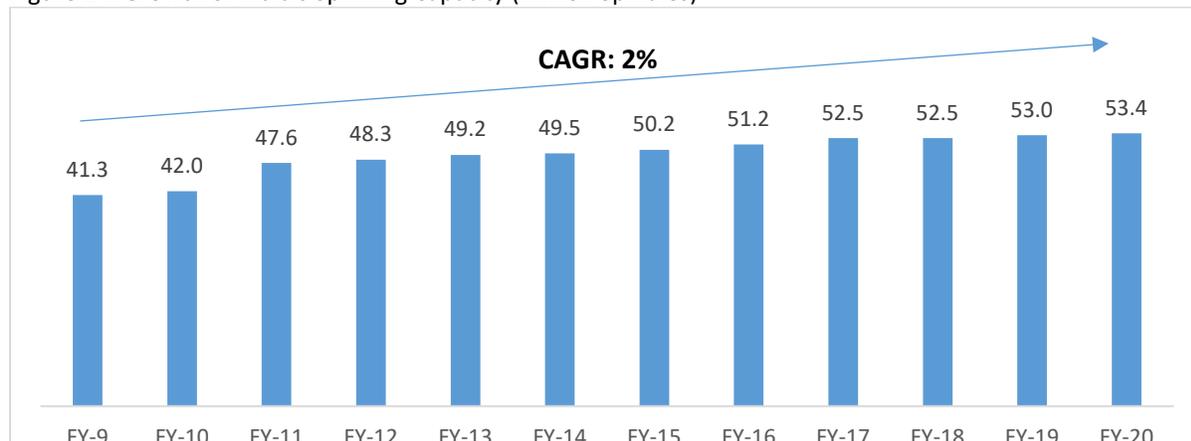


\*100% cotton & blends, 100% polyester, 100% viscose, PC and PV

### Indian Yarn Industry Overview

The spinning capacity of India has been continuously growing owing to the growing global demand of yarn for textile & apparel products. The spindle capacity has grown at a CAGR of 2% since FY-09 to reach ~53.4 million spindles in FY 20.

Figure 14: Growth of India's Spinning Capacity (Million Spindles)



Source: Office of Textile Commissioner and ITMF

### Working Capacity of Spindles in India

Out of the total installation of 53 million. Spindles, approx. 86% of the spindles that is 46 million are currently in working condition and rest 14% are either obsolete or stopped due to breakdown or unviability of the spinning mill. Out of the total working spindle capacity, 67% of the spindles are up to 15-year-old and rest 33% are more than 15-year-old which need to be modernized.

Table 7: Vintage of installed working spindle capacity of India

|   |      |     |
|---|------|-----|
| Total Installed capacity till date (Million spindles)           | 53.4 |     |
| No. of working spindles   | 46   | 86% |
| Age of the machines: upto 15 years                              | 31   | 67% |
| Age of the machines: more than 15 years (need to be modernised) | 15   | 33% |

Source: SIMA

### Yarn Production

India's total spun yarn production was 5,713 million kg in 2019-20, while the Polyester Filament Yarn (PFY) production 3,934 million kg. The cotton spun yarn production has grown by a CAGR of 3% in 10 years whereas other blended spun yarns has grown by 4%. Overall, the spun yarn production has grown by CAGR 3% in last 10 years.

Table 8: Yarn Production in India

| Yarn   | Production (Million kg) |              | Share 2019-20 (%) | CAGR 2010-20 (%) |
|--|-------------------------|--------------|-------------------|------------------|
|  | 2009-10                 | 2019-20      |                   |                  |
| <b>Cotton Spun Yarn</b>                      | 3036                    | 3,996        | 70%               | 3%               |
| <b>Blended and 100% non-cotton spun yarn</b> | 1,116                   | 1,663        | 30%               | 4%               |
| <b>Total Spun Yarn</b>                       | <b>4,152</b>            | <b>5,713</b> | <b>100%</b>       | 3%               |
| <b>Polyester Filament Yarn</b>               | 1,540                   | 3,934        | -                 | 10%              |

Source: Office of Textile Commissioner, Govt. of India and Wazir Analysis

#### Trade Scenario and Market Outlook and India Yarn Industry

In 2019-20, India's total yarn exports stood at US\$ 3,680 million growing at a CAGR of 0.1% from last 9 years. India's cotton spun yarn has grown at a descent CAGR of 6% during the same period.

Table 9: India's spun yarn exports - Major Categories

| Sr. No.   | Yarn                           | 2009-10<br>Trade Volume – Mn Kgs | 2019-20 Trade<br>Volume – Mn Kgs | 9 Year<br>CAGR<br>(Volume) |
|-----------|--------------------------------|----------------------------------|----------------------------------|----------------------------|
| 1         | 100% Cotton – Combed           | 655                              | 667                              | 0.20%                      |
| 2         | 100% Cotton - Carded           | 259                              | 311                              | 2%                         |
| 3         | P/C                            | 48                               | 70                               | 4%                         |
| 4         | 100% Poly                      | 29                               | 55                               | 7%                         |
| 5         | P/V                            | 57                               | 40                               | -4%                        |
| 6         | 100% Viscose Rayon             | 43                               | 30                               | -4%                        |
| 7         | Cotton Blends – Combed         | 1                                | 14                               | 22%                        |
| 8         | Cotton Blends – Carded         | 2                                | 7                                | 12%                        |
| <b>9</b>  | <b>Other Natural Spun Yarn</b> | <b>81</b>                        | <b>17</b>                        | <b>-19%</b>                |
| i         | Linen Yarn                     | 0                                | 0.91                             | 25%                        |
| ii        | Other Natural Spun Yarn        | 83                               | 16                               | -20%                       |
| <b>10</b> | <b>Other MMF/MMF Blend</b>     | <b>17</b>                        | <b>39</b>                        | <b>9%</b>                  |
| i         | 100% Acrylic                   | 5                                | 20                               | 14%                        |
| ii        | P/W                            | 1                                | 1                                | -2%                        |
| iii       | Viscose Cotton                 | 4                                | 4                                | -0.50%                     |
| iv        | Acrylic Cotton                 | 2                                | 4                                | 9%                         |
| v         | 100% Nylon                     | 0                                | 1                                | 21%                        |
| vi        | Acrylic Wool                   | 0                                | 0.2                              | 45%                        |
| vii       | Others                         | 3                                | 9                                | 10%                        |
|           | <b>Total</b>                   | <b>1,239</b>                     | <b>1,250</b>                     | 0.1%                       |

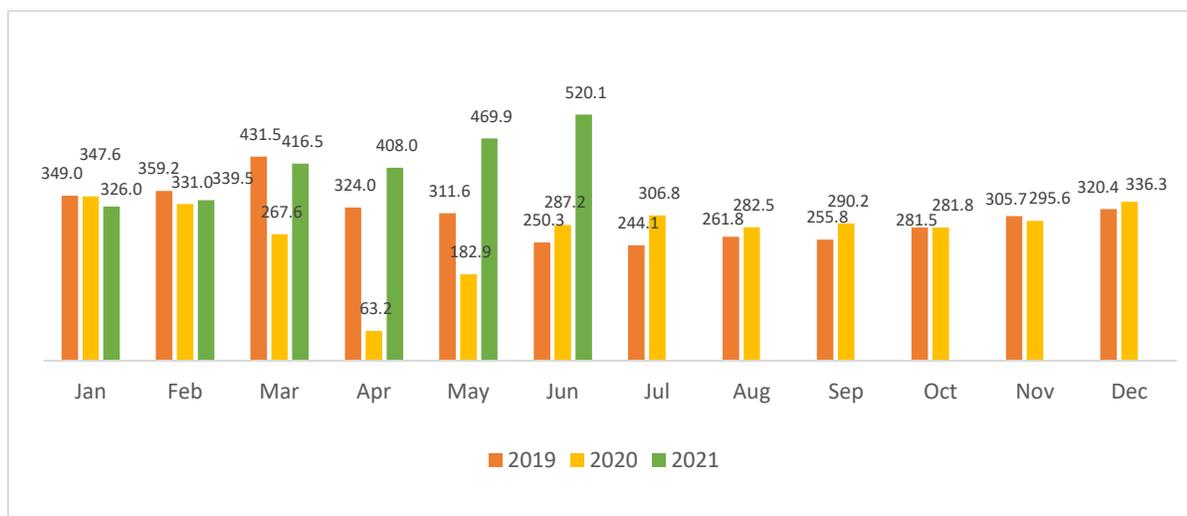
Source: UN Comtrade

100% cotton combed yarn is the highest exported yarn category from India followed by 100% cotton carded yarn, which is contrary to the global trend of spun yarn. P/C and 100% polyester yarn also have significant share in export volume both growing at CAGR 4% and 7% respectively.

### 3.10 Market outlook and Current Yarn Exports scenario of India

The spun yarn market has seen a good recovery in the past few months. On Year- to- date bases the spun yarn market has recovered above 100% as compared to last year and also registered 11% growth over year 2019.

Figure 15: Monthly Spun yarn exports of India (Values in US\$ Mn)



Source:

DGCI&S and Wazir Analysis

#### India's Spun Yarn Exports

In 2020-21, India's total yarn exports stood at US\$ 4,329 million compared to US\$ 5,651 million in 2015-16. Exports of spun yarn has declined at a CAGR of 4% since 2015-16 while that of Manmade filament yarn declined at 8%. An overall decline of 5% was observed from the year 2015 to 2020 in the CAGR %.

Table 10: India's Yarn Exports (Values in US\$ million)

| Fiber                        | Exports |         | Share 2020-21 (%) | CAGR 2015-20 (%) |
|------------------------------|---------|---------|-------------------|------------------|
|                              | 2015-16 | 2020-21 |                   |                  |
| Cotton spun yarn             | 3572    | 2807    | 65%               | -5%              |
| Manmade spun yarn            | 671     | 598     | 14%               | -2%              |
| Other spun yarn (Silk, Jute) | 122     | 97      | 2%                | -5%              |
| Spun Yarn                    | 4366    | 3501    | 81%               | -4%              |
| Viscose filament yarn        | 52      | 25      | 1%                | -14%             |
| Polyester filament yarn      | 914     | 730     | 17%               | -4%              |
| Nylon filament yarn          | 10      | 21      | 0.5%              | 16%              |
| Others                       | 309     | 51      | 1%                | -30%             |
| Manmade Filament Yarn        | 1285    | 827     | 19%               | -8%              |
| Total Yarn                   | 5651    | 4329    |                   | -5%              |

Source: DGCI&S and Wazir Analysis

### India's Spun Yarn Imports

India imported US\$ 1,254 million worth of yarn in 2020-21. Compared to 2015-16 the import profile in 2020-21 is substantially different with very high growth in certain categories (manmade spun yarn, VFY and PFY) and very high decline in others (cotton and nylon). MMF yarn imports and Viscose Filament Yarn saw a 17% and 19% growth respectively during the same period.

Table 11: India's Yarn Imports (Values in US\$ million)

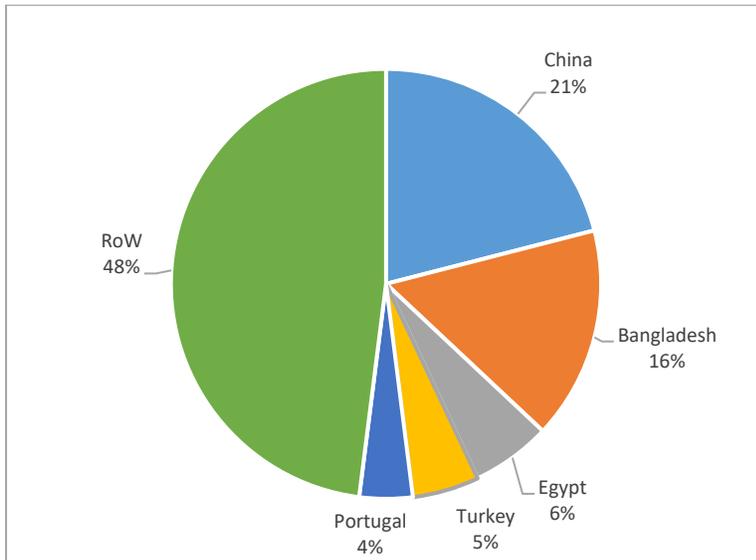
| Fiber                           | Imports |         | Share 2020-21 (%) | CAGR 2015-20 (%) |
|---------------------------------|---------|---------|-------------------|------------------|
|                                 | 2015-16 | 2020-21 |                   |                  |
| Cotton spun yarn                | 42      | 17      | 1%                | -17%             |
| Manmade spun yarn               | 177     | 395     | 31%               | 17%              |
| Other spun yarn<br>(Silk, Jute) | 239     | 93      | 7%                | -17%             |
| Spun Yarn                       | 459     | 505     | 40%               | 2%               |
| Viscose filament yarn           | 58      | 141     | 11%               | 19%              |
| Polyester filament yarn         | 127     | 261     | 21%               | 16%              |
| Nylon filament yarn             | 76      | 41      | 3%                | -12%             |
| Others                          | 322     | 306     | 24%               | -1%              |
| Manmade Filament Yarn           | 583     | 749     | 60%               | 5%               |
| Total Yarn                      | 1042    | 1254    | -                 | 4%               |

Source: DGCI&S and Wazir Analysis

### Major Markets for India and Major Suppliers of Spun Yarn to India

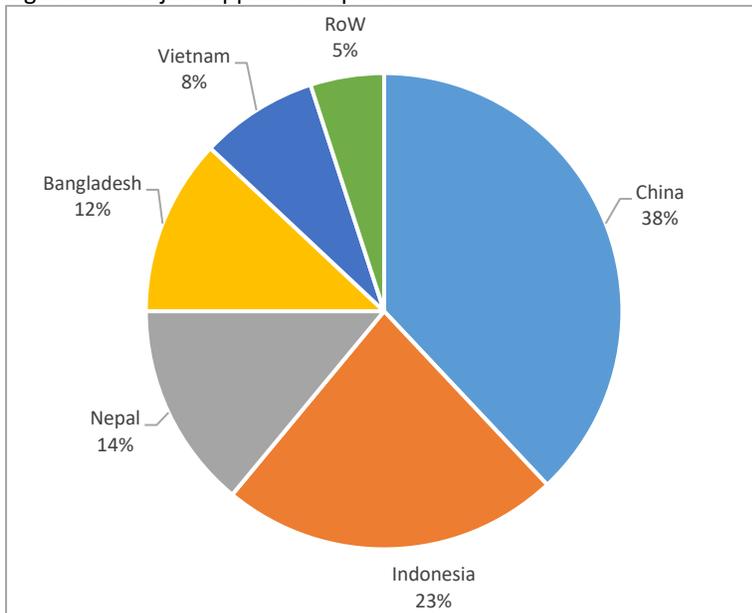
China, Bangladesh and Egypt are the largest markets of spun yarn for India with a share of 21%, 16% and 6% respectively. 95% of total imports of spun yarn in India will be done by top 5 suppliers, rest 5% imports were done by rest of the world in 2019. China with a share of 38% was the largest supplier of spun yarn to India.

Figure 16. Major Markets of Spun Yarn



Source: UN Comtrade and Wazir Analysis

Figure 17: Major Suppliers of Spun Yarn



Source: UN Comtrade and Wazir Analysis

**India's Fabric Production, Import & Export Scenario**

Total fabric production in 2019-20 was 76,288 mn. sq. m. which has grown at a CAGR of 4% since 2015-16. Mill sector occupied 3% share. Its output has declined at a CAGR of 3% since 2015-16.

Table 12: Fabric Production (Values in mn. sq. m)

| Fabric                                 | Production |         | Share 2019-20 (%) | CAGR 2015-19 (%) |
|--|------------|---------|-------------------|------------------|
|  | 2015-16    | 2019-20 |                   |                  |
| Mill Sector                            | 2,315      | 2,022   | 3%                | -3%              |
| Decentralized Sector                   | 62,269     | 74,266  | 97%               | 5%               |
| Grand Total (Excl. Khadi, Wool & Silk) | 64,584     | 76,288  |                   | 4%               |

Source: Ministry of Textiles, Govt. of India & Wazir Analysis

India exported fabric worth US\$ 4 bn. in 2020-21 which has declined at 3% CAGR since 2015-16. Woven fabric comprised 88% of the total fabric exports in 2020-21. However, exports of knitted fabric have grown at 15% CAGR since 2015-16.

Table 13: Fabric Exports (Values in mn. sq. m)

| Fabric          | Exports |         | Share 2020-21 (%) | CAGR 2015-20 (%) |
|-----------------|---------|---------|-------------------|------------------|
|                 | 2015-16 | 2020-21 |                   |                  |
| Cotton Woven    | 1750    | 1613    | 39%               | -2%              |
| Synthetic Woven | 2088    | 1192    | 29%               | -11%             |
| Other Woven     | 713     | 816     | 20%               | 3%               |
| Woven Fabric    | 4551    | 3623    | 88%               | -4%              |
| Knitted Fabric  | 240     | 482     | 12%               | 15%              |
| Total Fabric    | 4791    | 4106    |                   | -3%              |

Source: DGCI&S and Wazir Analysis

India imported fabric in year 2020-21 worth US\$ 1,703 Mn. which has decreased at 2% CAGR since 2015-16. Imports of total woven fabric has decreased at 4% CAGR since 2015-16. Imports of knitted fabric have increased at 4% CAGR since 2015-16.

Table 14: Fabric Imports (Values in mn. sq. m)

| Fabric          | Imports |         | Share 2020-21 (%) | CAGR 2015-20 (%) |
|-----------------|---------|---------|-------------------|------------------|
|                 | 2015-16 | 2020-21 |                   |                  |
| Cotton Woven    | 163     | 107     | 6%                | -8%              |
| Synthetic Woven | 712     | 627     | 37%               | -2%              |
| Other Woven     | 630     | 484     | 28%               | -5%              |
| Woven Fabric    | 1505    | 1218    | 72%               | -4%              |
| Knitted Fabric  | 394     | 485     | 28%               | 4%               |

|              |      |      |  |     |
|--------------|------|------|--|-----|
| Total Fabric | 1899 | 1703 |  | -2% |
|--------------|------|------|--|-----|

Source: DGCI&S and Wazir Analysis

### Sustainability in Organic Cotton

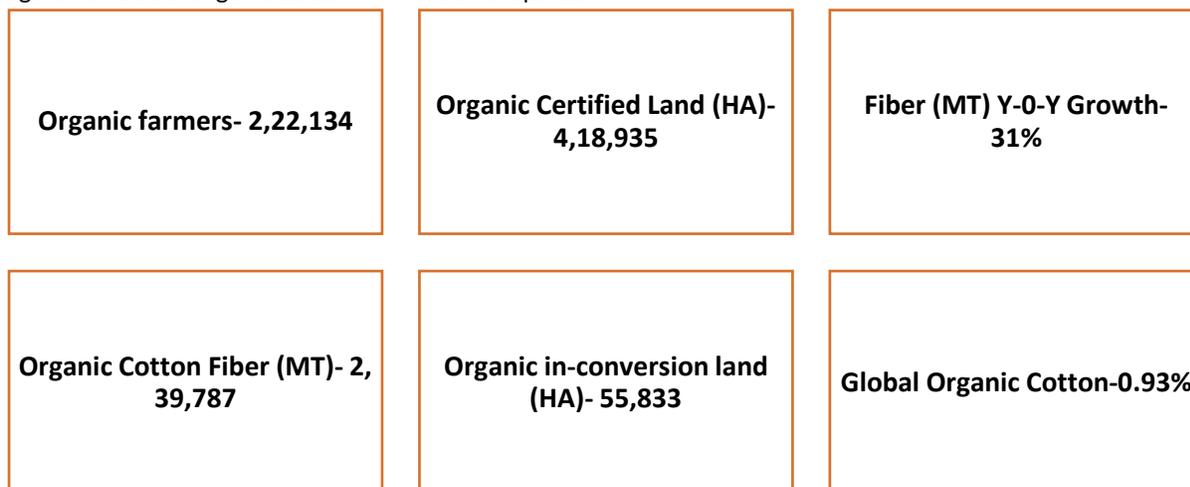
#### About Organic Cotton

Organic agriculture started as a response to biodiversity loss, symbolized by the decline of the American bald eagle due to the heavy use of toxic pesticides in the 1950s. Fast-forward and we find ourselves amid a global pandemic- again, a result of our continued degradation and destruction of biodiversity. COVID-19 is another, albeit more powerful, reminder of the fundamental importance that a functioning "web of nature" is to our survival.

Global organic cotton production rose 56 percent in the year 2017-18 and continued with a further 31 percent growth in 2018-2019. Estimates show this will continue to increase by more than 10 percent year on year in the next few years. Global production reached 239,787 MT, which is just shy of the largest ever organic cotton harvest, seen since 2009-10.

Globally, an estimated 222,134 farmers were growing certified organic cotton in 2018-19, spread across 19 countries and 418,935 ha of certified land. India was by far the biggest contributor to the global growth seen in 2018-19, adding 37,138 MT to the global total. Turkey was also a significant contributor, followed by Tajikistan, China and Uganda. India and Pakistan had the most land in conversion to organic cotton in 2018-19, with 23,251 ha and 17,632 ha, respectively, followed by Turkey, Greece, and Tajikistan.

Figure 18: Global Organic Cotton Production Snapshot



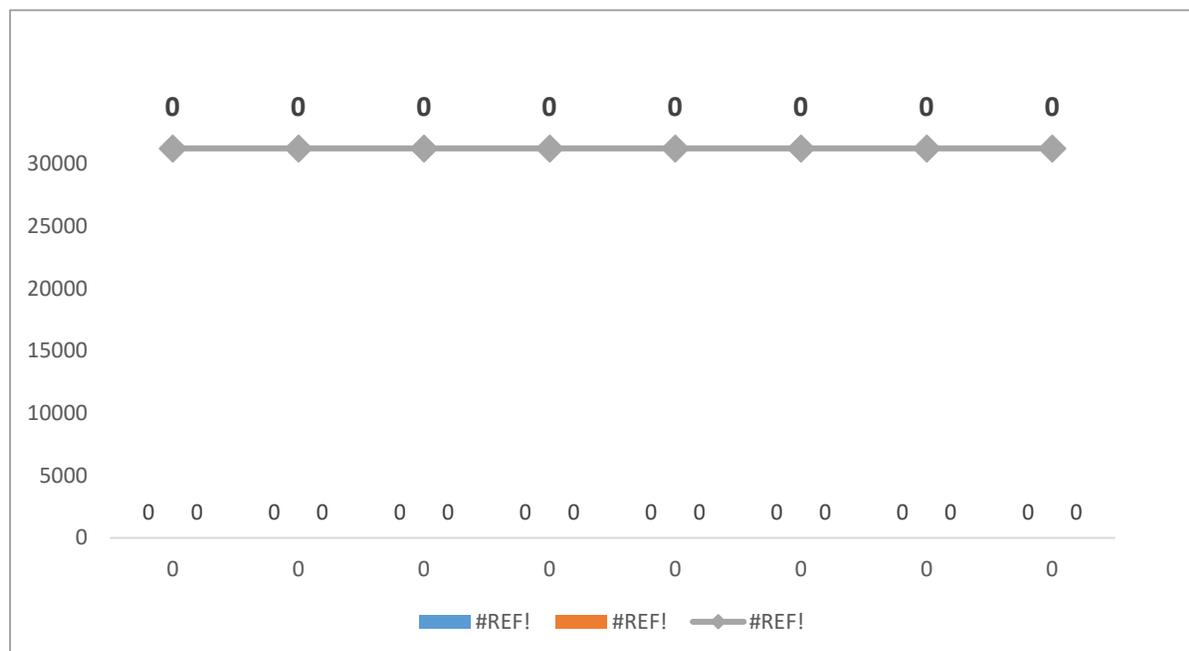
Source: Textile Exchange Organic Cotton Market Report 2020 & Wazir Analysis

#### Global Scenario of Organic Cotton

The Global Fibre market is dominated by synthetic fibres since the mid 1990's. Cotton is the second most important fibre in terms of volume. With about 26 million tonnes, it had a market share of approximately 24 percent of global fibre production in 2020.

The market share of preferred cotton increased from 24 percent of the total cotton production in 2018-19 to 30 percent in 2019-20. This growth equals an increase in global production volume of preferred cotton from 6.4 million tonnes in 2018-19 to 7.8 million tonnes in 2019-20.

Figure 19: Global Cotton Fibre Production (Values in '000 tonnes)



Source:  
Textile

Exchange Report 2021 and Wazir Analysis

Preferred virgin cotton includes ABRAPA, BASF e3, Better Cotton Initiative (BCI), Cleaner Cotton, Cotton made in Africa (CmiA), Fairtrade, Fairtrade Organic, Field to Market, In-Conversion Cotton (Transitional in USA), ISCC, myBMP, Organic, REEL Cotton, Regenerative Organic Certified (ROC), and the United States Cotton Trust Protocol (USCTP).

Global Preferred Cotton Production

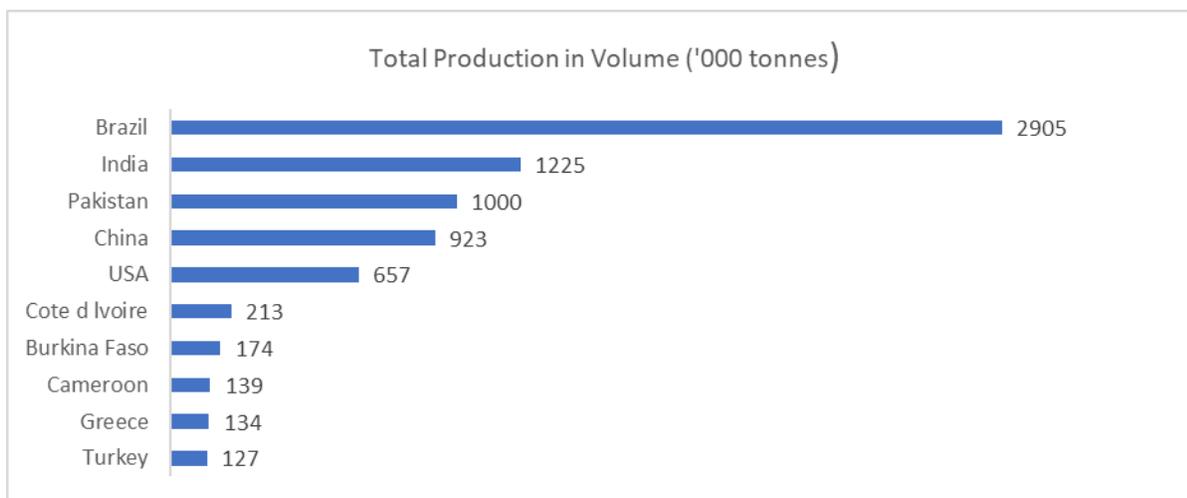
Preferred cotton has grown by more than 2.9 million farmers on more than 7.8 million hectares of land in 32 countries. The 10 largest preferred cotton-producing countries in 2019- 20 produced around 97 percent of the global preferred cotton: Brazil (37%), India (16%), Pakistan (13%), China (12%), USA (8%), Côte d’Ivoire (3%), Burkina Faso (2%), Cameroon (2%), Greece (2%), and Turkey (2%).

**Expansion to new countries**-For the first time, organic cotton was also produced in Uzbekistan, thanks to a GIZ supported project. Organic cotton was also produced in Senegal again in 2019-20 after it temporarily dropped out of certification the year before.

CMAI expanded its program to Chad, and REEL cotton to Bangladesh. Field to Market and USCTP cotton was produced in the USA in 2019- 20 for the first time where BCI, BASF e3, organic, and Cleaner Cotton are produced as well. Compared to the 2018-19 cotton season, the global preferred cotton production volume increased by 24 percent in 2019-20.

In 10 countries, the market share of preferred cotton was between 50 to 100 percent of the total cotton production in the country: Brazil, Burkina Faso, Cameroon, Chad, Côte d’Ivoire, Israel, Kyrgyzstan, Mozambique, Pakistan, and Zambia,

Figure 20: Top 10 Preferred Cotton Producing Countries



Source: Textile Exchange Report 2021 & Wazir Analysis

### Market Scenario of Organic Cotton

Brands and retailers are increasingly being held accountable for what happens throughout the value chain. The ability to map the materials value chain is not only critical for due diligence but core to tracking progress towards Textile Exchange Climate+ strategic direction and the Sustainable Development Goals. Accelerating the transition to preferred cotton needs the commitment, action, and collaboration of multiple stakeholders.

**Overall industry goal** - The vision of the 2025 Sustainable Cotton Challenge is that more than 50 percent of the world's cotton in 2025 is converted to more sustainable growing methods, defined as grown according to a clear list of recognized programs.

In the last five years, the market share of preferred cotton increased from 13 percent in 2015/16 to 30 percent in 2019/20. The industry is thus on a good track, but a further significant increase in the uptake of preferred cotton is required in order to meet the goal to grow 50 percent according to the recognized programs by 2025.

The aim is also to drive continuous improvement across the programs. A focus will be the dissemination of best practices for soils and implementing regenerative practices, which put carbon back into the soil to mitigate and reduce the climate crisis.

While the majority of the top 100 apparel brands have sustainable material targets in place, according to a 2019 UNECE study, only about 34 percent of companies track and trace their value chains, of which half have visibility only up to their immediate suppliers.

More than 127 recognised brands and suppliers have pledged to source 100 percent of their cotton from the most sustainable sources by 2025.

### Recent Trends in Global T&A Industry Impacting the Market

- **Increasing Cost of Manufacturing in China:** The cost of manufacturing is increasing in China and making it difficult for the country to remain cost competitive. Hence, due to the increasing cost buyers are looking for other cost-effective manufacturing destinations which can offer better quality and possess the ability to serve as one stop solution.
- **Ban on Cotton from Xinjiang, China:** The ban on cotton imports from Xinjiang, China led to a global surge in demand of cotton and yarn. The buyers have moved out of China which resulted in significant increasing in India's cotton T&A exports as well. Since, India is a major cotton and cotton yarn producer, a major share of market from China is likely to shifting to India

- Rise of Comfort Wear: The pandemic has also boosted in rise of Comfort wear apparels as people are staying and working from home, comfort clothing is something that people are preferring for their day-to-day life. Besides this there has also been a general trend in consumers looking for more comfort across all garment categories. Hence the yarns with stretch properties are getting more widely used across categories.
- Increasing Demand of Home Textiles: With the revival of global market demand there has been an uptick in home textiles consumption and accordingly demand for yarn used in home textiles is also increasing.
- Shift to Sustainability: There is also an increased focus on Sustainability and circular economy, buyers across the world are focusing on becoming net negative in carbon footprint. This has led to a shift in buyer's preference which is more focused on sustainable, recycled and organic products and green manufacturing practices.

### **An overview of government policies and regulatory framework in the industry**

#### **Foreign Trade Policy for 2015-20**

- On April 1, 2015, the government announced the new Foreign Trade Policy (FTP) for 2015-2020. This policy provides a framework for increasing exports of goods and services with a target of \$900 billion by 2020. The policy introduced two new schemes:
- Services Exports from India Scheme (SEIS) to boost exports of notified services. The rates of rewards under SEIS will range from 3% to 5%, compared with 5% to 10% earlier
- Merchandise Exports from India Scheme (MEIS), targeting the export of specified goods to specified markets. The rates of rewards under MEIS will range in 2-5%, compared with 2-7% earlier

Some of the policy highlights are as follows:

- MEIS is the merger of five schemes – Focus Product Scheme, Market-Linked Focus Product Scheme, Focus Market Scheme, Agricultural Infrastructure Incentive Scrip, and VKGUY for rewarding merchandise exports.
- The main objective of MEIS is to offset infrastructural inefficiencies and associated costs involved in the export of India-manufactured goods/products, especially those having high export intensity and employment potential, thereby enhancing India's export competitiveness
- The textile sector has been granted duty scrips of 2% for mainstream cotton textile products and 5% for handloom, carpet, and coir products. However, cotton yarn does not get any benefit
- Further, a 2% incentive for man-made fibre yarn as well as woven and knitted fabric is applicable only for exports to the EU, the US, Canada, and Japan.

#### **Remission of Duties or Taxes on Export Product (RoDTEP)**

The government of India introduced a new scheme, named RoDTEP, in September 2019 and released a budget allocation of Rs 500 billion by March 13, 2020, in a move to replace MEIS (which ends in December 2019) and RoSL (only refunds state taxes). The new scheme is in terms with the conditions of the WTO, where incentives cannot be provided, but the taxes incurred during the process can be refunded. Hence, the government plans to refund all state (RoSL) and Central government taxes incurred by the export players during the manufacturing process of RMG. According to the government, this new scheme would "adequately compensate" for the current 6% (4% MEIS and 2% RMG) benefits being availed of by the RMG exporters and help them stay competitive enough in the international trade market.

The refunds under the RoDTEP scheme would be a step towards "zero-rating" of exports, along with refunds such as Drawback and IGST. Currently, GST and import/customs duties for inputs required to manufacture exported products are either exempted or refunded. However, certain taxes/duties/levies are outside GST, and are not refunded for exports, such as, VAT on fuel used in transportation, Mandi tax, and duty on electricity used during manufacturing. These would

be covered for reimbursement under the RoDTEP scheme. As and when the rates under the RoDTEP scheme are announced for a tariff line / item, the MEIS benefits from such tariff line/item will be discontinued.

### The National Textile Policy

Government policies have largely been favorable for the textile industry. The National Textile Policy (NTP) aims to ensure the industry is globally competitive in terms of manufacturing practices and exports. The last NTP announced in 2000 had the following objectives:

- Facilitate the textile industry's efforts to attain and sustain a pre-eminent standing globally in manufacturing and exporting garments
- Equip the industry to withstand import penetration pressures and maintain a dominant presence in the domestic market
- Liberalise controls and regulations to ensure different industry segments perform better in a competitive environment
- Enable the industry to build state-of-the-art manufacturing capabilities in conformity with environmental standards, and encourage foreign direct investment (FDI) for this purpose as well as research and development
- Develop a strong multi-fibre base with a thrust on product upgradation and diversification
- Sustain and strengthen traditional knowledge, skills, and capabilities of our weavers and craftsmen

To achieve these objectives, changes were made to fiscal and non-fiscal policies that affect the textile industry, and new incentives and initiatives were rolled out for the sector.

Earlier, the garment industry was reserved under the small-scale industrial sector, restricting its growth. Units could not bring in modern machinery due to a ceiling of Rs 30 million imposed on plant and machinery, resulting in poor economies of scale. However, the industry was de-reserved a few years ago with the woven sector liberalised in Union Budget 2003-04 and the knitwear sector in Union Budget 2004-05. This was an important step towards achieving the objectives of NTP 2000.

### Technology Upgradation Fund Scheme

The textile industry is capital-intensive and high interest rates in India hindered investments in the 1990s. Hence, the Ministry of Textiles launched the Technology Upgradation Fund Scheme (TUFS) in 1999 to upgrade technology at textile units. The government set aside Rs 250 billion under TUFS to support textile projects. Commencing on April 1, 1999, the scheme initially provided a 5% interest subsidy on loans taken from specified institutions for all segments within the textiles value chain. However, spinning benefited the most through TUFS. As of June 2012, spinning mills received 29% of the total funds disbursed under the scheme. The government decreased the interest rate subsidy on spinning machinery from 5% to 4% in 2011 to channelise higher investments into weaving and processing, which are important for the garment sector's growth. The interest benefit to standalone spinning units was further reduced to 2% in October 2013 under the updated scheme. Later, R-TUFS was updated and named the Revised Restructured Technology Upgradation Fund Scheme (RR-TUFS) with effect from April 1, 2012. The government approved the 'Amended Technology Upgradation Fund Scheme (ATUFS),' a new scheme on January 13, 2016. The scheme provides a one-time capital subsidy for investments in the employment- and technology-intensive segments of the textile value chain. Every individual entity will be eligible for a one-time capital subsidy as per the rates and the overall subsidy cap is indicated below

| Sr. No. | Segment  | Rate of capital investment subsidy | CIS per individual entity |
|---------|--|------------------------------------|---------------------------|
|         | Garmenting technical textiles  | 15% of eligible machines           | Rs 0.3 billion*           |
|         | Weaving for brand new shuttle less looms (including weaving preparatory and knitting), processing, jute, silk and handloom | 10% of eligible machines           | Rs 0.2 billion*           |

|  |   |                          |                 |
|--|---|--------------------------|-----------------|
|  | Composite unit/multiple segments -if the eligible capital investment with respect to garmenting and technical textiles category is more than 50% of eligible project cost | 15% of eligible machines | Rs 0.3 billion* |
|  | Composite unit/multiple segments -if the eligible capital investment with respect to garmenting and technical textiles category is less than 50% of eligible project cost | 10% of eligible machines | Rs 0.2 billion* |

*Note\*: In case the applicant had availed a subsidy earlier under RR-TUFS, he will be eligible for only the balance amount within the overall ceiling fixed for an individual entity*

An allocation of Rs 178.2 billion has been approved for seven years to meet the committed liabilities of Rs 126.7 billion and Rs 51.5 billion for new cases under ATUFS. The scheme removed the interest subsidy for capital investments and placed a cap on capital subsidy. For apparel, garment, and technical textiles, a 15% subsidy is to be provided on a capital investment up to a cap of Rs 0.3 billion. The remaining sub-sectors would be eligible for a 10% subsidy, subject to a ceiling of Rs 0.2 billion on similar lines. The ministry notified the Scheme for Production and Employment Linked Support for Garmenting Units (SPELSGU) under ATUFS to incentivise production and employment generation in the garment sector vide resolution dated July 25, 2016. The additional incentive of 10% will be provided to garment units that avail the 15% Capital Investment Subsidy (CIS) under ATUFS for the installation of eligible benchmarked machinery after a period of three years. The cap on CIS for eligible machinery in garment units has therefore been enhanced from Rs 0.3 billion, which was the cap under ATUFS, to Rs 0.5 billion. This additional subsidy of 10% will be provided when the projected production and employment generation targets are achieved.

#### **Scheme for Integrated Textile Parks**

The Scheme for Integrated Textile Parks (SITP) was launched in 2005 to provide state-of-the-art infrastructure facilities for setting up textile units. This scheme provides textile units infrastructure, including power, water, roads, and drainage system, and assistance to meet environmental norms. It is expected to attract considerable investments to set up huge integrated textile facilities. This is a positive step towards making India a hub for textile products. As per union budget 2021-22, the government has allocated Rs 800 million (budgeted estimate) under SITP.

#### **Customs duty**

The customs duty on readymade garments, home textiles, fabrics, and cotton yarn are high at 10% to protect the indigenous industry from imports. Consequently, there are hardly any imports of readymade garments in India.

#### **Key government measures in the textile sector**

##### **Performance-linked incentive (PLI) scheme**

The Government of India launched the PLI scheme across key sectors to improve manufacturing scale and increase export competitiveness in these sectors. The PLI scheme for textiles focuses on improving India's export competitiveness in MMF and technical textile segments. In both these segments, India's share of global trade is insignificant at present.

This scheme covers both brownfield and greenfield capacity expansion. In brownfield projects, the incentive is fixed at 9% for players with a turnover of Rs 1,000-4,000 million and at 7% for the first year for players with a turnover of more than Rs 4,000 million. While players need to commit a minimum investment of Rs 5,000 million in greenfield projects, they will be offered an incentive of 11% in the first year and the incentive will continue to decline by 1% over the next 5 years. The textile sector will receive Rs ~106.83 billion under the scheme which translates into a revenue potential of Rs 1.5 lakh crore at an average incentive of 9%. A 100 ktpa capacity MMF plant will attract an investment of Rs ~5.3 billion. It leads to a capex to sales ratio of 12% and a total capex requirement of Rs 250-300 billion over the next five years, translating into capacity addition of 2.5-3 million tonne in the MMF segment with an estimated IRR of 17-19% at an incentive of 9%. This will increase existing MMF capacity by 10% over the period of the scheme from the existing installed base of 7.8 mt.

Considering domestic demand growth at 5%, exports, which account for ~18% of production in fiscal 2021, will increase to ~30% by fiscal 2025.

#### **PLI scheme - an opportunity for revenue generation of Rs 1,500 billion in MMF-based textiles**

- Total revenue potential @ 9% incentive Rs 1,500 billion
- Investments under PLI Rs 250 – 300 billion
- Total incentive Rs 107 billion
- Capacity added 2.5 – 3 million tons
- IRR generated @ 9% incentive: 17-18%

MMF-based RMG exports account for 35-40% of Indian RMG exports; however, the share is higher at 65-70% globally. The share of China, Vietnam and Bangladesh in MMF-based RMG exports was ~38%, ~9% and ~6%, respectively, in fiscal 2019, while the share of India was a mere 2%.

#### **Share of MMF-based RMG exports in Indian trade (in %)**

Considering an increase of ~30% in export potential in MMF will boost Indian export potential for MMF based RMG. Now to increase the export share, India needs to be competitive vis-à-vis rivals. In our analysis, we looked at stable ROCEs generated by some players in the range of 12-14%. Also, the import duty applicable to India and China is higher at 10-12% against 0% duty for Vietnam and Bangladesh as they are part of FTAs. Hence, if players pass on 4-5% of the incentive benefit, it will bring down their IRRs to 13-15% levels. Even then they will be able to bridge the gap substantially compared with China with respect to price competitiveness, thereby providing them an opportunity to compete better in export markets. Hence, the PLI scheme can boost India's competitiveness as well as export potential going forward

#### **Mega investment textile parks scheme (MITRA)**

The Government of India announced the establishment of 7 mega textile parks in the next 3 years over 1,000-acre land to boost production and support export competitiveness. The government earlier launched SITP in 2005 and announced that 40 integrated textile parks will be set up across the country. While India gained share in cotton yarn exports in the interim till fiscal 2015, the share dropped in the subsequent 5 years as countries such as Vietnam and China gained due to better incentives and facilities provided by their governments under textile park schemes. The key challenge was relatively the small size of Indian textile parks compared with those set up in rival exporting nations. Except for one park of 1,000 acres, the remaining parks under the SITP scheme were smaller with ~27 parks being under 50 acres and 20-25 parks being between 50-70 acres. In comparison, parks of global competitors such as China, Bangladesh or Vietnam average 100 acres or more. Also, incentives offered in Bangladesh are far better than those offered in India. To attract investments, the government needs to provide better incentives and facilities in the newly planned parks like those provided by the global competitors. Also, along with the PLI scheme, these parks should be executed in a timely manner as international rivals will also continue to build scale through such schemes. If implemented well, the scheme has the potential to drive both MMF and technical textile players to invest in increasing capacities, thereby increasing India's export share of MMF-based RMG.

#### **Liberalisation of FDI in textile sector**

To enable investors to set up manufacturing plants in India, the government has allowed 100% FDI in the textile sector under the automatic route. FDI in textile sector has grown over the years led by the collaboration between foreign players and Indian manufacturers. In recent times, policies introduced by the government such mega textile parks have also supported FDI inflows into the country. Over the past few years, foreign players such as Hugo Boss, Liz Claiborne, Diesel and Kanz have started operations in India, boosting FDI investments in the sector. The industry attracted FDI of Rs 225.54 billion (\$3,746.20 billion) between April 2000 and March 2021, accounting for ~0.7% of the overall FDI flow into the country during the period.

#### **National technical textiles mission**

Technical textiles are a niche segment with applications across agriculture, roads, railway tracks, sportswear, health on one hand and bullet proof jackets, fire proof jackets, high altitude combat gear and space applications on the other. In fiscal 2020, the Government of India approved a proposal for creation of the National Technical Textiles Mission (NTTM) for a period of 4 years starting from fiscal 2021 to fiscal 2024 with an outlay of Rs 14,800 million. The outlay has been set aside for the following four components.

**Research, innovation and development:**

This segment has a capital outlay of Rs 10,000 million to promote research at a fibre level, including carbon fibre, Aramid fibre, nylon fibre, and composites and an application level across geo-textiles, agro-textiles, medical textiles, mobile textiles and sports textiles and development of bio-degradable technical textiles. There is another important sub-component in the research activity that aims to develop indigenous machinery and process equipment for technical textiles, promote 'Make in India' and enhance the competitiveness of the industry by reducing capital costs.

**Promotion and market development:**

Through market development, market promotion, international technical collaborations, investment promotions and 'Make in India' initiatives, NTTM aims to achieve an annual growth rate of 15-20% and expand the domestic market size to \$40-50 billion by 2024. An allocation of Rs 500 million has been under this component.

**Export promotion:**

Under this component, NTTM aims to boost technical textile exports from Rs 140 billion in fiscal 2021 to Rs 200 billion by fiscal 2022 and grow at an annual rate of 10% up to fiscal 2024. To achieve this target, an Export Promotion Council for Technical Textiles has been envisaged for effective coordination and promotion activities in the segment. Rs 100 million has been allocated to achieve the objectives envisaged under this component.

**Education, training and skill development:**

Skill development plays a major role in development and adoption of new technologies. Indian education, skill development and human resources are not at requisite levels to meet the technologically challenging and fast-growing technical textiles segment. This mission aims to promote education at various levels related to technical textiles and cover application areas including engineering, medical, agriculture, aquaculture and dairy segments. In addition, skill development will also be promoted to create an adequate pool of highly skilled manpower to meet the needs at technical textile manufacturing units. Furthermore, an allocation of Rs 4,000 million has been made to achieve these targets.

Additionally, this mission focuses on promoting the usage of technical textiles in various flagship missions such as Jal Jivan Mission, Swachch Bharat Mission and Ayushman Bharat and in strategic sectors such as agriculture, aquaculture, dairy, poultry, etc. The use of geo-textiles in highways, railways and ports will result in robust infrastructure, reduced maintenance costs and a higher life cycle of infrastructure assets.

**Free Trade Agreements (FTAs)**

In a globalised economy, FTAs boost a country's exports. FTAs boost export volumes, improve sectoral growth and increase business opportunities for small and large players. The major advantages of FTAs come in the form of reduced or zero tariffs between member countries, improved access to the global market, better competition and innovation among domestic players and technology transfer.

Although India has been part of many FTAs, the domestic textile sector has not been able to reap the benefits. This can be mainly attributed to lack of FTAs with the US and the EU, which account for a major part of Indian textile exports. For instance, countries such as Vietnam and Bangladesh enjoy an import tariff of 0% on MMF-based RMG trade due to FTAs, whereas India faces an import tariff of 10%.

That said, to improve incentives to export textiles, the government has been working on FTAs with the EU, the United Kingdom (UK), Australia and Canada. India has been holding FTA negotiations with the EU since 2013. If signed, these trade agreements spanning various countries will boost India's textile exports.

## Competitor analysis

### Key competitors across various segments

| Player                        | Total Revenue Crore (FY21) | Spindle capacity | % of domestic revenue |
|-------------------------------|----------------------------|------------------|-----------------------|
| Ambika Cotton Mills Ltd       | 633.69                     | 1,08,288         | 100%                  |
| Pashupati Cotspin Ltd.        | 443.28                     | 25,536           | 74%                   |
| Shiva Texyarn Ltd.            | 347.74                     | 52,426           | NA                    |
| Sambandam Spinning Mills Ltd. | 231.39                     | 1,10,000         | 97.27%                |
| Precot Ltd.                   | 670.84                     | 1,88,112         | NA                    |
| KPR Mills Ltd.                | 3568.99                    | 3,54,240         | 62.39%                |

### Financial parameters of the companies under review Operating revenue

| Operating revenue (In Crores ) | Type           | FY17    | FY18    | FY19    | FY20    | FY21    | CAGR (FY17-21) |
|--------------------------------|----------------|---------|---------|---------|---------|---------|----------------|
| Ambika Cotton Mills Ltd        | Standalone     | 528.61  | 584.47  | 655.59  | 623.09  | 633.36  | 3.68%          |
| PashupatiCotspin Ltd.          | Standalone     | 275.97  | 334.43  | 537.82  | 397.01  | 440.98  | 9.83%          |
| Shiva Texyarn Ltd.             | Standalone     | 382.69  | 358.80  | 353.53  | 368.13  | 340.80  | -2.29%         |
| Sambandam Spinning Mills Ltd.  | Standalone     | 209.11  | 193.08  | 209.5   | 191.18  | 231.07  | 2.02%          |
|                                | Consolidated / | 209.11  | 193.08  | 209.5   | 191.18  | 231.07  | 2.02%          |
| Precot Ltd.                    | Standalone     | 679.3   | 709.15  | 790.12  | 726.12  | 665.14  | -0.42%         |
|                                | Consolidated   | 679.3   | 709.15  | 790.12  | 726.12  | 665.14  | -0.42%         |
| KPR Mills Limited              | Standalone     | 2219.14 | 2511.52 | 2978.53 | 2898.07 | 2953.64 | 5.89%          |
|                                | Consolidated   | 2816.6  | 3024.42 | 3384.01 | 3352.63 | 3530.15 | 4.62%          |

### Operating Profit

| Operating profit ( In Crores) | Type         | FY17   | FY18   | FY19   | FY20   | FY21   | CAGR (FY17-21) |
|-------------------------------|--------------|--------|--------|--------|--------|--------|----------------|
| Ambika Cotton Mills Ltd       | Standalone   | 75.9   | 84.55  | 96.25  | 78.48  | 96.84  | 4.99%          |
| PashupatiCotspin Ltd.         | Standalone   | 28.74  | 16.85  | 27.14  | 13.68  | 19.59  | -7.38%         |
| Shiva Texyarn Ltd.            | Standalone   | 36.83  | 33.93  | 29.65  | 23.54  | 34.28  | -1.42%         |
| Sambandam Spinning Mills Ltd. | Standalone   | 20.16  | 12.63  | 13.73  | 11.08  | 20.71  | 0.54%          |
|                               | Consolidated | 20.72  | 12.73  | 13.86  | 11.11  | 20.76  | 0.04%          |
| Precot Ltd.                   | Standalone   | 19.1   | 35.02  | 32.26  | 26.23  | 65.67  | 28.02%         |
|                               | Consolidated | 19.1   | 35.02  | 32.26  | 26.23  | 65.67  | 28.02%         |
| KPR Mills Limited             | Standalone   | 355.34 | 340.05 | 448.61 | 412.08 | 604.43 | 11.21%         |
|                               | Consolidated | 441.35 | 449.58 | 517.52 | 521.32 | 721.7  | 10.34%         |

**Net Profit**

| Net profit ( In Crores)       | Type         | FY17   | FY18   | FY19   | FY20   | FY21   | CAGR (FY17-21) |
|-------------------------------|--------------|--------|--------|--------|--------|--------|----------------|
| Ambika Cotton Mills Ltd       | Standalone   | 55.74  | 60.99  | 63.07  | 52.15  | 67.95  | 4.04%          |
| Pashupati Cotspin Ltd.        | Standalone   | 22.69  | -0.64  | 9.46   | 3.48   | 5.3    | -25.24%        |
| Shiva Texyarn Ltd.            | Standalone   | 10.28  | 11.32  | 6.70   | 1.55   | 12.28  | 3.62%          |
| Sambandam Spinning Mills Ltd. | Standalone   | 4.37   | 3.46   | 3.94   | 2.27   | 8.07   | 13.05%         |
|                               | Consolidated | 4.88   | 3.55   | 4.6    | 2.31   | 8.12   | 10.72%         |
| Precot Ltd.                   | Standalone   | -23.63 | -5.77  | -8.27  | -16.52 | 32.95  | 206.88%        |
|                               | Consolidated | -23.63 | -5.77  | -8.27  | -16.52 | 32.95  | 206.88%        |
| KPR Mills Limited             | Standalone   | 238.42 | 224.97 | 289.11 | 294.61 | 432.62 | 12.66%         |
|                               | Consolidated | 286.82 | 290.38 | 740    | 334.87 | 515.26 | 12.43%         |

**Key ratios for players considered**

**Key financial ratios of players (FY21)**

| Company                       | Operating revenue CAGR (FY17-21) | Operating profit CAGR (FY17-21) | Power and fuel as % of operating revenue | PAT CAGR (FY17-21) | Operating profit margin | Net profit margin | ROCE | Interest coverage | Gearing |
|-------------------------------|----------------------------------|---------------------------------|--|--------------------|-------------------------|-------------------|------|-------------------|---------|
| Ambika Cotton Mills Ltd       | 3.68%                            | 4.99%                           | 4%                                       | 3.97%              | 15%                     | 11%               | 11%  | 15.01             | -       |
| Pasupathi Cotspin Ltd.        | 9.83%                            | -7.38%                          | 5%                                       | -25.24%            | 4%                      | 1%                | 3%   | 1.60              | 1.52    |
| Shiva Texyarn Ltd.            | -2.29%                           | -1.42%                          | 3%                                       | 3.62%              | 10%                     | 4%                | 6%   | 1.94              | 0.97    |
| Sambandam Spinning Mills Ltd. | 2.02%                            | 0.04%                           | 8%                                       | 10.72%             | 9%                      | 4%                | 5%   | 2.01              | 0.92    |
| Precot Ltd.                   | -0.42%                           | 28.02%                          | 80%                                      | 206.88%            | 10%                     | 5%                | 7%   | 2.01              | 0.96    |
| KPR Mills Limited             | 4.62%                            | 10.34%                          | 19%                                      | 12.43%             | 20%                     | 15%               | 20%  | 21.98             | 0.26    |

## BUSINESS OVERVIEW

*Some of the information in this chapter, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read “Forward-Looking Statements” beginning on page 12 for a discussion of the risks and uncertainties related to those statements and also “Risk Factors”, “Restated Financial Statements” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on pages 21, 180 and 224 respectively, for a discussion of certain factors that may affect our business, financial condition or results of operations. Our actual results may differ materially from those expressed in or implied by these forward-looking statements.*

*Our Company’s financial year commences on April 1 and ends on March 31 of the immediately subsequent year, and references to a particular financial year are to the 12 months ended March 31 of that particular year. Unless otherwise indicated or the context otherwise requires, the financial information for financial year ended March 31 of 2019, 2020 and 2021 respectively and for the nine months period ended December 31, 2021 included herein is derived from the Restated Financial Statements, included in this Prospectus. For further information, see “Restated Financial Statements” beginning on page 180. Additionally, please refer to “Definitions and Abbreviations” beginning on page 2 for certain terms used in this section.*

*Unless the context otherwise requires, in relation to business operations, in this section of this Prospectus, all references to “we”, “us”, “our”, “our Company” or “Le Merite” and “LMEL” are to “Le Merite Exports Limited”.*

### COMPANY BACKGROUND

Our Company was originally incorporated as a Private Limited Company in name and style of “Didwaniya Yarn Exports Private Limited” on December 24, 2003 under the Companies Act, 1956 bearing Corporate Identification Number U17111MH2003PTC143645 issued by the Registrar of Companies, Maharashtra, Mumbai. Prakashchandra Didwaniya, Prashant Didwaniya and Chandabai Didwaniya were the original Promoters and subscribers of the Company at the time of incorporation. Further, the name of our Company was changed to “Le Merite Exports Private Limited” and a special resolution was passed by the Shareholders of the Company at the Extra-Ordinary General Meeting held on August 07, 2004. The Assistant Registrar of Companies, Maharashtra, Mumbai issued a fresh Certificate of Incorporation dated September 02, 2004, upon change of the name. Further, on March 31, 2006 the entire share capital of our Company was transferred by the Didwaniya family to the Lath family and the control of the company was handed over to Lath Family, the new promoters of our company. Further, our Company was converted into a Public Limited Company pursuant to the special resolution passed by the shareholders at the Extra-Ordinary General Meeting of our Company held on June 02, 2015 and consequent upon such conversion the name of our Company was changed to “Le Merite Exports Limited” vide a fresh certificate of incorporation dated July 08, 2015 bearing Corporate Identification Number U17111MH2003PLC143645 issued by the Deputy Registrar of Companies, Mumbai.

### BUSINESS OVERVIEW

Our Company is an ISO 9001:2015 certified company engaged in manufacturing and trading of textile products namely cotton yarn, greige fabric and finished fabric for domestic and export sales. We deal in diversified product portfolio with capability to supply compact cotton yarn varying from counts NE 16/1 to NE 32/1 & NE 16/2 to NE 32/2 combed carded & double yarn that are used in various forms and for varied end uses. We also export sustainable – ecofriendly organic yarn and fabric to international textile and garment manufacturers. Our company has been recognized as “Three Star Export House” by the Director General of Foreign Trade with a certificate valid from September 30, 2015 to September 29, 2020. Further our Company had made an application on September 29, 2021 for renewal of certificate. Our Company have incorporated two (2) subsidiary companies for diversification into non cotton yarn products:

#### a) Le Merite Filament Private Limited

Our Company holds 51% of the equity capital of Le Merite Filament Private Limited incorporated on October 08, 2021, to diversify into business of trading in polyester yarn, viscose yarn, synthetic fibers, staple fibers, worsted yarn, lycra yarn and such other varieties whether texturized, twisted, sized, dyed or otherwise and other such kinds of fiber. Le Merite Filament Private Limited is yet to start its business activities.

**b) Le Merite Laxmi Spinning Private Limited**

Our Company holds 51% of the equity capital of Le Merite Laxmi Spinning Private Limited incorporated on December 15, 2021, to diversify into business of trading in polyester yarn, viscose yarn, synthetic fibers, staple fibers, worsted yarn, lycra yarn and such other varieties whether texturized, twisted, sized, dyed or otherwise and other such kinds of fiber. Le Merite Laxmi Spinning Private Limited is yet to start its business activities.

Our business is divided into three separate yarn business verticals, consisting of a) manufacturing of yarn, b) trading of yarn, and c) trading of greige and finished fabrics. The revenue mix from the business verticals for the nine months period ended on December 31, 2021 and for Financial year ended March 31 of 2021, 2020 and 2019 respectively was:

(₹ in Lakhs)

| Verticals                              | For nine months period ended on December 31, 2021 | March 31, 2021 | March 31 2020 | March 31 2019 |
|--|---|----------------|---------------|---------------|
| Yarn Manufacturing                     | 12767.25  | 9223.40        | 977.87        | -             |
| Trading of Yarn                        | 17173.54  | 14633.33       | 18953.77      | 16849.66      |
| Trading of Greige and Finished Fabrics | 4634.95   | 2265.72        | 418.56        | 562.96        |

Our products are manufactured at leased manufacturing facilities as under:

| Facility   | Manufacture | Nature of Arrangement                | Installed Capacity as on December 31, 2021 |
|--|-------------|--------------------------------------|--|
| Plot No. 144, Pandey Layout, Khamla, Nagpur, Maharashtra 440025, Nagpur (Unit 1)                           | Cotton Yarn | Operation and Management for 4 years | 3550 MTPA                                  |
| Gut number 355/356/363/364/365, Hayat Nagar, Fata Khandegaon, Parbhani Road Basmat, Hingoli (Unit 2)       | Cotton Yarn | 5-year lease arrangement             | 3040 MTPA                                  |
| MIDC (Plot No. B1), Jalgaon Arvi, Post Kamanapur (Ghusali), Taluka, Dhamangaon Rly, Dist Amravati (Unit 3) | Cotton Yarn | Formal Arrangement                   | 6000 MTPA                                  |

**Plot No. 144, Pandey Layout, Khamla, Nagpur, Maharashtra 440025 ("Unit 1")**

Unit 1 located at Plot No. 144, Pandey Layout, Khamla, Nagpur, Maharashtra 440025 is a TFO Doubling unit. Unit 1 is having 10 lines of TFO Machines, 2 Parallel Winder, Rewinding Machine, Conditioning Machine and conditioning cum Humidification Machine. Unit 1 is engaged in processing of cotton yarn doubling. Our Company has undertaken Operation

and Management of Unit 1 with Shree Sainath Textiles Private Limited for a period of 4 (four) years starting from February 01, 2021. As per the arrangement, our Company have exclusive rights to sell the product manufactured at Unit 1.

**Gut number 355/356/363/364/365/366, Hayat Nagar, Fata Khandegaon, Parbhani Road Basmat, Hingoli (Unit 2)**

Located in the cotton growing belt of Maharashtra, Unit 2 is spread over 12.55 hectare of land area and a constructed area of 14,131.97 square meter of factory building, Godowns and other ancillary construction. Unit 2 is well equipped with Blow Room, Carding Machine, Draw Frame Machine, Finisher Draw Frame Machine, Speed Frame / Roving Machine, Ring Frame Machine, Link Coner, Automised Paletisation Machine, and conditioning cum Humidification Machine. Unit 2 is engaged in manufacturing of Cotton Yarn with an installed capacity of 3040 MTPA. Unit 2 is taken on operating lease by our Company from The Maharashtra State Co-operative Bank Limited for a period of 5 (five) years commencing from July 01, 2021 and expiring on June 30, 2026 with the option to the lessor to extend the same for further period of 10 (Ten) years on expiry by efflux of time.

**MIDC (Plot No. B1), Jalgaon Arvi, Post Kamanapur (Ghusali), Tq. Dhamangaon Rly, Dist Amravati - 444709, Maharashtra, India (Unit 3)**

Our Company is presently operating Unit 3 which is Located at MIDC (Plot No. B1), Jalgaon Arvi, Post Kamanapur (Ghusali), Taluka Dhamangaon Rly, Dist Amravati - 444709, Maharashtra, India. Our Company had entered into formal agreement for the use of the said premise. Unit 3 comprises of factory building, Godowns and other ancillary construction. Unit 3 is well equipped with Raw Material - Cotton Bales, Process - Blowroom, Carding, Draw frame, Speed frame, Ring frame, Link coner, YCP Finished Goods – Yarn and Spinning Plant Machineries. Unit 3 is engaged in manufacturing of Cotton Yarn with an installed capacity of 6000 MTPA.

We are certified by some of the most reputed global certification agencies for our quality, environment consciousness, our processes and customer services such as ISO 9001:2015, OEKO-TEX® Standard 100, Global Organic Textile Standard (GOTS) for 100% Organic cotton yarn and greige fabric. Our Company is also a registered member of Better Cotton Initiative (BCI) etc. For further information, see the section titled “Government and other Approvals” beginning on page 238 of this Prospectus. Our Company is also contributing towards CSR activities as per the requirements of Companies Act, 2013.

Our Promoters have a cumulative experience of above 6 decades in the textile industry and approx. 4 decades in the yarn business. Our Promoter and Chairman and Managing Director, Umashankar Lath has over 45 years of experience in the textile industry and our Promoter and Managing Director & CFO, Abhishek Lath has over 17 years of experience in the textile industry. Our promoters are jointly responsible in augmenting relationships with various stakeholders which has helped our Company expand by increasing its product portfolio on a continuous basis. For further details, see “Our Promoters and Promoter Group” beginning on page 171 of this Prospectus.

Exports accounted for 86.53% and 76.08%, 83.52% and 91.86% of revenue from Sale of products for the nine months period ended on December 31, 2021 and for Financial year March 31 of 2021, 2020 and 2019 respectively. For Financial year March 31, 2021, our Company exported its products to 39 countries with more than 70 % of the revenue from export sales coming from China, Bangladesh, Turkey and Iran. The export sales on this scale are possible due to our relationship with customers across the world and network of sales representatives / agents in various countries. For the period from financial year 2017 to the for the nine months period ended on December 31, 2021, we have served global customers in 40 countries including India. We believe that such a global customer base is instrumental in the growth of our business and as well minimizes risks that may emanate from any geographical concentration. Details of our top 10 export markets is as below:

| Sr No. | Cotton Yarn Export | Greige Fabric Export | Organic Yarn |
|--------|--------------------|----------------------|--------------|
| 1      | Bangladesh         | South Korea          | Bangladesh   |
| 2      | Turkey             | Bangladesh           | Turkey       |
| 3      | China              | Turkey               | South Korea  |

|    |             |           |          |
|----|-------------|-----------|----------|
| 4  | South Korea | Italy     | Portugal |
| 5  | Egypt       | Portugal  | Japan    |
| 6  | Portugal    | USA       |          |
| 7  | West Africa | Japan     |          |
| 8  | Thailand    | Thailand  |          |
| 9  | Vietnam     | Sri Lanka |          |
| 10 | Gulf (UAE)  |           |          |

Source: Wazir Report

We believe that our scale of operations and global customer base along with our customers' confidence have had a significant impact on our revenues and profitability as disclosed below:

(₹ in Lakhs)

| Particulars                               | March 31, 2021 | March 31, 2020 | March 31, 2019 |
|---|----------------|----------------|----------------|
| Revenue from Sale of Products             | 26201.00       | 20976.79       | 17468.82       |
| Other Operating Revenue                   | 638.36         | 689.93         | 532.37         |
| Other Income                              | 74.06          | 61.27          | 92.13          |
| EBITDA <sup>(1)</sup>                     | 1043.66        | 637.76         | 436.70         |
| EBITDA margins <sup>(2)</sup>             | 3.88%          | 2.94%          | 2.41%          |
| Profit after tax                          | 705.65         | 314.62         | 112.83         |
| Return on equity <sup>(3)</sup>           | 28.99%         | 18.20%         | 7.98%          |
| Return on capital employed <sup>(4)</sup> | 43.03%         | 38.33%         | 32.79%         |
| Net debt <sup>(5)</sup>                   | 4604.68        | 2357.00        | 2761.18        |
| Net debt / EBITDA                         | 4.41           | 3.70           | 6.32           |
| Fixed asset turnover ratio <sup>(6)</sup> | 166.09         | 138.35         | 104.12         |
| Working capital cycle <sup>(7)</sup>      | 88.84          | 61.56          | 78.42          |

(1) Restated profit/loss for the year + Tax expense + Depreciation expense + Finance cost – Other income

(2) (Restated profit/loss for the year + Tax expense + Depreciation expense + Finance cost – Other income) / Revenue from operations.

(3) Profit after tax / Net worth. (Net worth = Total Equity)

(4) EBIT / Capital employed (EBIT = Earnings before interest and tax. Capital employed = Total equity + Non-current borrowings)

(5) Current Borrowings + Non-current borrowings – cash and cash equivalents

(6) Revenue from operations / Net block of property, plant and equipment.

(7) Number of days for current assets@ - Number of days for current liabilities@@

@ (365 / Revenue from operations x inventory) + (365 / Revenue from operations x Trade receivables) +(365 / Revenue from operations x Short Term Loan & Advances) +(365 / Revenue from operations x Other current assets)

@@ (365/ Revenue from operation x Trade payables) +(365/ Revenue from operations x Advance from Customers) +(365/ Revenue from operations x Other current liabilities)

## **Our Competitive Strengths:**

### ***Experienced management team with a proven track record and dedicated employee base***

We attribute our growth to the experience of our Promoters and senior management team. Our Promoters have a cumulative experience of over 62 years in the textiles industry with more than 40 years in the yarn business. Our Promoter and Chairman & Managing Director, Umashankar Lath has over 45 years of experience in the textile industry and our Promoter and Managing Director & CFO, Abhishek Lath has over 17 years of experience in the textile industry. Our promoters are jointly responsible in augmenting relationships with various stakeholders which has helped our Company expand and grow the business by increasing its product portfolio, global foot print and customer base on a continuous basis. We have 221 employees as of December 31, 2021. Our Company has a strong dedicated sales and marketing team. The sales and marketing team have a cumulative experience of 58 years in the textile industry and is instrumental in generating business from various parts of the world such as Egypt, China, South Korea, Bangladesh, Thailand, Sri Lanka, Turkey, Portugal, Peru, etc.

### ***Low capex operational model***

We have adopted capital asset light model by taking operational control over cotton yarn spinning mills through long term lease, operational and management arrangement and sole selling agents. Our Company has taken Unit 2 on lease, cotton yarn spinning mill from Maharashtra State Co-operative Bank Limited. Our Company has undertaken Operation and Management of Unit 1 facility having TFO Doubling process activities. Our Company has entered into a formal arrangement for Unit 3.

Maharashtra is amongst the major strategic locations for cotton yarn manufacturers in India due to availability of manufacturing facilities across supply chain of cotton segment. Presence of raw material suppliers, provides a logistical advantage for manufacturers in the location. Our facility has access to the textile markets of Gujarat and Maharashtra and is well connected to JNPT Port. The equipment in our leased facility has been designed and supplied by few of the domestic and globally renowned players in the yarn industry and has been designed to produce good quality of cotton yarn.

We supply cotton yarn to weavers located in Maharashtra to manufacture our requirement of greige cotton fabric as per the specifications and requirements of our customers.

### ***Long standing association with low customer concentration.***

We have established long-standing relationships with few of the leading customers who are manufacturers of / suppliers to the global consumer brands which we believe has been possible due to decades of association, delivery of quality products, made to order products, meeting the committed delivery schedules and by maintaining high quality standards. As on December 31, 2021, we had more than 155 customers and the share of the top 10 customers and the top 5 customers in the total revenue was 35.46% and 21.68%, respectively. Our long-term association with key customers also offers significant competitive advantages such as revenue visibility, industry goodwill and also allows us to up-sell and cross-sell our diverse range of products. For the nine months period ended on December 31, 2021, we supplied to customers spanning 21 countries which has offered us insulation from business risk since the customers are from diverse geographies. Our diversified customer base also aids in reducing our dependence on a single group of geographies and helps in mitigating the effect of economic and industry-specific cycles.

Our long-standing industry record and customer relationship helped augment our sales across geographies and as on December 31, 2021, we have exported our products to 39 countries. We are supported by reputed representatives / agents across geographies with whom we have been associated for more than 10 years. We believe that our long-standing relationships with such reputed third-party representatives / agents' network has been possible due to the continued production of quality value-added products. Such relationships with third-party representatives / agents' network have assisted us in scaling of our business, increasing our international presence and has helped us enhance our goodwill.

### ***Deep knowledge and understanding of optimal product assortment and strong supplier network enabling procurement at predictable and competitive pricing, leading to an overall efficient cycle.***

*We have a diversified product portfolio for which we focus on using our deep knowledge of the clusters and regions in which we operate to customise our product assortment keeping in mind local as well as global demands and preferences. We also continuously focus on enhancing the products that we manufacture and trade. Further, we have a wide network of suppliers across the country and internationally and we endeavor to source our products from regions where they are widely available or manufactured to minimise our procurement costs. We have a robust inventory and receivable management system which has resulted in a healthy working capital cycle. We operate a standardised procurement system and procure most of our products on a purchase-order basis ensuring procurement flexibility at competitive prices. Our procurement team on an ongoing basis conduct research to locate the best product sources, in relation to both quality and price, in order to improve our supplier network and have efficient supply and sale cycle. Further, we endeavor to pay our suppliers on time and are often able to procure discounts for such prompt payment.*

### **Healthy financial performance**

We believe that our focus on operational and functional efficiency and excellence has contributed to our track record of healthy financial performance. For the Financial year ended March 31 of 2021, 2020 and 2019 respectively, we generated total revenue from sale of products of ₹ 26201.00 lakhs, ₹ 20976.79 lakhs and ₹ 17468.82 lakhs respectively. The EBITDA for the Financial year ended March 31 of 2021, 2020 and 2019 respectively was ₹ 1043.65 lakhs, ₹ 637.76 lakhs and ₹ 436.69 lakhs, respectively and net profit after tax for such period was ₹ 705.65 lakhs, ₹ 314.62 lakhs and ₹ 112.83 lakhs respectively. We have reported Return on Equity of, 28.99 %, 18.20% and 7.98%, with a total debt to equity ratio of 2.22, 1.68 and 2.66 for the financial year ended March 31 of 2021, 2020 and 2019 respectively, and a Return on Capital Employed of 14.06%, 14.77% and 9.84%, for such period. Also, our total borrowings, as per our Restated Financial Statement stands at ₹ 3762.84 lakhs in Fiscal 2019 to ₹ 5400.26 lakhs in March 31, 2021. As of December 31, 2021, our Company had total borrowings (long term borrowings (including current maturity of long-term debt) and short-term borrowings) amounting to ₹ 9410.99 lakhs.

We have experienced increased profit margins on our products. We believe that our strong financial performance reflects the efficacy of the manufacturing and supply-chain management protocols that we have implemented. Our steady operating cash flows enable us to meet the present and future needs of our customers and develop new value-added products. We have also significantly invested in the capacity building by identifying manufacturing facilities on lease basis and taking over facilities on operation and management basis. We further believe that this aids us in strengthening our trust and engagement with our customers and which further enhances our ability to retain these customers and extend our engagement across products and geographies.

### **Diversification into Organic and Sustainable Eco-Friendly Textiles:**

Our Company has been granted authorization according to STANDARD 100 by OEKO-TEX® to use the STANDARD 100 by OEKO-TEX® for Raw Yarns made of 100% Cotton, Combed, Carded, Open Ended and Compact and for Greige Woven Fabric made of 100% Cotton exclusively produced from material certified according to STANDARD 100 by OEKO-TEX®. Additionally, our Company has got certified the facilities of Jawahar Sahakari Soot Girni Limited and Charuta Textiles Private Limited, suppliers to the Company under Global Organic Textile Standard (GOTS) version 6 for 100% Organic cotton yarn and greige fabric. Similarly, our Company has got certified the facilities of Jawahar Sahakari Soot Girni Limited and Charuta Textiles Private Limited, suppliers to the company under Global Recycled Standard (GRS) version 4. The focus of the Company on organic and sustainable products will help in expanding its business globally as the demand of organic textile products is increasing globally.

### **Our Strategies:**

#### **Expanding our manufacturing capacity.**

We expect the global yarn industry as well as the demand for yarn products to steadily grow over the next few years. In recent times, China is facing issues with respect to wage increases and shortage of workforce. This would be an opportunity for India which could act as an alternative destination for foreign players to enter. In addition, this would aid investors to avoid the US-China trade issue thus reducing the supply chain disruptions. Furthermore, India being world's

largest manufacturers of cotton and second largest manufacturer of polyester and viscose would further support the yarn manufacturing industry.

We propose to increase our scale of operations to cater to such projected increase in demand by evaluating options to enter into long-term lease with cotton yarn manufacturing companies having financial and capacity constraints and invest in them through capacity built-up and facility modernization and also provide our expertise in managing facilities. We would also be evaluating opportunities in the polyester manufacturing facility in the coming years.

We have also started our Organic yarn business under the cotton yarn product vertical and have started manufacturing of organic yarn, looking at the growth in demand for organic yarns from brands and consumers and keeping in mind the environmental benefits. We plan to grow our organic yarn business in the coming years to a significant capacity and thereby expanding our cotton yarn business vertical.

We seek to capitalize on the growth opportunities in the yarn and fabric industry considering our current scale of operations, network of global customer base, number of customers that we cater to and spearheaded by an experienced management team. We endeavor to double our cotton yarn production through leasing of mills and similar non-capex methods by the end of Fiscal 2025.

#### ***Entering into new geographies***

We intend to cater to the increasing demand of our existing customers and also to increase our existing customer base by enhancing the distribution reach of our products in different parts of the country and also around the world. We propose to increase our marketing and sales team which can focus on different geographies and also maintain and establish relationship with customers. Enhancing our presence in additional geographies will enable us to reach out to larger population. Further, our Company believes in maintaining long term relationships with our customers in terms of increased sales. We aim to achieve this by adding value to our customers through innovation, quality assurance, timely delivery, and reliability of our products.

#### ***Improving operational efficiencies***

We continue to invest in operational excellence throughout the organization. We are addressing operational efficiency through continuous process improvement, customer service and technology development. Alignment of our people to “process improvement” through upgrading of skills as required for customer satisfaction is a continuous activity. Awareness of this quality commitment is widespread among all the employees.

#### ***Product Diversification***

At present we are manufacturing and exporting cotton yarn, greige cotton fabric and organic yarn / organic fabric. Our customer base is spread across the geographies. To cater to the demand of non-cotton or cotton and polyester combined yarn demand in various forms from our customers, we have very recently incorporated subsidiaries namely Le Merite Laxmi Spinning Private Limited and Le Merite Filament Private Limited. Le Merite Laxmi Spinning Private Limited was incorporated with an object to carry on the business of trading in polyester yarn, viscose yarn, synthetic fibers, staple fibers, worsted yarn, lycra yarn and such other varieties whether texturized, twisted, sized, dyed or otherwise and other such kinds of fiber and Le Merite Filament Private Limited was incorporated with an object to carry on the business of trading in polyester yarn, viscose yarn, synthetic fibers, staple fibers, worsted yarn, lycra yarn and such other varieties whether texturized, twisted, sized, dyed or otherwise and other such kinds of fiber. This strategic diversification will enable the Company to enhance its presence in other categories of products and grow the business. As on date, Le Merite Laxmi Spinning Private Limited and Le Merite Filament Private Limited has not commenced its business.

#### ***Brand Image***

We would continue to associate ourselves with quality customers and supply products to their utmost satisfaction. We are highly conscious about our brand image and intend to have our brand building exercise by providing quality products and services to the satisfaction of the customers.

Our Company is a recognised Three-star export house and exports more than 20,000 MTPA of yarn. We are highly dedicated to achieving customer satisfaction and building long term relationships. Customer retention is our prime moto. We have always given top priority to technological advancements in machinery as well as in testing the end product.

### Our Manufacturing capabilities

We manufacture our products at our facility at Unit 1, Unit 2 and Unit 3. As on December 31, 2021, this manufacturing facility has a production capacity of 12,590 MTPA. The capacity and capacity utilization of our facility for the last three financial year March 31 of 2021, 2020 & 2019 respectively and for the nine months period ended on December 31, 2021, are illustrated below:

| Product Name: Cotton Yarn | For the nine months period ended December 31, 2021 (MTPA) |           |        | March 31, 2021 (MTPA) |        |            | March 31, 2020 (MTPA) |        |        | March 31, 2019 (MTPA) |        |        |
|---------------------------|---|-----------|--------|-----------------------|--------|------------|-----------------------|--------|--------|-----------------------|--------|--------|
|                           | Unit 1  | Unit 2*** | Unit 3 | Unit 1                | Unit 2 | Unit 3**** | Unit 1**              | Unit 2 | Unit 3 | Unit 1                | Unit 2 | Unit 3 |
| Installed Capacity*       | 3550  | 2280      | 6000   | 3550                  | NA     | 6000       | 887                   | NA     | NA     | NA                    | NA     | NA     |
| Actual Production         | 1565  | 825       | 3625   | 2750                  | NA     | 5400       | 763                   | NA     | NA     | NA                    | NA     | NA     |
| Capacity Utilisation      | 59%   | 54%       | 81%    | 77%                   | NA     | 90%        | 86%                   | NA     | NA     | NA                    | NA     | NA     |

\*The Installed capacity is based on Ne 20/1 & 20/2 average counts of yarn; however, the actual installed capacity may depend upon the type of count of the yarn.

\*\*Installed capacity of Unit 1 for the financial year ended on March 31, 2020 is based on 3 months period as our Company had entered into operation & management for Unit 1 from 01/01/2020.

\*\*\* Installed capacity in Unit 2 for nine months period ended on December 31, 2021 is based on 9 months period as our Company had entered into lease arrangement for Unit 2 from 01/07/2021.

\*\*\*\* Installed capacity in Unit 3 for the financial year ended on March 31, 2021 is based on 12 months period

Note: The projected capacity cannot be exactly determined as production depends upon the type of count of the yarn ordered.

### Raw Materials

Cotton Yarn production process requires the company to use raw cotton as the primary material for producing cotton yarns. Raw cotton is a kharif crop and is available only during the cultivation season. Therefore, for seamless & non-stop production of cotton yarns bulk purchases are made during the cultivation season. Our sourcing capabilities are backed by effective systems and processes and an effective information technology infrastructure, allowing us to deliver our products to our consumers on a timely basis.

### Utilities

We have adequate facilities and infrastructure to source and store raw materials and have existing connections for utilities like water, power etc. for the existing facilities.

### Power

All our manufacturing units have adequate power supply to carry out manufacturing operations. The units receive power from Maharashtra State Electricity Distribution Co Ltd plant.

### Water

Our manufacturing units use ground water for meeting the cleaning and sanitation requirements.

## Waste Management

Cotton yarn and cotton greige fabric manufacturing process are non-polluting and no waste is generated.

## Marketing

We have a dedicated sales team that manages the relationship with our representative agents and customers. The experience of the sales team helps in penetrating the market and in reaching out to more customers. We also regularly participate in several national and international textile trade fairs which help in networking, attracting potential customers, and updating our customers about the new products that we manufacture.

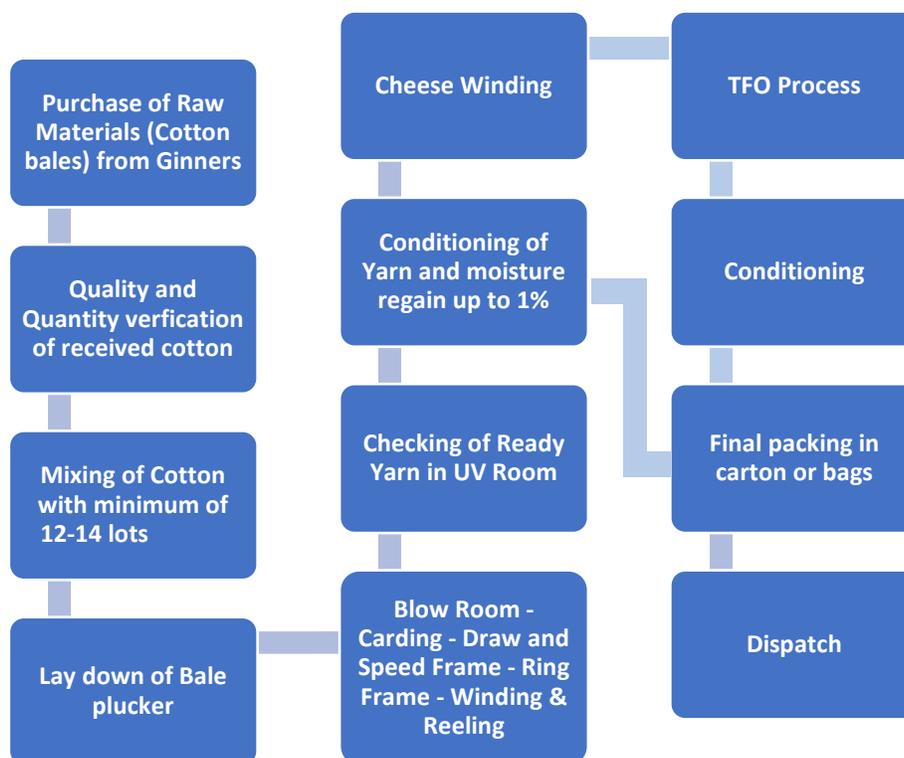
## Our Manufacturing processes

We manufacture a range of cotton yarn products in our facility at Unit 1, Unit 2 & Unit 3. An illustrative flow chart of our productions processes is illustrated below:

### A. Conversion of ginned cotton into yarn

The Company does not own any manufacturing facility but it operates certain facilities on operating lease basis. For such facility, the Company procures the cotton bales from Ginners. For the purpose of better understanding of entire value chain, the process is explained hereinbelow.

The process of conversion of cotton bale into yarn is explained in the chart hereinbelow. These processes are undertaken at the spinning units wherein the cotton is converted into yarn.



#### 1. Mixing (Bale Mixer)

Varieties of Cotton are mixed according to quality parameters to avail the best of the characteristics of different varieties and more importantly to average out the cost. The output of this process is opened fibre from Bale.

## 2. **Blow Room**

A blow room line consists of bale opening cotton, cleaning, mixing and lap making. Impurities of cotton have to be removed during this process. This process involves various functions like opening of Bale and removing impurities of cotton like trash and other foreign matter. The procedure is to be carried out with least loss of Lint. Apart from cleaning, mixing of various cotton varieties is also carried out in this section. The mixed cotton is converted into laps (Thick sheet of Cotton). The laps are transferred for further process of carding.

## 3. **Carding**

Carding is a mechanical process that disentangles, cleans and intermixes fibres to produce a continuous web or sliver suitable for subsequent processing. This is achieved by passing the fibres between differentially moving surfaces covered with card clothing. It breaks up locks and unorganized clumps of fibre and then aligns the individual fibres to be parallel with each other. Cotton is opened, trash is removed from it and sliver is formed. In the carding section, cotton lap is converted into slivers. The slivers are put into cans. At carding stage cleaning is also carried out resulting into waste loss.

## 4. **Draw and Speed Frames**

The carded slivers received in the can are further drawn on Draw frames/Speed frames. The function is to make the sliver more uniform in the thickness by doubling process to make it suitable for further drawing. The sliver after doubling process has to be reduced to required thickness for the yarn to be spun. This function is carried out on speed frame in several steps by Roving. The following operations are involved in speed frame:

**a) Drafting:** The drawn frame sliver feed to the speed frame is reduced in size by the action of drawing and drafting so that the reduced size of the roving is within the drafting range of the ring frame.

**b) Twisting:** Spiralling the fibres around each other about the axis of the strand so to bind them together to impart sufficient strain, to enable it to build-up in the form of a suitable package, convenient to handle from one process to another. Here, the amount of twist used should be just sufficient to hold the fibres together but it should preclude drafting in the ring frame.

## 5. **Ring Frames**

The ring frame process is the most important process in the yarn manufacturing process. "The machine which converts the roving into desired yarn count is called ring frame". It is the most commonly used method in yarn manufacturing process. The final yarn of required count gets spun on the ring frame machine. The roving obtained from simplex machine gets used as input material in the ring frame process. Three actions (drafting, twisting and package formation) are performed simultaneously and continuously in the ring frame process. The material is drafted many times of its length according to yarn count to be spun. After drafting, a required amount of twist is inserted to the fibres strand to hold the fibres together strongly. Now this yarn gets wound onto the ring bobbin. These ring bobbins have very low amount of yarn on them, so that yarn from these bobbins is transferred.

## 6. **Winding and Reeling**

This process generally involves transferring the yarn from ring tube to the large packing cones. This process is used to remove the faults from the yarn and get the better quality of yarn.

## 7. **Conditioning**

The yarn is completely ready. But there is a loss of moisture content from the raw cotton till the final yarn is manufactured. The moisture helps to keep the yarn firm. Through the Conditioning process the moisture is infused in the Yarn bales to regain the moisture level. Secondly, there is a loss of weight in the conversion process from Cotton to yarn. This conditioning brings back the moisture in the yarn thereby increasing the weight and firmness of the yarn.

## 8. **Cheese Winder**

This process involves conversion of single yarn as input in to 2 ply yarn & output is Parallel double yarn in cheese form.

**9. Two for One (TFO)**

In this process, parallel wind 2 ply yarn is fed in machine as input & TFO (Two for one) twisted yarn is delivered.

**10. Packing and Dispatch**

Cones are packed and are ready to be dispatched to local markets and export to other nation.

**Our products**

We deal in various types of yarns but mainly in Cotton Yarn, Greige Fabric, Finished Fabric and Organic Yarn.

**a) Cotton Yarn**

Out of the Company's total revenue, 80% of the revenue is generated from sale of various types and varieties of cotton yarn. We procure yarn from identified spinning mills and dispatch to domestic and foreign customers based on receipt of orders. The Company has also entered into an arrangement wherein the Company operates yarn manufacturing spinning unit on operating lease basis with several parties for manufacturing of cotton yarn.

**b) Greige Fabric**

Greige Fabric is our second line of product. We enter into the business of export of wider width greige fabric since 2020. Our Company either sources the greige fabric directly from the domestic market or procures from greige fabric manufacturers or we get the greige fabric manufactured on job work basis from wider width greige fabric manufacturer as per our specifications for exports. The procurement is done on job work basis and our Company has arrangements with certain identified weavers/ weaving units. The Company normally deals in the wider width greige fabric which is used in bed sheets, upholstery, terry towels, etc. The greige fabric procured from open market or manufactured at identified job working facilities is exported after thorough inspection and quality checks.

**c) Finished Fabric**

Finished fabric is our third line of product which commenced in 2015. Not much revenue is generated from this line of business. An established sales team and vendors already exist and we now look forward to accelerate this line of business after strategically setting up the sales team and identifying the market requirements.

**d) Organic Yarn**

We have started dealing in organic yarn recently and seen a huge demand overseas as well and in domestic market. We have been supplying around 1000 tonnes of organic yarn to well-known customers.

**Impact of COVID-19 on our business operations:**

The pandemic outbreak has caused an economic downturn on a global scale, including closures of many businesses and reduced consumer spending, as well as significant market disruption and volatility. However, our manufacturing operations were shut down only for 2-3 days and we were not majorly impacted. Our revenue from operations stood at ₹ 37087.03 lakhs during the nine months period ended on December 31, 2021. We have generated fairly good revenue during the second wave which had hit the markets worldwide.

However, currently many states in India are experiencing third wave of the omicron pandemic and there is likely to be many regional restrictions / lockdowns being announced across the country to combat the situation. India is in stage of full vaccination, but we cannot predict the effectiveness of the vaccines against omicron at mass level. Although we continue to closely monitor the impact that COVID-19 may have on our business and results of operations, it is difficult for us to predict the impact that COVID-19 will have on us, our customers or suppliers in the future.

**SEGMENT WISE REVENUE BREAKUP**

As on nine months period ended on December 31, 2021, our Company generated a revenue of Rs. 23100.59 lakhs from its trading activities and Rs. 12767.25 lakhs from its manufacturing activities.

As on year ended March 31 of 2021, 2020 and 2019, the revenue from trading activities was Rs. 16977.60 lakhs, Rs. 19976.47 lakhs and Rs. 17468.49 lakhs respectively.

The revenue from manufacturing activities started generating from the year 2020. The revenue from the same in year ended March 31, 2021 and year ended March 31, 2020 was Rs. 9223.40 lakhs and Rs. 977.87 lakhs respectively.

An exhibit providing the details of Revenue from Trading Operations is given below –

(₹ in Lakhs)

| Particulars                            | Nine months ended on December 31 2021 | For the year ended March 31, 2021 | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|--|---------------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| <b>Revenue from Trading Operations</b> |                                       |                                   |                                   |                                   |
| <b>Yarn</b>                            |                                       |                                   |                                   |                                   |
| Export                                 | 16,745.55                             | 13,372.64                         | 16,693.82                         | 15,914.21                         |
| Local                                  | 427.99                                | 1,260.69                          | 2,259.95                          | 935.45                            |
| <b>Fabric</b>                          |                                       |                                   |                                   |                                   |
| Export                                 | 4,580.52                              | 2,175.34                          | 64.84                             | 133.14                            |
| Local                                  | 54.43                                 | 90.39                             | 353.73                            | 429.82                            |
| <b>Cotton</b>                          |                                       |                                   |                                   |                                   |
| Export                                 | 462.50                                | 0.00                              | 430.48                            | 0.00                              |
| Local                                  | 829.60                                | 78.55                             | 173.66                            | 55.87                             |

An exhibit providing the details of Revenue from Manufacturing Operations is given below –

(₹ in Lakhs)

| Particulars                     | Nine months ended on December 31 2021 | For the year ended March 31, 2021 | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---------------------------------|---------------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| <b>Manufacturing Operations</b> |                                       |                                   |                                   |                                   |
| Yarn - Export                   | 10231.02                              | 4,385.05                          | 330.99                            | 0.00                              |
| Yarn - Local                    | 2536.23                               | 4,838.35                          | 646.88                            | 0.00                              |

\* Prior to the financial year ended on March 31, 2020 we were into trading of cotton yarn & greige fabric.

## PRICING

We determine the prices for our products based on various parameters, including market demand, transportation costs, raw materials costs, inventory levels, credit terms and currency conversion rate / hedging cost.

## INVENTORY MANAGEMENT

Our finished products which mainly includes cotton yarn and greige fabric are mainly stored at the manufacturing facility. The finished fabric is stored at Godowns taken by our Company on lease in Bhiwandi- Maharashtra. Raw materials are stored on-site at the manufacturing facility. We produce a quantity of finished products that is determined based on a combination of confirmed and expected orders.

## LOGISTICS

We transport raw materials and finished products primarily by road in case of our domestic operations. Our suppliers directly deliver raw materials to the manufacturing facilities. We outsource the delivery of our products to either third-party logistics companies or as mutually decided between the customer and Company. For our export operations, we primarily rely on sea-freight and carry such operations from Mundra and Nhava Sheva ports, which are nearest port to our facility. Our logistics team mainly operates from Mumbai.

#### **COLLABORATIONS**

As on date of this Prospectus, our Company has not entered into any technical or financial collaboration agreements.

#### **INSURANCE**

Our operations are subject to various risks inherent in our industry. We have obtained insurance in order to manage the risk of losses from potentially harmful events, including: (i) insurance policy covering fire, damage to buildings, plant and machinery, accessories and stocks; (ii) Burglary insurance policy; (iii) Vehicle insurance policy; and (vi) Marine export import open insurance policy. These insurance policies are renewed periodically to ensure that the coverage is adequate.

#### **COMPETITION**

The industry in which we operate is highly competitive and fragmented. Competition emerges from small as well as big players in the textile industry. Our competition varies across various markets and geographical areas. We face competition from both domestic and international companies. We compete primarily on the basis of product quality, technology, cost, delivery and service, as well as quality and depth of senior level relationships.

Further, some of our current and potential competitors include large international companies that have longer operating histories, better name recognition, greater ability to influence industry standards, access to larger customer bases and significantly greater financial, sales and marketing, manufacturing, distribution, technical and other resources than we have.

#### **REPAIR AND MAINTENANCE**

We conduct regular repair and maintenance programs for our manufacturing facilities. Our machinery and electrical repair teams carry out periodic maintenance and repair of the plants and machinery on an as-needed basis. In addition, our manufacturing facilities are periodically inspected by our engineers and technicians.

#### **QUALITY CONTROL**

We place significant emphasis on quality control. We inspect the raw material, work-in-progress and final product. We have implemented internal procedures to ensure quality control at various stages of production, from procurement of raw material, production to inventory stage.

#### **ENVIRONMENT, HEALTH AND SAFETY**

Our activities are subject to various environmental laws and regulations which govern, among other matters, the handling, storage and disposal of wastes and employee health and employee safety. For further information, see “Key Industry Regulations and Industry Policies” beginning on page 136. We continue to ensure compliance with applicable health and safety regulations and other requirements in our operations. We have complied, and will continue to comply, with all applicable environmental and associated laws, rules and regulations.

#### **HUMAN RESOURCE**

Our employees contribute significantly to our business operations. We require a significant amount manpower on our payroll as our processing facility though, technologically advanced, is labour intensive. As of December 31, 2021, we had 221 full-time employees. We consider our employees to be assets of our organization and we are committed to building and nurturing our human capital.

The following table sets forth a breakdown of our employees as of December 31, 2021:

| Break up Department wise   | No of Employee |
|----------------------------|----------------|
| Top Management             | 6              |
| Accounts Department        | 6              |
| Purchase Department        | 2              |
| Quality Control Department | 2              |
| Admin Department           | 6              |
| Security Officer           | 1              |
| Export Department          | 1              |
| HRD Department             | 1              |
| Legal Department           | 1              |
| Product Department         | 195            |
| <b>Total</b>               | <b>221</b>     |

### CORPORATE SOCIAL RESPONSIBILITY

We, as a responsible corporate citizen are committed to take up projects, as part of our Corporate Social Responsibility (“CSR”) initiatives. In the financial year ended on March 31, 2022, we have constituted CSR committee as per the applicable Act. Our CSR policy defines the framework for implementing CSR activities in compliance with Section 135 of the Companies Act, 2013 and rules framed thereunder.

### INTELLECTUAL PROPERTY

Our Company has obtained registration and/or made applications for the registration of the following trademarks:

| Sr. No. | Trademark | Class | Application number | Date of Application | Status     |
|---------|-----------|-------|--------------------|---------------------|------------|
| 1.      | Le Merite | 24    | 2986181            | June 13, 2015       | Registered |
| 2.      | FALTAM    | 24    | 3054261            | September 11, 2015  | Registered |
| 3.      | LAXON     | 24    | 3298392            | June 30, 2016       | Registered |

### PROPERTIES

The Company operates through following properties on leasehold/ ownership basis:

| Sr. No | Location   | Type   | Lease Deed dated | Lessor   | Annual Lease Rent  | Tenure                                     | Purpose used                             |
|--------|--|--|------------------|--|--|--|--|
| 1      | Le Merite Exports Ltd - B1-104D, Boomerang, 1st Floor, Chandivali Farm Road, Andheri (East), Mumbai - 400072                                       | Owned property                               | NA               | NA   | NA   | NA   | Corporate Office                         |
| 2      | Crescent Business Square - Kherani Road, Sakinaka, Andheri (East), Mumbai - 400072   | Owned property                               | NA               | NA   | NA   | NA   | Investment property used for letting out |
| 3      | Plot No. 1 and Plot No.2 of building 1st floor of Plot No. E-2 bearing S. No 224, H No.1 to 10, situated at Village Kalher, Taluka Bhiwandi, Thane | Property taken on lease                      | 30-09-2021       | Mrs. Sachde Ami Yogesh & Mrs. Alka Vasant Kataria    | Rs.1,50,000 P.A and escalation of 5% every year                | From September 01, 2021 to August 31, 2024 | Warehouse                                |
| 4      | Shop No.18 Ground Floor, Delta Building, Village Bhilad, Tal Umargaon, District Valsad, Gujarat - 396105   | Property taken on lease                      | 29-01-2021       | Shivalik Realty                                      | 96,000   | From August 01, 2020 to July 31, 2023      | Warehouse                                |
| 5      | ROKADESHWAR SAHAKARI SOOT GIRNI LTD. KHANDEGAON, TAL. VASMAT, DIST. HINGOLI.   | Property taken on lease                      |                  | THE MAHARASHTRA STATE CO-OPERATIVE BANK LTD., MUMBAI | 3,35,66,400 and escalation of 10% every year                   | July 01, 2021 to June 30, 2026             | Production                               |
| 6      | Plot No. 144, Pandey Layout, Khamla, Nagpur MH 440025 IN   | Operation, Management and Sole-Selling Agent | 16-01-2021       | Shree Sainath Textiles Private Limited               | NA, Le Merite will maintain the Building, P&M etc. of the unit | February 01, 2021 – January 31, 2025       | Sole Selling Agent                       |

|   |  |                    |                   |                                       |    |   |                    |
|---|--|--------------------|-------------------|---------------------------------------|----|---|--------------------|
| 7 | Plot No B-1, M.I.D.C, Area, Tivra Road, Jalgaon Arvi Chandur, Railway, District, Dattapur Dhamangaon, Maharashtra 444709 | Sole Selling Agent | December 31, 2019 | Jawahar Saharkari Soot Girni Maryadit | NA | January 01, 2020 till December 31, 2024 | Sole Selling Agent |
|---|--|--------------------|-------------------|---------------------------------------|----|---|--------------------|

## **KEY INDUSTRY REGULATIONS AND POLICIES**

Given below is a summary of certain relevant laws and regulations currently applicable to our Company. The information detailed in this chapter has been obtained from publications available in the public domain. The description of the applicable regulations as given below has been set out in a manner to provide general information to the investors and is not exhaustive and shall not be treated as a substitute for professional legal advice. The statements below are based on the current provisions of applicable law, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

Our Company is a well reputed brand name in domestic and international market today. Our Company is dealing in yarn, grey fabric and finished fabric. The Company is also exporting sustainable – ecofriendly organic yarn and fabric to domestic and international textile and garment manufacturers / brands.

Additionally, our functioning requires the sanction of concerned authorities, at various stages, under relevant legislations and local by-laws. Given below is a brief description of certain relevant legislations that are currently applicable to the business carried on by us.

### **CENTRAL LAWS:**

Equal Remuneration Act, 1976, Employees' Compensation Act, 1923, Employees' Provident Funds and Miscellaneous Provisions Act, 1952, Payment of Bonus Act, 1965, as may be applicable in the relevant state:

### **Key Legislations Applicable to Our Business**

#### **The Textiles Committee Act, 1963**

The Textile Committee Act, 1963 (the "Act") was enacted in 1963 to provide for the establishment of a committee for ensuring the quality of textiles and textile machinery and for matters connected therewith. The Act prescribes for establishment of a textile committee (hereinafter referred to as the "Textile Committee") with the general objective of ensuring a standard quality of textiles both for internal marketing and export purposes as well as standardisation of the type of textile machinery used for manufacture. In addition to the general objection as mentioned above, the function of the Textile Committee inter alia include, to undertake, assist and encourage, scientific, technological and economic research in textile industry and textile machinery, promotion of export of textile and textile machinery, establishing or adopting or recognizing standard specifications for textile and packing materials used in the packing of textiles or textile machinery for purpose of export and internal consumption and affix suitable marks on such standardized varieties of textiles and packing materials, specify the type of quality control or inspection which will be applied to textile or textile machinery, provide for training in the techniques of quality control to be applied to textiles or textile machinery, provide for inspection and examination of textiles, textile machinery and packing material used in the packing of textile and textile machinery, establishing laboratories and text houses for testing of textiles and data collection and such other matters related to the textile industry:

#### **Textile Development and Regulation Order, 2001 ("Textile Order")**

The Central Government in exercise of the powers conferred upon it under section 3 of the Essential Commodities Act, 1955 and in supersession of the Textile (Development and Regulation) Order, 1993 brought in force the Textile Order. Under the Textile Order every manufacturer of textiles, textile machinery and every person dealing with textiles is required to maintain books of accounts, data and other records relating to the business in the matter of production, processing, import, export, supply, distribution, sale, consumption etc. and shall furnish such returns or information in

respect to the business as and when required by the Textile Commissioner. The Textile Order confers upon the Textile Commissioner powers to issue directions by notification with the prior approval of Central Government to any manufacturer regarding the specification or class of textiles which shall not be manufactured, dyes and chemicals which shall not be used in the manufacture of textile, maximum and minimum quantity of textiles which shall be manufactured, maximum ex-factory or wholesale or retail price at which textiles shall be sold, markings to be made on textiles by manufacturers and the time and manner of such markings and direct the officer in charge of any laboratory to carry out or cause to be carried out such tests relating to any textiles as may be specified by the Textile Commissioner:

### **Amended Technology Up-Gradation Fund Scheme (ATUFS)**

Ministry of Textiles, Government of India has notified ATUFS vide resolution dated January 13, 2016. In accordance to the said regulation the guidelines of ATUFS i.e., financial and operational parameters and implementation of ATUFS during its implementation period from January 13, 2016 to March 31, 2022 has been provided under the revised resolution dated August 2, 2018. In order to promote ease of doing business, promote make in India and increase the employment, government will be providing credit linked Capital Investment Subsidy (CIS) under the ATUFS. The scheme would facilitate augmenting of investment, productivity, quality, employment and exports. It will also increase investment in textile industry (using benchmarked technology). Entities registered as companies which have acknowledgement of Industrial Entrepreneur Memorandum (IEM) with DIPP except MSMEs units which will be as per Ministry of MSME or units registered with the concerned Directorates of the State Government showing clearly the activity for which the unit is registered, will only be eligible to get benefits under the scheme. Only benchmarked machinery as specified will be eligible for the subsidy under the scheme. The maximum subsidy for overall investment by an individual entity under ATUFS will be restricted to Rs. 300 million. Export Promotion Capital Goods Scheme (“EPCG Scheme”) To facilitate import of capital goods for producing quality goods and services to enhance India’s export competitiveness. EPCG Scheme covers manufacturer exporters with or without supporting manufacturer(s), merchant exporters tied to supporting manufacturer(s) and service providers. Also covers a service provide who is designated/certified as a Common Service Provider (CSP) by the DGFT. The EPCG Scheme allows import of capital goods for pre-production, production, and post-production at 5% customs duty subject to and export obligation equivalent to 8 times of the duty saved on capital goods imported under the EPCG Scheme to be fulfilled over a period of 8 years reckoned from the date of issuance of license. Capital Goods would be allowed at 0% duty for exports of agricultural products and their value-added variants. However, in respect of EPCG licenses with a duty saved of Rs. 1,000 million or more, the same export obligation shall be required to be fulfilled over a period of 12 years:

### **National Textile Policy, 2000**

The National Textile Policy, 2000 (“NTP”) aims at facilitating the growth of the textile industry to attain and sustain a pre-eminent global standing in the manufacture and export of clothing. The objective is sought to be achieved by liberalizing controls and regulations so that the different segments of the textile industry are enabled to perform in a greater competitive environment. In furtherance of its objectives, the strategic thrust of the NTP is on technological upgradation, enhancement of productivity, quality consciousness, product diversification, maximizing employment opportunities, and so on. The NTP also envisages certain sector specific initiatives, including the sector of raw materials, spinning, weaving, power loom, handloom, jute and textile. The Policy also lays down certain delivery mechanisms for the implementation of the policy and to enable the Indian textile industry to realise its full potential and achieve global excellence. Salient objective of NTP is as follows –

- Equip the textile industry to withstand pressures of import penetration and maintain a dominant presence in the domestic market.
- Develop a strong multi-fibre base with thrust on product up-gradation and diversification;
- Sustain and strengthen the traditional knowledge, skills and capabilities of our weavers and craftspeople;
- Enrich human resource skills and capabilities, with special emphasis on those working in the decentralized sectors of the textile industry; and for this purpose, to revitalize the institutional structure;

- Make Information Technology (IT), an integral part of the entire value chain of textile;
- Production and thereby facilitate the textile industry to achieve international standards in terms of quality, design and marketing; and Involve and ensure the active co-operation and partnership of the State Governments, Financial Institutions, Entrepreneurs, Farmers and Non-Governmental Organizations in the fulfilment of these objectives, vide the NTP, the Government has conveyed its commitment towards providing a conducive environment to enable the Indian textile industry to realise its full potential, achieve global excellence, and fulfil its obligation to different sections of society :

### **Production-Linked Incentive Scheme in Textiles Products**

In November 2020, the Union Cabinet approved the introduction of the Production-Linked Incentive Scheme in Textiles Products to enhance India's Manufacturing Capabilities as well as Exports. An amount of ₹ 10,683 crore has been approved as an outlay for a period of 5 years. This initiative will be implemented by the Ministry of Textile and is expected to cover forty product categories under man-made fibre:

### **Legal Metrology Act, 2009 ("LM Act")**

The LM Act has replaced the Standards of Weights and Measures Act, 1976 and the Standards of Weight & Measurement (Enforcement) Act, 1985. It seeks to establish and enforce standards of weights and measures, regulate trade and commerce in weights, measures and other goods which are sold or distributed by weight, measure, or number. The LM Act and rules framed thereunder regulate, inter alia, the labelling and packaging of commodities, verification of weights and measures used, and lists penalties for offences and compounding of offences under it. The Controller of Legal Metrology Department is the competent authority to grant the licence under the LM Act. Any manufacturer dealing with instruments for weights and measuring of goods must procure a license from the state department under the LM Act. Any non-compliance or violation under the LM Act may result in, inter alia, a monetary penalty on the manufacturer or seizure of goods or imprisonment in certain cases:

### **Consumer Protection Act, 2019 (the "Consumer Protection Act") and the rules made thereunder**

The Consumer Protection Act, which repeals the Consumer Protection Act, 1986, was designed and enacted to provide simpler and quicker access to redress consumer grievances. It seeks, inter alia to promote and protect the interests of consumers against deficiencies and defects in goods or services and secure the rights of a consumer against unfair trade practices, which may be practiced by manufacturers, service providers and traders. The definition of "consumer" has been expanded under the Consumer Protection Act to include persons engaged in offline or online transactions through electronic means or by tele-shopping or direct-selling or multi-level marketing. One of the substantial changes introduced by Consumer Protection Act is inclusion of the e-commerce industry under Consumer Protection Act with "e-commerce" defined to refer to the buying and selling of goods or services over digital or electronic network. Therefore, the Consumer Protection Act aims to cover entities that are involved in the process of selling goods or services online. It provides for the establishment of consumer disputes redressal forums and commissions for the purposes of redressal of consumer grievances. In addition to awarding compensation and/or passing corrective orders, the forums and commissions under the Consumer Protection Act, in cases of misleading and false advertisements, are empowered to impose imprisonment for a term which may extend to two years and fine which may extend to ten lakhs. In cases of manufacturing for sale or storing, selling, or distributing or importing products containing an adulterant, the imprisonment may vary between six months to seven years and fine between one lakh to ten lakh depending upon the nature of injury to the consumer:

### **The Maharashtra Fire Prevention and Life Safety Measures Act, 2006 Act 3 of 2007 & Amendment 2015**

The Fire Act requires building owners and occupants to install firefighting measures and ensure proper evacuation measures in the case of fire emergency. The Act contains comprehensive guidelines towards securing the fire safety of old as well as new buildings in the State of Maharashtra.

The Act extends to the whole of the State of Maharashtra and it applies to all building owners and occupants. Even licensees and tenants are classified as 'occupiers. Presently fire prevention and firefighting services are organized by the concerned States and Union Territories. It may be added here that the fire brigades in India remain heterogeneous in character and majority of them continue to remain ill-equipped and differently organized.

The National Building Code (NBC), which is the basic model code in India on matters relating to building construction and fire safety. Fire prevention and fire protection is a state subject. The primary responsibility for fire prevention and fire protection lies primarily with State Governments. The rules for fire prevention and fire protection are laid in the form of State Regulations or Municipal By-Laws.

Apart from the specific State Acts and Rules stated above, a number of legislations are available on matters relating to fire prevention, fire protection and some of them are listed in Table 03. Amongst these, the Factories Act and State Factories Rules are important ones. The Section 38 of the Factories Act, 1948, emphasizes, the obligations of the occupier, which include (i) to adopt all practicable measures to prevent the outbreak and spread of fire, (ii) to provide safe means of escape, (iii) to maintain the firefighting equipment properly and (iv) to familiarize all the workers with the means of escape during fire and train them in steps to be taken in a fire accident. The Section 37 of the Factories Act, 1948, also prescribes detailed measures to prevent explosions hazards. The State Factories Rules, framed under the Factories Act, have prescribed in detail, all the steps to be taken to prevent fire hazard.

### **Shops and establishments legislations**

Under the provisions of local shops and establishments legislations applicable in the states in India where our establishments are set up and business operations exists, such establishments are required to be registered. Such legislations regulate the working and employment conditions of the workers employed in shops and establishments, including commercial establishments, and provide for fixation of working hours, rest intervals, overtime, holidays, leave, termination of service, maintenance of records, maintenance of shops and establishments and other rights and obligations of the employers and employees. These shops and establishments acts, and the relevant rules framed thereunder, also prescribe penalties in the form of monetary fine or imprisonment for violation of provisions, as well as procedures for appeal in relation to such contravention of the provisions.

### **Environmental Legislations**

We are subject to various environment regulations as the operation of our establishments might have an impact on the environment in which they are situated. The basic purpose of the statutes given below is to control, abate and prevent pollution. In order to achieve these objectives, Pollution Control Boards ("PCBs"), which are vested with diverse powers to deal with water and air pollution, have been set up in each state and in the Centre. The PCBs are responsible for setting the standards for maintenance of clean air and water, directing the installation of pollution control devices in industries and undertaking inspection to ensure that industries are functioning in compliance with the standards prescribed. These authorities also have the power of search, seizure and investigation.

All industries are required to obtain consent orders from the PCBs, which are required to be periodically renewed.

### **Water (Prevention and Control of Pollution) Act, 1974 ("Water Act")**

The Water Act provides for one Central Pollution Control Board, as well as state pollution control boards, to be formed to implement its provisions, including enforcement of standards for factories discharging pollutants into water bodies. The Water Act prohibits the use of any stream or well for the disposal of polluting matter, in violation of the standards set down by the State Pollution Control Board ("State PCB"). The Water Act also provides that the consent of the State PCB must be obtained prior to opening of any new outlets or discharges, which are likely to discharge sewage or effluent.

### **Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016 (the "Hazardous Waste Rules")**

The objective of the Hazardous Waste Rules is to control the collection, reception, treatment, and storage of hazardous waste. The Hazardous Waste Rules prescribes for every person who is engaged in generation, treatment, processing, packaging, storage, transportation, use, collection, destruction, conversion, recycling, offering for sale, transfer or the like of hazardous and other wastes to obtain an authorisation from the relevant state pollution control board.

### **Laws relating to various Municipal Corporations**

The respective state legislatures in India have the power to endow the municipalities with the power to implement schemes and perform functions in relation to matters listed in the Twelfth Schedule to the Constitution of India which included protection of environment. We are subject to various municipal corporation's act and regulations as the operation of our establishments might have an impact on the environment in which they are situated.

### **The Environment (Protection) Act, 1986 ("EPA"), Environment Protection Rules, 1986 (the "EP Rules") and The Environmental Impact Assessment Notification, 2006 ("EIA Notification")**

The EP Act has been enacted for the protection and improvement of the environment. EP Act empowers the government to take all measures to protect and improve the quality of environment, such as by laying down standards for emission and discharge of pollutants, providing for restrictions regarding areas where industries may operate and laying down safeguards for handling hazardous substances, amongst others. It is in the form of an umbrella legislation designed to provide a framework for Central Government to coordinate the activities of various central and state authorities established under previous laws. It is also in the form of an enabling law, which delegates wide powers to the executive to enable bureaucrats to frame necessary rules and regulations.

Further, the EP Rules specifies, inter alia, the standards for emission or discharge of environmental pollutants, restrictions on the location of industries and restrictions on the handling of hazardous substances in different areas. For contravention of any of the provisions of the EP Act or the rules framed thereunder, the punishment includes either imprisonment or fine or both. Additionally, under the EIA Notification and its subsequent amendments, projects are required to mandatorily obtain environmental clearance from the concerned authorities depending on the potential impact on human health and resources.

### **Draft Environment Impact Assessment Notification 2020 ("EIA 2020")**

Ministry of Environment, Forest and Climate Change has issued Draft Environment Impact Assessment Notification 2020 ("EIA 2020") which proposes to replace the erstwhile Environment Impact Assessment Notification, 2006. The EIA 2020, inter alia, contemplates two kinds of approvals, being (i) prior environment clearance with the approval of expert committees; and (ii) environmental permission or provision without the approval of expert committees. Certain projects including clay and sand extraction, digging well or foundations of buildings, solar thermal power plants and common effluent treatment plants have been exempted from such approvals.

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

The Air Act aims to prevent, control and abate air pollution, and stipulates that no person shall, without prior consent of the relevant state pollution control board, establish or operate any industrial plant which emits air pollutants in an air pollution control area. They also cannot discharge or cause or permit to be discharged the emission of any air pollutant in excess of the standards laid down by the State Boards.

The Central Pollution Control Board and the state pollution control boards constituted under the Water Act perform similar functions under the Air Act as well. Pursuant to the provisions of the Air Act, any person establishing or operating any industrial plant within an air pollution control area, must obtain the consent of the relevant state pollution control board prior to establishing or operating such industrial plant.

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

The Noise Pollution Rules regulate and control the noise producing and generating sources including from industrial activity and sets ambient air quality standards in respect of noise for different areas/zones. The Noise Pollution Rules provide for penalties in accordance with the EP Act for use of loudspeakers, public address system, among others, in a silence zone or area.

### **Labour law legislations**

The employment of workers, depending on the nature of activity, is regulated by a wide variety of generally applicable labour laws. The following is an indicative discussion of labour laws which may be applicable to our Company due to the nature of its business activities:

#### **The Factories Act, 1948 (the “Factories Act”)**

The Factories Act defines a “factory” to cover any premises which employs ten or more workers and in which manufacturing process is carried on with the aid of power and, any premises where there are at least twenty workers even though there is no electrically aided manufacturing process being carried on. Each State Government has rules in respect of the prior submission of plans and their approval for the establishment of factories and registration and licensing of factories.

The Factories Act provides that an occupier of a factory i.e., the person who has ultimate control over the affairs of the factory and in the case of a company, any one of the directors must ensure the health, safety and welfare of all workers. There is a prohibition on employing children below the age of fourteen years in a factory. The occupier and the manager of a factory may be punished in accordance with the Factories Act for different offences in case of contravention of any provision thereof and in case of a continuing contravention after conviction, an additional fine for each day of contravention may be levied.

#### **Contract Labour (Regulation and Abolition) Act, 1970 (the “CLRA”)**

The CLRA is applicable to every establishment in which twenty or more workmen are employed or were employed on any day of the preceding twelve months as contract labour, and to every contractor who employees or who employed on any day of the preceding twelve months twenty or more workmen. Under the CLRA, a ‘principal employer’ is defined to include (in the case of establishments other than factories, mines, or Government offices/ departments) as any person responsible for the supervision and control of the establishment.

The CLRA provides for, inter alia registration of establishments employing contract labour, licensing of contractors as well as circumstances in which such licenses can be revoked, as well as provisions in relation to welfare and health of

contract labour. Under the CLRA, if any amenity is not provided by the relevant contractor to the contract labour in accordance with the provisions of the Act, such amenity is required to be provided by the principal employer.

The Central Government or the relevant State Government is empowered to frame rules for carrying out the various provisions of the CLRA. In addition to the aforementioned, the following labour codes have received the assent of the President of India, and will come into force as and when notified in the Gazette, pursuant to which the abovementioned Labour Legislations will be subsumed by the following labour codes:

#### **The Code on Wages, 2019 (the “Wage Code”)**

The Code on Wages, 2019 received the assent of the President of India on August 8, 2019 and proposes to subsume four existing laws namely, the Payment of Wages Act, 1936, the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965 and the Equal Remuneration Act, 1976. The Ministry of Labour and Employment vide notification dated December 18, 2020 notified certain provisions of the Wage Code. The provisions of this code will be brought into force on a date to be notified by the Central Government:

#### **The Occupational Safety, Health and Working Conditions Code, 2020**

The Occupational Safety, Health and Working Conditions Code, 2020 received the assent of the President of India on September 28, 2020 and proposes to subsume certain existing legislations, including the Factories Act, 1948, the Contract Labour (Regulation and Abolition) Act, 1970, the Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979 and the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996. The code proposes to provide for inter alia standards for health, safety and working conditions for employees of the establishments. The provisions of this code will be brought into force on a date to be notified by the Central Government.

#### **The Industrial Relations Code, 2020**

The Industrial Relations Code, 2020 received the assent of the President of India on September 28, 2020 and it proposes to subsume three existing legislations, namely, the Industrial Disputes Act, 1947, the Trade Unions Act, 1926 and the Industrial Employment (Standing Orders) Act, 1946. The provisions of this code will be brought into force on a date to be notified by the Central Government.

#### **The Code on Social Security, 2020 (“Social Security Code”)**

The Social Security Code received the assent of the President of India on September 28, 2020 and it proposes to subsume certain existing legislations including the Employee's Compensation Act, 1923, the Employees' State Insurance Act, 1948, the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, the Maternity Benefit Act, 1961, the Payment of Gratuity Act, 1972, the Building and Other Construction Workers' Welfare Cess Act, 1996 and the Unorganised Workers' Social Security Act, 2008. The new code proposes to set up a National Social Security Board and State Unorganized Workers Board to administer schemes for unorganized workers. The Social Security Code aims to provide uniformity in providing social security benefits to the employees which was earlier segregated under different acts and had different applicability and coverage. The Social Security Code has introduced the concept of workers outside traditional employee-employee work-arrangements (including in online and digital platforms such as ours), such as 'gig workers' and 'platform workers' and provides for the mandatory registration of such workers in order to enable these workers to avail benefits of, among others, life and disability cover, health and maternity benefits, old age protection, under schemes framed under the Social Security Code from time to time. Further, the Social Security Code provides that

such schemes may inter alia, be partly funded by contributions from platforms such as ours. The provisions of this code will be brought into force on a date to be notified by the Central Government.

#### **Other Labour law legislations:**

In addition to the aforementioned material legislations which are applicable to our Company, some of the other labour legislations that may be applicable to the operations of our Company include:

1. State-wise Labour welfare fund legislations and rules made thereunder;
2. The Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959 and the rules made thereunder;
3. Equal Remuneration Act, 1976;
4. Rights of Persons with Disabilities Act, 2016; and
5. Child and Adolescent Labour (Prohibition and Regulation) Act, 1986.

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

The Equal Remuneration Act 1979 provides for payment of equal remuneration to men and women workers and for prevention discrimination, on the ground of sex, against female employees in the matters of employment and for matters connected therewith. The Act was enacted with the aim of state to provide Equal Pay and Equal Work as envisaged under Article 39 of the Constitution.

#### **Employees' Provident Funds and Miscellaneous Provisions Act, 1952 ("the EPF Act") and the Employees Provident Fund Scheme, 1952**

The EPF Act is applicable to an establishment employing more than 20 employees and as notified by the government from time to time. All the establishments under the EPF Act are required to be registered with the appropriate Provident Fund Commissioner. Also, in accordance with the provisions of the EPF Act, the employers are required to contribute to the employees' provident fund the prescribed percentage of the basic wages, dearness allowances and remaining allowance (if any) payable to the employees. The employee shall also be required to make the equal contribution to the fund. The Central Government under Section 5 of the EPF Act (as mentioned above) frames Employees Provident Scheme, 1952.

#### **Employees Deposit Linked Insurance Scheme, 1976**

The scheme shall be administered by the Central Board constituted under section 6C of the EPF Act. The provisions relating to recovery of damages for default in payment of contribution with the percentage of damages are laid down under Section 8A of the Act. The employer falling under the scheme shall send to the Commissioner within fifteen days of the close of each month a return in the prescribed form. The register and other records shall be produced by every employer to Commissioner or other officer so authorized shall be produced for inspection from time to time. The amount received as the employer's contribution and also Central Government's contribution to the insurance fund shall be credited to an account called as "Deposit-Linked Insurance Fund Account."

#### **The Employees' Pension Scheme, 1995**

Family pension in relation to this Act means the regular monthly amount payable to a person belonging to the family of the member of the Family Pension Fund in the event of his death during the period of reckonable service. The scheme shall apply to all the employees who become a member of the EPF or PF of the factories provided that the age of the employee should not be more than 59 years in order to be eligible for membership under this Act. Every employee who is member of EPF or PF has an option of the joining the scheme. The employer shall prepare a Family Pension Fund contribution card in respect of the all the employees who are members of the fund.

### **Employees' State Insurance Act, 1948 (the "ESI Act")**

It is an Act to provide for certain benefits to employees in case of sickness, maternity and 'employment injury' and to make provision for certain other matters in relation thereto. It shall apply to all factories (including factories belonging to the Government) other than seasonal factories. The ESI Act requires all the employees of the establishments to which this Act applies to be insured in the manner provided there under. Employer and employees both are required to make contribution to the fund. The return of the contribution made is required to be filed with the Employee State Insurance department.

### **Payment of Gratuity Act, 1972 (the "Act")**

The Act shall apply to every factory, mine plantation, port and railway company; to every shop or establishment within the meaning of any law for the time being in force in relation to shops and establishments in a State, in which ten or more persons are employed, or were employed, on any day of the preceding twelve months; such other establishments or class of establishments, in which ten or more employees are employed, on any day of the preceding twelve months, as the Central Government, may by notification, specify in this behalf. A shop or establishment to which this Act has become applicable shall be continued to be governed by this Act irrespective of the number of persons falling below ten at any day. The gratuity shall be payable to an employee on termination of his employment after he has rendered continuous service of not less than five years on superannuation or his retirement or resignation or death or disablement due to accident or disease. The five years period shall be relaxed in case of termination of service due to death or disablement.

### **Maternity Benefit Act, 1961 (the "Act")**

The Act provides for leave and right to payment of maternity benefits to women employees in case of confinement or miscarriage etc. The Act is applicable to every establishment which is a factory, mine or plantation including any such establishment belonging to government and to every establishment of equestrian, acrobatic and other performances, to every shop or establishment within the meaning of any law for the time being in force in relation to shops and establishments in a state, in which ten or more persons are employed, or were employed, on any day of the preceding twelve months; provided that the state government may, with the approval of the Central Government, after giving at least two months' notice shall apply any of the provisions of this Act to establishments or class of establishments, industrial, commercial, agricultural or otherwise.

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

The Child Labour Act prohibits employment of children below 14 years of age in certain occupations and processes and provides for regulation of employment of children in all other occupations and processes. Employment of Child Labour in our industry is prohibited as per Part B (Processes) of the Schedule.

### **The Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013 (the "Act")**

In order to curb the rise in sexual harassment of women at workplace, this Act was enacted for prevention and redressal of complaints and for matters connected therewith or incidental thereto. The terms sexual harassment and workplace are both defined in the Act. Every employer should also constitute an "Internal Complaints Committee" and every officer and member of the company shall hold office for a period of not exceeding three years from the date of nomination. Any aggrieved woman can make a complaint in writing to the Internal Committee in relation to sexual harassment of female at workplace. Every employer has a duty to provide a safe working environment at workplace which shall include safety from the persons coming into contact at the workplace, organizing awareness programs and workshops, display of rules relating to the sexual harassment at any conspicuous part of the workplace, provide necessary facilities to the

internal or local committee for dealing with the complaint, such other procedural requirements to assess the complaints.

### **The Companies Act, 1956 and 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 Information Technology (Amendment) Act, 2008 (IT Act)**

The Information Technology Act, 2000 (also known as ITA-2000, or the IT Act) is an Act of the Indian Parliament (No 21 of 2000) notified on 17 October 2000. It is the primary law in India dealing with cybercrime and electronic commerce. The Act provides legal recognition for transactions carried out by means of electronic data interchange and other means of electronic communication, commonly referred to as "electronic commerce", which involve the use of alternatives to paper-based methods of communication and storage of information, to facilitate electronic filing of documents with the Government agencies and further to amend the Indian Penal Code, the Indian Evidence Act, 1872, the Bankers' Books Evidence Act, 1891 and the Reserve Bank of India Act, 1934 and for matters connected therewith or incidental thereto. A major amendment was made in 2008 introducing Sections 66A and 69 giving wide powers to the government authorities.

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

The prima facie duty of the commission is to eliminate practices having adverse effect on competition, promote and sustain competition, protect interest of consumer and ensure freedom of trade.

The 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 Micro, Small and Medium Enterprises Development Act, 2006 and Industries (Development and Regulation) Act, 1951**

The Micro, Small and Medium Enterprises Development Act, 2006 ("MSME Act") In order to promote and enhance the competitiveness of Micro, Small and Medium Enterprise (MSME) the Micro, Small and Medium Enterprises Development Act, 2006 is enacted. A National Board shall be appointed and established by the Central Government for MSME

enterprise with its head office at Delhi in the case of the enterprises engaged in the manufacture or production of goods pertaining to any industry mentioned in first schedule to Industries (Development and Regulation) Act, 1951.

The Central Government has vide its notification numbering 1702(E) dated June 1, 2020 amended the definition of MSME which has come into effect from July 1, 2020.

The revised definition is as under:

- (i) a micro enterprise, where the investment in Plant and Machinery or Equipment does not exceed one Crore rupees and turnover does not exceed five Crore rupees;
- (ii) a small enterprise, where the investment in Plant and Machinery or Equipment does not exceed ten Crore rupees and turnover does not exceed fifty Crore rupees; and
- (iii) a medium enterprise, where the investment in Plant and Machinery or Equipment does not exceed fifty Crore rupees and turnover does not exceed two hundred and fifty Crore rupees.

The MSMED Act provides for the memorandum of micro, small and medium enterprises to be submitted by the relevant enterprises to the prescribed authority.

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.

## **INTELLECTUAL PROPERTY LAWS**

Intellectual Property in India enjoys protection under both common law and statute. Under statute, India provides for patent protection under the Patents Act, 1970, copyright protection under the Copyright Act, 1957, trademark protection under the Trade Marks Act, 1999 and design protection under the Designs Act, 2000. The above enactments provide for protection of intellectual property by imposing civil and criminal liability for infringement.

### **The Trade Marks Act, 1999 (the "Trade Marks Act")**

Indian trademark law permits the registration of trademarks for goods and services. The Trade Marks Act governs the statutory protection of trademarks and for the prevention of the use of fraudulent marks in India. Certification marks and collective marks can also be registered under the Trademarks Act. An application for trademark registration may be made by individual or joint applicants by any person claiming to be the proprietor of a trade mark, and can be made on the basis of either use or intention to use a trademark in the future. Applications for a trademark registration may be made for in one or more international classes. Once granted, trademark registration is valid for ten (10) years unless cancelled. If not renewed after ten (10) years, the mark lapses and the registration have to be restored. While both registered and unregistered trademarks are protected under Indian Law, the registration of trademarks offers significant advantages to the registered owner, particularly with respect to proving infringement.

The Trade Mark (Amendment) Act, 2010 has been enacted by the Gol to amend the Trade Marks Act in order to enable Indian nationals as well as foreign nationals to secure simultaneous protection of trademark in other countries, and to empower the Registrar of Trademarks to do so. It also seeks to simplify the law relating to transfer of ownership of trademarks by assignment or transmission and to bring the law generally in line with international practice.

### **Copyright Act, 1957**

The Copyright Act, 1957 protects literary and dramatic works, musical works, artistic works including maps and technical drawings, photographs and audio-visual works (cinematograph films and video).

### **Patents Act, 1970**

The Patents Act, 1970 (the "Patents Act") governs the patent regime in India. Being a signatory to the Agreement on Trade Related Aspects of Intellectual Property Rights, India is required to recognise product patents as well as process patents. In addition to the broad requirement that an invention, a patent has to satisfy the requirements of novelty, utility and non-obviousness in order for it to avail patent protection. The Patents Act stipulates that patent protection may not be granted to certain specified types of inventions and materials even if they satisfy the above criteria. The Patents Act prohibits any person resident in India from applying for patent for an invention outside India without making an application for the invention in India. The term of a patent granted under the Patents Act is twenty (20) years from the date of filing of the application for the patent.

### **Tax Related Legislations**

#### **Income-tax Act, 1961**

Income-tax Act, 1961 ("IT Act") is applicable to every company, whether domestic or foreign whose income is taxable under the provisions of the IT Act or Rules made there under depending upon its 'Residential Status' and 'Type of Income' involved. Every assessee, under the IT Act, which includes a company, is required to comply with the provisions thereof, including those relating to tax deduction at source, advance tax, minimum alternative tax and like.

#### **The Customs Act, 1962**

The provisions of the Customs Act, 1962 and rules made thereunder are applicable at the time of import of goods into India from a place outside India or at the time of export of goods out of India to a place outside India. Any company requiring to import or export any goods is required to get itself registered under this Act and obtain an Importer Exporter Code number.

#### **Goods and Services Tax ("GST")**

GST is an indirect tax applicable throughout India which replaced multiple cascading taxes levied by the central and state governments. The GST is levied as dual GST separately but concurrently by the Union (central tax – CGST) and the States (including Union Territories with legislatures) (State tax – SGST) / Union territories without legislatures (Union territory tax- UTGST). The Parliament would have exclusive power to levy GST (integrated tax – IGST) on inter-State trade or commerce (including imports) in goods or services. It was introduced as The Constitution (One Hundred and First Amendment) Act 2017, following the passage of Constitution 122<sup>nd</sup> Amendment Bill. The GST is governed by a GST Council and its Chairman is the Finance Minister of India. Under GST, goods and services are taxed at the following rates 5%, 12%, 18% and 28%. Besides, some goods and services would be under the list of exempt items.

### **GENERAL LAWS:**

Apart from the above list of laws – which is inclusive in nature and not exhaustive - general laws like the Negotiable Instrument Act 1881, Indian Contract Act, 1872, Transfer of Property Act, 1882, Indian Stamp Act,1899 and (amended Act, 2020), Sale of Goods Act,1930, Information Technology Act, 2000 etc.

### **OTHER LAWS:**

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

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

If any person makes any contravention to any law or commits economic offence or imports/exports in a manner prejudicial to the trade relations of India or to the interest of other person engaged in imports or exports then there shall be no Import Export Code number granted by Director-General to such person and if in case granted shall stand cancelled or suspended. Provision of search and seizure of Code of Criminal Procedure, 1973 shall apply to every search and seizure made under this Act. In case of appeals in a case the order made by the appellate authority shall be considered to be final. The powers of the civil court under Code of Civil Procedure, 1908 shall vest in him.

The EXIM Policy is a set of guidelines and instructions established by the DGFT in matters related to the export and import of goods in India. This policy is regulated under the said Act. DGFT is the main governing body in matters related to the EXIM Policy. The Act shall provide development and regulation of foreign trade by facilitating imports into, and augmenting exports from India. Trade Policy is prepared and announced by the Central Government (Ministry of Commerce).

### **Foreign Exchange Management Act, 1999 (“FEMA”)**

Foreign investment in India is primarily governed by the provisions of FEMA and the rules and regulations promulgated there under. FEMA aims at amending the law relating to foreign exchange with facilitation of external trade and payments for promoting orderly developments and maintenance of foreign exchange market in India. It applies to all branches, offices and agencies outside India owned or controlled by a person resident in India and also to any contravention there under committed outside India by any person to whom this Act applies. Every exporter of goods is required to a) furnish to the Reserve Bank or to such other authority a declaration in such form and in such manner as may be specified, containing true and correct material particulars, including the amount representing the full export value or, if the full export value of the goods is not ascertainable at the time of export, the value which the exporter, having regard to the prevailing market conditions, expects to receive on the sale of the goods in a market outside India; b) furnish to the Reserve Bank such other information as may be required by the Reserve Bank for the purpose of ensuring the realization of the export proceeds by such exporter. The Reserve Bank may, for the purpose of ensuring that the full export value of the goods or such reduced value of the goods as the Reserve Bank determines, having regard to the prevailing market conditions, is received without any delay, direct any exporter to comply with such requirements as it deems fit. Every exporter of services shall furnish to the Reserve Bank or to such other authorities a declaration in such form and in such manner as may be specified, containing the true and correct material particulars in relation to payment for such services.

### **FEMA Regulations**

As laid down by the FEMA Regulations, no prior consents and approvals are required from the Reserve Bank of India, for Foreign Direct Investment under the automatic route within the specified sectoral caps. In respect of all industries not specified as FDI under the automatic route, and in respect of investment in excess of the specified sectoral limits under the automatic route, approval may be required from the FIPB and/or the RBI. The RBI, in exercise of its power under the FEMA, has notified the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 ("FEMA Regulations") to prohibit, restrict or regulate, transfer by or issue security to a person resident outside India. Foreign investment in India is governed primarily by the provisions of the FEMA which relates to regulation primarily by the RBI and the rules, regulations and notifications there under, and the policy prescribed by the Department of Industrial Policy and Promotion, Ministry of Commerce & Industry, Government of

India.

### **The Foreign Direct Investment**

The Government of India from time to time has made policy and pronouncements on Foreign Direct Investments (“FDI”) through press notes and press releases. The Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India (“DIPP”), has issued consolidated FDI Policy Circular of 2020 (“FDI Policy 2020”), FDI Policy as on October 15, 2020. This Circular accordingly is effective since October 15, 2020 and will remain in force until Consolidated FDI Policy 2020 Department for Promotion of Industry and Internal Trade 6 superseded in totality or in part thereof. Reference to any statute or legislation made in this Circular shall include modifications, amendments or re-enactments thereof.

**In addition to the above, our Company is also required to comply with the provisions of the Companies Act, applicable SEBI regulations and rules framed thereunder and other applicable statutes enacted by the GoI or relevant state governments and authorities for our day-to-day business and operations. Our Company is also subject to various central and state tax law**

## HISTORY AND CERTAIN CORPORATE MATTERS

### HISTORY AND BACKGROUND

Our Company was originally incorporated as a Private Limited Company in name and style of “Didwaniya Yarn Exports Private Limited” on December 24, 2003 under the Companies Act, 1956 bearing Corporate Identification Number U17111MH2003PTC143645 issued by the Registrar of Companies, Maharashtra, Mumbai. Prakashchandra Didwaniya, Prashant Didwaniya and Chandabai Didwaniya were the original Promoters and subscribers of the Company at the time of incorporation. Further, the name of our Company was changed to “Le Merite Exports Private Limited” and a special resolution was passed by the Shareholders of the Company at the Extra-Ordinary General Meeting held on August 07, 2004. The Assistant Registrar of Companies, Maharashtra, Mumbai issued a fresh Certificate of Incorporation dated September 02, 2004, upon change of the name. Further, on March 31, 2006 the entire share capital of our Company was transferred by the Didwaniya family to the Lath family and the control of the company was handed over to Lath Family, the new promoters of our company, pursuant to share transfer deed. Further, our Company was converted into a Public Limited Company pursuant to the special resolution passed by the shareholders at the Extra-Ordinary General Meeting of our Company held on June 02, 2015 and consequent upon such conversion the name of our Company was changed to “Le Merite Exports Limited” vide a fresh certificate of incorporation dated July 08, 2015 bearing Corporate Identification Number U17111MH2003PLC143645 issued by the Deputy Registrar of Companies, Mumbai.

### BUSINESS AND MANAGEMENT

For information of our activities, products, services, market segments, growth, technology, managerial competence, standing with reference to prominent competitors, major suppliers, please refer to section titled “Business Overview”, “Industry Overview” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on pages 120, 89 and 224 of this Prospectus, respectively.

### CHANGES IN REGISTERED OFFICE OF THE COMPANY

Our Company’s registered office is presently situated at B1-104D, Boomerang, Chandivali Farm Road, Powai, Andheri (East), Mumbai - 400072, Maharashtra.

| Date of change of registered office | From   | To   | Reason for the change of the Registered office |
|-------------------------------------|--|--|--|
| January 05, 2006*                   | Hans Cotton Compound, Khamgaon, Buldhana – 444 303, Maharashtra            | 104, Marwa Complex, Saki Naka, Marwa Complex, Mumbai - 400072, Maharashtra     | Operational Convenience                        |
| June 05, 2013                       | 104, Marwa Complex, Saki Naka, Marwa Complex, Mumbai - 400072, Maharashtra | B1-104 D, Boomerang, Chandivali Farm Road, Powai, Mumbai - 400072, Maharashtra | Operational Convenience                        |

\*Certain secretarial records could not be traced as the relevant information was not available in the records maintained by our Company. Accordingly, we have relied on the search report dated December 09, 2021 prepared by Vijaykumar Tiwari & Associates, independent practicing company secretary, and certified by their certificate dated December 09, 2021 (“RoC Search Report”).

### MAIN OBJECTS OF OUR COMPANY

The Main Objects clause of the Company as per the MoA is as under:

To carry on the business of manufacturers, processors, importers, exporters, buyers, sellers, of and dealers in all kinds of yarns and fibers whether synthetic, artificial or natural, nylon, polyester, polypropylene, acrylics, rayon, silk, artificial silk, linen, cotton, wool, jute and any other fiber or fibrous material, whether synthetic, artificial, or natural, textile

substances, allied products, by-products and substitutes for all or any of them to treat and utilize any waste arising from any such manufacture, production or process whether carried on by the Company or otherwise and to deal in all other materials, equipments, stores, used therein or in relation thereto and their intermediary products, other allied products or substance or substitutes for all or any of them and the business of manufacturing, bleaching, printing, dyeing combing and dealing in yarn, cloth, line and other goods and fabrics whether textiles, netted, looped and to transact all and other manufacturing or curing, preparing and processes in connection therewith.

#### Amendments to the Memorandum of Association (MoA)

Since incorporation, the following amendments have been made to the MoA:

| Sr. No. | Date of Shareholder's Resolution | Change in Clause             | Particulars  |
|---------|----------------------------------|------------------------------|--|
| 1.      | Aug 7, 2004*                     | Capital Clause & Name Clause | Amendment to CLAUSE V of the Memorandum of Association to reflect increase in Authorised share capital of our Company increased from ₹ 1,00,000 divided into 10,000 Equity Shares of ₹ 10 each to ₹ 5,00,000 divided into 50,000 Equity Shares of ₹ 10 each<br><br>&<br><br>Amendment to clause I of our MOA and all relevant reference with MOA to reflect the change in name of our Company from "Didwaniya Yarn Exports Private Limited" to "Le Merite Exports Private Limited" |
| 2.      | Feb 19, 2008                     | Capital Clause               | Amendment to CLAUSE V of the Memorandum of Association to reflect increase in Authorised share capital of our Company increased from ₹ 5,00,000 divided into 50,000 Equity Shares of ₹ 10 each to ₹ 25,00,000 divided into 2,50,000 Equity Shares of ₹ 10 each   |
| 3.      | Feb 15, 2010                     | Capital Clause               | Amendment to CLAUSE V of the Memorandum of Association to reflect increase in Authorised share capital of our Company increased from ₹ 25,00,000 divided into 2,50,000 Equity Shares of ₹ 10 each to ₹ 1,00,00,000 divided into 10,00,000 Equity Shares of ₹ 10 each   |
| 4.      | Feb 28, 2011                     | Capital Clause               | Amendment to CLAUSE V of the Memorandum of Association to reflect increase in Authorised share capital of our Company increased from ₹ 1,00,00,000 divided into 10,00,000 Equity Shares of ₹ 10 each to ₹ 5,00,00,000 divided into 50,00,000 Equity Shares of ₹ 10 each  |
| 5.      | June 2, 2015                     | Name Clause                  | Amendment to clause I of our MOA and all relevant reference with MOA to reflect the change in name of our Company from "Le Merite Exports Private Limited" to "Le Merite Exports Limited"  |
|         |                                  | NA                           | Adoption of the Memorandum of Association in substitution of the existing memorandum of association, with suitable amendments to comply with provisions of the Companies Act, 2013   |
| 6.      | Aug 9, 2021                      | NA                           | Adoption of New set of MOA for compliance with Companies Act, 2013 in substitution of the existing memorandum of association, with suitable amendments to comply with provisions of the Companies Act, 2013  |
| 7.      | November 18, 2021                | Capital Clause               | Amendment to CLAUSE V of the Memorandum of Association to reflect increase in Authorised share capital of our Company increased from ₹ 5,00,00,000 divided into 50,00,000 Equity Shares of ₹ 10 each to ₹ 25,00,00,000 divided into 2,50,00,000 Equity Shares of ₹ 10 each   |

*\*Certain secretarial records could not be traced as the relevant information was not available in the records maintained by our Company. Accordingly, we have relied on the search report dated December 09, 2021 prepared by Vijaykumar Tiwari & Associates, independent practicing company secretary, and certified by their certificate dated December 09, 2021 (“RoC Search Report”).*

#### **MAJOR EVENTS & MILESTONES, KEY AWARDS, ACHIEVEMENTS AND ACCOLADES OF OUR COMPANY**

The following tables set forth the major events in history of our Company

| <b>Year</b> | <b>Particulars</b>   |
|-------------|--|
| 2003        | Our Company was incorporated as a private limited company  |
| 2004        | Change in name of our company from “Didwaniya Yarn Exports Private Limited” to “Le Merite Exports Private Limited”   |
| 2006        | Change in control of our company from Didwaniya Family to Lath Family  |
| 2015        | Conversion of company from private to public from “Le Merite Exports Private Limited” to “Le Merite Exports Limited” |

#### **KEY AWARDS, ACHIEVEMENTS AND ACCOLADES OF OUR COMPANY**

The following tables set forth the key events and milestones in the history of our company, since incorporation:

| <b>Year</b> | <b>Events</b>   |
|-------------|---|
| 2010        | ISO 9001:2015   |
| 2013 -14    | Has been awarded Gold Plaque the highest Exports of Cotton Yarn from TEXPROCIL  |
| 2013-14     | A certificate & Award for Third Best Export Performance Merchant Exporter by Synthetic & Rayon Textiles Export Promotion Council SRTEPC)  |
| 2014-15     | A certificate & Award for Third Best Export Performance Merchant Exporter by Synthetic & Rayon Textiles Export Promotion Council (SRTEPC)   |
| 2015-16     | A certificate & Award for Third Best Export Performance Merchant Exporter by Synthetic & Rayon Textiles Export Promotion Council SRTEPC)  |
| 2016-17     | A certificate & Award for Third Best Export Performance Merchant Exporter by Synthetic & Rayon Textiles Export Promotion Council SRTEPC)  |
| 2016 -17    | First Award for the best Export Performance by Government of Maharashtra Industries Department Directorate of Industries  |
| 2017-18     | A certificate from Federation of Indian Export Organization (FIEO) (Set up by Ministry of Commerce, Govt of India) for outstanding Export Performance in the category of Highest Foreign Exchange Earner – Maharashtra State - MSME |
| 2017-18     | Participation in TexTech Bangladesh International Expo  |
| 2018-19     | A certificate & Award for Second Best Export Performance Merchant Exporter by Synthetic & Rayon Textiles Export Promotion Council SRTEPC  |
| 2021-22     | A certificate from Oeko Tex for Griege woven fabrics made of 100% cotton exclusively produced from material certified according to Standard 100   |

#### **Time and cost overrun in setting up of projects**

There have been no instances of time and cost overruns in setting up of our projects in the past.

**Details of launch of key products or services, Capacity and capacity utilisation, entry in new geographies or exit from existing markets or creation of plants**

For details pertaining to launch of key products or services, capacity and capacity utilisation, entry in new geographies or exit from existing markets, please refer section titled “*Business Overview*” beginning on page 120 of this Prospectus.

**Defaults or rescheduling/restructuring of borrowings with financial institutions/banks**

There have been no defaults or rescheduling/restructuring of borrowings with any of the financial institutions/banks.

**Changes in the activities of our Company during the last ten (10) years**

There has been no change in the activities of our Company during the last ten (10) years which may have had a material effect on the statement of profit & loss of our Company, including discontinuance of a line of business, loss of agencies or markets and similar factors.

**Acquisition or divestments of business/undertakings, mergers and amalgamations**

There are no mergers and amalgamation etc. with respect to our Company and we have not acquired any business/undertaking since the incorporation

**Revaluation of assets**

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

**Strategic Partners**

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

**Financial Partners**

Our Company does not have any financial partner.

**Holding Company**

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

**Subsidiaries**

Our Company has two Subsidiaries called as “Le Merite Laxmi Spinning Private Limited” and “Le Merite Filament Private Limited” as on the date of this Prospectus. For details with respect to our Subsidiaries, see “Our Subsidiaries” beginning on page 154.

**Joint Ventures**

Our Company has no joint-ventures as on the date of this Prospectus.

**Shareholders and other material agreements**

As on the date of this Prospectus there are no shareholders agreement and other material agreements, other than those entered into in the ordinary course of business carried on or intended to be carried on by our Company.

## OUR SUBSIDIARIES

As on the date of this Prospectus, our Company has two subsidiaries:

- a) Le Merite Filament Private Limited
- b) Le Merite Laxmi Spinning Private Limited

Set out below are the details of these Subsidiaries:

### A. Le Merite Filament Private Limited

Le Merite Filament Private Limited was incorporated as a private limited company under the Companies Act 2013 pursuant to a certificate of incorporation dated on October 08, 2021 issued by the Deputy Registrar of Companies for and on behalf of the Jurisdictional Registrar of Companies, Central Registration Centre, and its CIN is U17299MH2021PTC369093. Its registered office is currently located at B1-104d, 1st Floor, Boomerang, Chandivali, Andheri East, Mumbai 400072, Maharashtra, India. Our Company acquired 5100 Equity shares of Le Merite Filament Private Limited

#### Nature of Business

To diversify into business of trading in polyester yarn, viscose yarn, synthetic fibers, staple fibers, worsted yarn, lycra yarn and such other varieties whether texturized, twisted, sized, dyed or otherwise and other such kinds of fiber

#### Capital Structure

The details of the capital structure of Le Merite Filament Private Limited are as follows:

| Particulars                                   | Aggregate Nominal Value (₹ in Lakhs) |
|---|--------------------------------------|
| <b>Authorized Share Capital</b>               |                                      |
| 50,000 Equity shares of ₹ 10 each             | 5.00                                 |
| <b>Issued, subscribed and paid-up capital</b> |                                      |
| 10,000 Equity shares of ₹ 10 each             | 1.00                                 |

#### Shareholding of Le Merite Filament Private Limited

| Name of the shareholder   | Number of Equity shares held | Percentage of the total shareholding (%) |
|---------------------------|------------------------------|--|
| Le Merite Exports Limited | 5100                         | 51%                                      |
| Abhishek Lath             | 2400                         | 24%                                      |
| Ronak Jalan               | 2500                         | 25%                                      |

### B. Le Merite Laxmi Spinning Private Limited

Le Merite Laxmi Spinning Private Limited was incorporated as a private limited company under the Companies Act 2013 pursuant to a certificate of incorporation dated December 15, 2021 issued by the Assistant Registrar of Companies, for and on behalf of the Jurisdictional Registrar of Companies, Central Registration Centre, and its CIN is U17299MH2021PTC373359. Its registered office is currently located at B1-104d, 1st Floor, Boomerang, Chandivali, Andheri East, Mumbai 400072, Maharashtra, India Our Company acquired 25,500 Equity shares of Le Merite Filament Private Limited

**Nature of Business**

To diversify into business of trading in polyester yarn, viscose yarn, synthetic fibers, staple fibers, worsted yarn, lycra yarn and such other varieties whether texturized, twisted, sized, dyed or otherwise and other such kinds of fiber.

**Capital Structure**

The details of the capital structure of Le Merite Filament Private Limited are as follows:

| Particulars                                   | Aggregate Nominal Value (₹ in Lakhs) |
|---|--------------------------------------|
| <b>Authorized Share Capital</b>               |                                      |
| 50,000 Equity shares of ₹ 10 each             | 5.00                                 |
| <b>Issued, subscribed and paid-up capital</b> |                                      |
| 50,000 Equity shares of ₹ 10 each             | 5.00                                 |

**Shareholding of Le Merite Filament Private Limited**

| Name of the shareholder                                | Number of Equity shares held | Percentage of the total shareholding (%) |
|--|------------------------------|--|
| Le Merite Exports Limited                              | 25500                        | 51%                                      |
| Hina Trading and Manufacturing Company Private Limited | 24500                        | 49%                                      |

Le Merite Filament Private Limited is yet to start its business activities.

**Other confirmations**

Le Merite Filament Private Limited & Le Merite Laxmi Spinning Private Limited is yet to start its business activities There are no accumulated profits or losses of any of our Subsidiaries, which are not accounted for by the Company.

**Listing**

None of our Subsidiaries are listed on any stock exchange in India or abroad, nor have any of the securities of our Subsidiaries been refused listing by any stock exchange in India or abroad, or failed to meet the listing requirements of any stock exchange in India or abroad.

**Business interests of our Subsidiaries in the Company**

Our Subsidiaries do not have any interest in our Company's business, other than as stated under section titled "Business Overview", "History and Other Corporate Matters" and "Restated Financial Statements", beginning on pages 120, 150 and 180, respectively of this Prospectus.

**Common pursuits**

Based on the business activities undertaken by our Subsidiaries, there are certain common pursuits amongst our subsidiaries and our Company. Our Company, Le Merite Filament Private Limited & Le Merite Laxmi Spinning Private Limited are in the business of, amongst other things, dealing with textile goods with different product line of business activity.

However, our Subsidiaries do not compete with our Company and, accordingly, there is no conflict of interest between our Company and our Subsidiaries. Further, our Company had with noncompete agreement with our Subsidiaries company and will adopt the necessary practices, as permitted by law or an agreement to address any conflict situation as and when they arise.

## OUR MANAGEMENT

### BOARD OF DIRECTORS

The Articles of Association require that our Board shall comprise of not less than three Directors and not more than fifteen Directors, provided that our Shareholders may appoint more than fifteen Directors after passing a special resolution in a general meeting.

As on the date of filing this Prospectus, we have 6 Directors on our Board of which three are Whole-time Directors (including the Managing Director and CFO, Chairman and Managing Director & Executive Director (one of whom is woman director)) and three are Independent Directors.

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

| Name, Director Identification Number (DIN), Date of Birth, Age, Occupation, Designation, Address, Nationality, Term & Period of Directorship  | Other Directorships as on the date of this Prospectus  |
|---|--|
| <p><b>Abhishek Lath</b><br/> <b>DIN:</b> 00331675<br/> <b>Date of Birth:</b> March 28, 1981<br/> <b>Age:</b> 41 years<br/> <b>Occupation:</b> Business<br/> <b>Designation:</b> Managing Director and CFO<br/> <b>Address:</b> A/702, Mahavir Clasik, Saki Vihar Road, Powai Opp. L&amp;T Gate No. 5, Mumbai, Sakinaka, Maharashtra, 400072<br/> <b>Nationality:</b> Indian<br/> <b>Term:</b> 5 years with effective from November 1, 2021 to October 30, 2026<br/> <b>Period of Directorship:</b> Since August 07, 2004</p>      | <p>1. Burhanpur Integrated Textile Park Limited<br/>                 2. Le Merite Fashions Private Limited<br/>                 3. Le Merite Filament Private Limited<br/>                 4. Le Merite Laxmi Spinning Private Limited</p> |
| <p><b>Umashankar Lath</b><br/> <b>DIN:</b> 05135035<br/> <b>Date of Birth:</b> October 7, 1954<br/> <b>Age:</b> 67 years<br/> <b>Occupation:</b> Business<br/> <b>Designation:</b> Chairman and Managing Director<br/> <b>Address:</b> Ward No.41, Shri Hari Kripa, Near Shri Krishna, Mangal Karyalay, Station Road, Indira Colony, Burhanpur, Madhya Pradesh - 450331<br/> <b>Nationality:</b> Indian<br/> <b>Term:</b> 5 years with effective from November 1, 2021 to October 30, 2026 &amp; liable to retire by rotation</p> | <p>1. Burhanpur Integrated Textile Park Limited</p>  |

| Name, Director Identification Number (DIN), Date of Birth, Age, Occupation, Designation, Address, Nationality, Term & Period of Directorship  | Other Directorships as on the date of this Prospectus |
|---|---|
| <p><b>Period of Directorship:</b> Since January 20, 2012</p>  |   |
| <p><b>Sweta Lath</b><br/> <b>DIN:</b> 07213314<br/> <b>Date of Birth:</b> January 4, 1985<br/> <b>Age:</b> 37 years<br/> <b>Occupation:</b> Business<br/> <b>Designation:</b> Executive Director<br/> <b>Address:</b> A/702, Mahavir Clasik, Saki Vihar Road, Powai Opp. L&amp;T Gate No. 5, Mumbai, Sakinaka, Maharashtra, 400072<br/> <b>Nationality:</b> Indian<br/> <b>Term:</b> 5 years with effective from November 1, 2021 to October 30, 2026 &amp; liable to retire by rotation<br/> <b>Period of Directorship:</b> Since November 1, 2021</p> | <p>1. Le Merite Fashions Private Limited</p>          |
| <p><b>Jaydeep Purujit Mehta</b><br/> <b>DIN:</b> 06952808<br/> <b>Date of Birth:</b> May 21, 1965<br/> <b>Age:</b> 56 years<br/> <b>Occupation:</b> Profession<br/> <b>Designation:</b> Non-Executive and Independent Director<br/> <b>Address:</b> 204, Aarambh Residency, Behind Kalpvruj Complex, Gotri Road, Vadodra, Subhanpura, Gujarat- 390023<br/> <b>Nationality:</b> Indian<br/> <b>Term:</b> 5 years with effective from December 17, 2021<br/> <b>Period of Directorship:</b> Since December 17, 2021</p>                                   | <p>1. Lexstreet Advisors LLP</p>                      |
| <p><b>Narendra Kumar Srivastava</b><br/> <b>DIN:</b> 09439120<br/> <b>Date of Birth:</b> December 7, 1958<br/> <b>Age:</b> 63 years<br/> <b>Occupation:</b> Retired as Assistant General Manager from State Bank of India<br/> <b>Designation:</b> Non-Executive and Independent Director</p>   | <p>NIL</p>  |

| Name, Director Identification Number (DIN), Date of Birth, Age, Occupation, Designation, Address, Nationality, Term & Period of Directorship  | Other Directorships as on the date of this Prospectus |
|---|---|
| <p><b>Address:</b> B-1201, Mahaveer Jyoti CHS Ltd., Sector-10, Kharghar, Navi Mumbai - 410210</p> <p><b>Nationality:</b> Indian</p> <p><b>Term:</b> 5 years with effective from December 17, 2021</p> <p><b>Period of Directorship:</b> Since December 17, 2021</p>   |   |
| <p><b>Rohit Agarwal</b></p> <p><b>DIN:</b> 01924587</p> <p><b>Date of Birth:</b> October 1, 1964</p> <p><b>Age:</b> 57 years</p> <p><b>Occupation:</b> Business</p> <p><b>Designation:</b> Non-Executive and Independent Director</p> <p><b>Address:</b> 3A/177, Azad Nagar, Nearby Kanpur Zoo, Kanpur, Uttar Pradesh-208002.</p> <p><b>Nationality:</b> Indian</p> <p><b>Term:</b> 5 years with effective from December 17, 2021</p> <p><b>Period of Directorship:</b> Since December 17, 2021</p> | 1. Shree Shyam International Limited                  |

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

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

| Name of Director | Other Directors | Relationship                       |
|------------------|-----------------|------------------------------------|
| Abhishek Lath    | Umashankar Lath | Father of Abhishek Lath            |
| Sweta Lath       | Abhishek Lath   | Husband of Sweta Lath              |
| Umashankar Lath  | Sweta Lath      | Daughter in law of Umashankar Lath |

#### Brief Profile of our Directors

**Abhishek Lath** is the Promoter and Managing Director and CFO of our Company. He has been on the board of our company since August 2004 and his key responsibilities in the company includes in augmenting relationships with various stakeholders which has helped our Company expand and grow the business by increasing its product portfolio, global foot print and customer base on a continuous basis. He also looks after Finance and accounts, International Sales and marketing and is instrumental in generating business from various parts of the world. He possesses a degree of Business Administration from Navi Mumbai. After completion of MBA, he joined in the business of Yarn Manufacturing and Trading in the name of Le Merite Exports Private Limited. He has over 15 years of experience in the textile industry. He has played a pivotal role in the growth and development of the Company.

**Umashankar Lath** is the Promoter and Chairman and Managing Director of our Company. He has been on the board of our company since January 2012 has a vast experience in the field of yarns and fabrics. He started his business as a trader

of yarns in Burhanpur at a very early age. Subsequently, he became exclusive agent/trader to sell yarns for big spinning mills of that time like "RSR Mohata mills, Gima Tex, Pee-Vee Textile Limited, NTC Mills etc." He then was looking after weaving factory and also started getting yarn spinning from spinners on a job work basis in the year 1990 to 2003. Post 2004, he is involved in the business operations of Le Merite Exports Limited. He has been on the board of our company since January 2012. He is an under-graduate by qualification. For more details, please refer "Risk Factors - Reliance has been placed on declarations furnished by Umashankar Lath, our Promoter and Rohit Agarwal Independent Director, for details of their profile included in this Prospectus" beginning on page 21. He looks after the business strategy for growth of the Company, sourcing of material and production operation related matters.

**Sweta Lath** is an Executive Director of our Company. She has been on the board of our company since November 2021 and her key responsibilities in the company includes looking after Human Resource and administration and new product development in the Company. She is having an experience of more than 10 years in the business as woman entrepreneur and is very keen and open for new ideas and products. She possesses a degree of Bachelor of Science from Gujarat University.

**Jaydeep Mehta** is a Non-Executive and Independent Director of our Company. He has been on the board of our company since December 2021. He holds a degree of LLB from University of Mumbai, with extensive experience of nearly 29 years in Legal & Secretarial, Corporate & General affairs. He is an Advocate-on-Record of Bombay High Court as well as Gujarat High Court. His law firm, Lexstreet, now also acts as an advisor to Insolvency Professionals. He also holds degree Bachelor of Commerce (B. Com). He started his professional career as a Management Trainee in Legal department. with Atul Limited in 1989. Before entering into legal profession, he worked with Kirloskar Group.

**Narendra Kumar Srivastava** is a Non-Executive and Independent Director of our Company. He has been on the board of our company since December 2021. He holds a degree of Bachelor of Science and LLB. He was associated with State Bank of India on various positions and has gained an experience of about 20 years in Credit / Finance besides 15 years' experience in the field of administration /audit /vigilance at Branch /Zonal Office/ Head Office of the Bank.

**Rohit Agarwal** is a Non-Executive and Independent Director of the Company. He has been on the board of our company since December 2021. He is a Bachelor of Commerce (B.com) Graduate and in the business of Trading of Chemicals since past 30 years. For more details, please refer "Risk Factor-Reliance has been placed on declarations furnished by Umashankar Lath, our Promoter and Rohit Agarwal Independent Director, for details of their profile included in this Prospectus" beginning on page 21 of this Prospectus.

#### **Confirmation**

None of our Directors is or was, during the last five years preceding from the date of this Prospectus, a director of any listed company, which shares have been or were suspended from trading on the stock exchanges during their tenure as a director in such company.

No consideration in cash or shares or otherwise has been paid or agreed to be paid to any of our directors or to the firms or companies in which they are interested by any person either to induce them to become or to help them qualify as a director, or otherwise for services rendered by them or by the firm or company in which they are interested, in connection with the promotion or formation of our Company.

None of our Directors is or was a director of any listed company which has been or was delisted from any stock exchange, during their tenure as a director in such company.

None of the Directors are on the RBI List of willful defaulters.

None of the Directors are fugitive economic offender.

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

As on the date of this Prospectus, our Company has no arrangement or understanding with any major shareholders, customers or suppliers and none of our directors or members of senior management were appointed pursuant to any arrangement or understanding with any major shareholders, customers, suppliers or others.

### Service Contracts with Directors

There are no other services contract with the Directors.

### Borrowing Powers of the Board

The Articles, subject to the provisions of Section 180(1)(c) of the Act authorizes 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 special resolution passed at the Extra-ordinary General Meeting held on January 25, 2022, in accordance with Section 180(1)(c) of the Act 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 500 crore (Rupees Five Hundred Crore Only).

### Terms and conditions of employment of our Executive Directors:

**Abhishek Lath** was appointed as a director with effect from August 07, 2004 and the salaries and wages were paid ₹ 45.60 Lakhs by our Company in Financial Year 2021. He has been appointed as Managing Director and CFO of our Company pursuant to resolution passed in the Board Meeting held on November 05, 2021 and Extra-Ordinary General Meeting dated November 18, 2021 and his terms of appointment were revised and was appointed for a period of Five (5) years with effect from November 1, 2021.

Abhishek Lath is entitled to the following remuneration with effect from November 1, 2021

|                              |                                 |
|------------------------------|---------------------------------|
| <b>Name</b>                  | Abhishek Lath                   |
| <b>Period of Appointment</b> | 5 years w.e.f. November 1, 2021 |
| <b>Designation</b>           | Managing Director and CFO       |
| <b>Salary</b>                | ₹ 66.00 Lakhs per annum         |

**Uma Shankar Lath** was appointed as a director with effect from January 20, 2012 and the salaries and wages were paid ₹ 37.80 Lakhs by our Company in Financial Year 2021 has been appointed as Chairman and Managing Director of our Company pursuant to resolution passed in the Board Meeting held on November 05, 2021 and Extra-Ordinary General Meeting dated November 18, 2021 and his terms of appointment were revised and was appointed for a period of Five (5) years with effect from November 1, 2021

Umashankar Lath is entitled to the following remuneration with effect from November 1, 2021

|                              |                                 |
|------------------------------|---------------------------------|
| <b>Name</b>                  | Umashankar Lath                 |
| <b>Period of Appointment</b> | 5 years w.e.f. November 1, 2021 |
| <b>Designation</b>           | Chairman and Managing Director  |
| <b>Salary</b>                | ₹ 45.00 Lakhs per annum         |

**Sweta Lath** was appointed as a director with effect from November 1, 2021 and no salaries and wages were paid by our Company in Financial Year 2021 and she has been regularized as Executive Director of our Company pursuant to resolution passed in Extra-Ordinary General Meeting dated November 18, 2021.

Sweta Lath is entitled to the following remuneration with effect from November 1, 2021

|                              |                              |
|------------------------------|------------------------------|
| <b>Name</b>                  | Sweta Lath                   |
| <b>Period of Appointment</b> | Liabel to Retire by Rotation |
| <b>Designation</b>           | Executive Director           |
| <b>Salary</b>                | ₹ 42.00 Lakhs per annum      |

### Payment or benefit to Independent Directors of our Company

Pursuant to Board resolution dated January 27, 2022 each Independent is entitled to receive sitting fees of ₹ 5000 per meeting for attending meetings of the Board, and ₹ 2500 per meeting for attending meetings of the committees. Further,

our Independent Directors may be paid commission and reimbursement of expenses as permitted under the Companies Act and the SEBI Listing Regulations. Our Company had no Independent Directors in Financial Year 2021. Hence, no sitting fees or commission was paid by our Company to any Independent Directors in Financial Year 2021.

#### **Remuneration paid or payable to our Directors by our Subsidiaries**

None of the Directors of our Company has been paid any remuneration by our Subsidiaries, including any contingent or deferred compensation accrued for Financial Year 2021.

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

The details of the shareholding of our directors as on the date of this Prospectus are as follows:

| <b>Sr. No.</b> | <b>Name of the Directors</b> | <b>No. of Equity Shares</b> | <b>Percentage of Pre-Issue Capital (%)</b> |
|----------------|------------------------------|-----------------------------|--|
| 1.             | Abhishek Lath                | 52,50,000                   | 30.74%                                     |
| 2.             | Umashankar Lath              | 20,25,000                   | 11.86%                                     |
| 3.             | Sweta Lath                   | 15,90,000                   | 9.31%                                      |
| <b>Total</b>   |                              | <b>88,65,000</b>            | <b>51.91%</b>                              |

#### **Interests of our Directors**

All our Independent Directors may be deemed to be interested to the extent of sitting fees payable to them for attending meetings of the Board or a committee thereof and as well as to the extent of reimbursement of expenses payable to them under the Articles.

Except as disclosed below, our Executive Directors have no interest to our Company:

- to the extent of remuneration and reimbursement of expenses payable to them;
- the Guarantee executed by our Executive Directors for personal guarantees given by them against Secured Loan in respect of the sanction loans facilities extended by the UCO Bank, Shinhan Bank & ICICI Bank
- the mortgage of flats by our Executive Directors as given as security for our borrowings

The Directors may also be regarded as interested in the Equity Shares held by them or by their relatives, if any, or that may be subscribed by or allotted to them or the companies, firms and trusts, in which they are interested as directors, members, partners, trustees and promoters, pursuant to this Offer. Our directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of such Equity Shares, if any, held by them. For the shareholding of the Directors, please refer “*Our Management - Shareholding of Directors in our Company*” beginning on page 161 of this Prospectus.

Other than Abhishek Lath, Umashankar Lath & Sweta Lath, none of the other Directors have any interest in the promotion of our Company other than in the ordinary course of business.

Other than group company & subsidiary company, none of our directors may be deemed to be interested in the contracts, transactions, agreements or arrangements entered into or to be entered into by our Company with any company in which they hold directorships or any partnership firm in which they are partners as declared in their respective capacity

Except as stated in the section titled “*Business Overview*” beginning on page 120 of this Prospectus and in the section titled “*Restated Financial Statements*” beginning on page 180 none of our Directors have any interest in the property proposed to be acquired by our Company

Except as disclosed in the section titled in “*Restated Financial Statements*” on page 180, our Directors do not have any other interest in our Company or in any transaction by our Company including, for acquisition of land, construction of buildings or supply of machinery.

For details with respect to loan to directors, please refer to section titled “*Restated Financial Statements*” on page 180 of this Prospectus.

**Payment of benefits (non-salary related)**

Except as disclosed above, no amount or benefit has been paid or given within the two (2) years preceding the date of filing of this Prospectus or is intended to be paid or given to any of our directors except the remuneration for services rendered.

**Bonus or profit-sharing plan for the Directors**

None of the Directors are party to any bonus or profit-sharing plan of our Company.

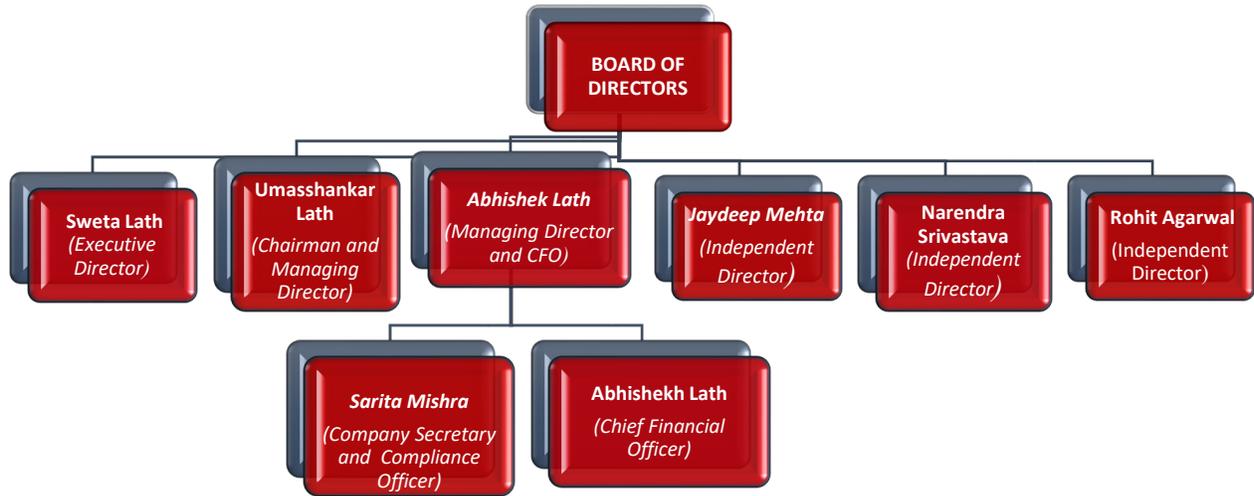
**Changes in our Company’s Board of Directors during the last three (3) years**

There has been no change in the Board of Directors, except as stated below during the last three (3) years immediately preceding the date of filing of this Prospectus

| <b>Name of Directors / KMP</b> | <b>Date of Appointment / Regularization</b> | <b>Designation</b>                            | <b>Reasons for changes in the Board</b> |
|--------------------------------|---|---|---|
| Umashankar Lath                | November 1, 2021                            | Chairman and Managing Director                | Change in designation                   |
| Abhishek Lath                  | November 1, 2021                            | Managing Director and CFO                     | Change in designation                   |
| Sweta Lath                     | November 1, 2021                            | Additional Executive Director                 | Appointment                             |
| Ashadevi Lath                  | November 1, 2021                            | Director                                      | Cessation                               |
| Jaydeep Mehta                  | December 17, 2021                           | Additional Independent Non-Executive Director | Appointment                             |
| Narendra Kumar Srivastava      | December 17, 2021                           | Additional Independent Non-Executive Director | Appointment                             |
| Rohit Agarwal                  | December 17, 2021                           | Additional Independent Non-Executive Director | Appointment                             |
| Sweta Lath                     | November 18, 2021                           | Executive Director                            | Change in designation                   |

## Management Organization Structure

The following chart depicts our Management Organization Structure



## COMPLIANCE WITH CORPORATE GOVERNANCE

In addition to the applicable provisions of the Companies Act, 2013 with respect to corporate governance, provisions of SEBI Listing Regulations to the extent applicable to the entity whose shares are listed on NSE EMERGE will also be applicable to us immediately upon the listing of our Equity Shares with the NSE EMERGE. We are in compliance with the requirements of the applicable regulations, including SEBI Listing Regulations, SEBI regulations and the Companies Act in respect of corporate governance including constitution of the Board and committees thereof.

### Constitutions of Committees

Our Company has constituted the following committees:

#### I. Audit Committee

Our Company has formed the Audit Committee vide resolution passed in the meeting of Board of Directors held on December 20, 2021 as per the applicable provisions of the Section 177 of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014 (as amended). The constituted Audit Committee comprises following members.

| Name of the Director      | Position in Committee     | Nature of Directorship    |
|---------------------------|---------------------------|---------------------------|
| Narendra Kumar Srivastava | Independent Director      | Chairman of the Committee |
| Jaydeep Mehta             | Independent Director      | Member                    |
| Abhishek Lath             | Managing Director and CFO | Member                    |

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

#### Terms of reference:

##### Role of Audit Committee

The scope of audit committee shall include, but shall not be restricted to, the following:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors
4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;
  - b. Changes, if any, in accounting policies and practices and reasons for the same;
  - c. Major accounting entries involving estimates based on the exercise of judgment by management;
  - d. Significant adjustments made in the financial statements arising out of audit findings;
  - e. Compliance with listing and other legal requirements relating to financial statements;
  - f. Disclosure of any related party transactions;
  - g. Qualifications in the draft audit report.
5. Reviewing, with the management, the half yearly financial statements before submission to the board for approval.

6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, right issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/Draft Prospectus/ Prospectus /notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
7. Review and monitor the auditor's independence, performance and effectiveness of audit process.
8. Approval or any subsequent modification of transactions of the company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
14. Discussion with internal auditors any significant findings and follow up there on.
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
18. To oversee and review the functioning of the vigil mechanism which shall provide for adequate safeguards against victimization of employees and directors who avail of the vigil mechanism and also provide for direct access to the Chairperson of the Audit Committee in appropriate and exceptional cases.
19. Call for comments of the auditors about internal control systems, scope of audit including the observations of the auditor and review of the financial statements before submission to the Board;
20. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
21. To investigate any other matters referred to by the Board of Directors;
22. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee shall mandatorily review the following information:

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

## II. Stakeholders Relationship Committee

Our Company has formed the Stakeholders Relationship Committee as per Section 178 and other applicable provisions of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014 (as amended) vide board resolution dated December 20, 2021. The constituted Stakeholders Relationship Committee comprises the following members:

| Name of the Director      | Position in Committee          | Nature of Directorship |
|---------------------------|--------------------------------|------------------------|
| Jaydeep Mehta             | Independent Director           | Chairman               |
| Narendra Kumar Srivastava | Independent Director           | Member                 |
| Abhishek Lath             | Managing Director and CFO      | Member                 |
| Umashankar Lath           | Chairman and Managing Director | Member                 |

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:

### Terms of Reference

- Efficient transfer of shares; including review of cases for refusal of transfer / transmission of shares
- Redressal of shareholder and investor complaints like transfer of Shares, non-receipt of balance sheet, non-receipt of declared dividends etc.,
- Reviewing on a periodic basis the approval/refusal of transfer or transmission of shares, debentures or any other securities;
- Issue duplicate/split/consolidated share certificates;
- Allotment and listing of shares;
- Reference to statutory and regulatory authorities regarding investor grievances and to otherwise ensure proper and timely attendance and redressal of investor queries and grievances;
- Such other matters as may from time to time are required by any statutory, contractual or other regulatory requirements to be attended to by such committee.
- Any other power specifically assigned by the Board of Directors of the Company from time to time by way of resolution passed by it in a duly conducted Meeting, and

## III. Nomination and Remuneration Committee

Our Company has formed the Nomination and Remuneration Committee as per Section 178 and other applicable provisions of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014 (as amended) vide board resolution dated December 20, 2021. The Nomination and Remuneration Committee comprises the following members:

| Name of the Director      | Position in Committee | Nature of Directorship    |
|---------------------------|-----------------------|---------------------------|
| Jaydeep Mehta             | Independent Director  | Chairman of the Committee |
| Narendra Kumar Srivastava | Independent Director  | Member                    |
| Rohit Agarwal             | Independent Director  | Member                    |

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:

### The terms of reference:

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- Formulation of criteria for evaluation of Independent Directors and the Board;
- To ensure that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- Devising a policy on Board diversity, if any;
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board of Directors their appointment and removal and shall carry out evaluation of every director 's performance
- Any other power specifically assigned by the Board of Directors of the Company from time to time by way of resolution passed by it in a duly conducted Meeting, and
- Carrying out any other function contained in the equity listing agreements as and when amended from time to time.

#### IV. Corporate Social Responsibility Committee

Our Company has formed the Corporate Social Responsibility Committee as per Section read with the Rule 5 of [Companies (Corporate Social Responsibility) Rules, 2014] (“the CSR Rules”) (as amended) 135 and other applicable provisions of the Act and rules made thereunder vide board resolution dated May 13, 2021. The re-constituted Corporate Social Responsibility Committee vide board resolution dated December 20,2021 comprises the following members:

The constituted Corporate Social Responsibility Committee comprises the following members:

| Name of the Director | Position in Committee     | Nature of Directorship |
|----------------------|---------------------------|------------------------|
| Rohit Agarwal        | Independent Director      | Chairman               |
| Abhishek Lath        | Managing Director and CFO | Member                 |
| Sweta Lath           | Executive Director        | Member                 |

#### Terms of Reference

- Formulate and recommend to the Board, a Corporate Social Responsibility (CSR) Policy indicating the activities to be undertaken by the Company as specified in Schedule VII to the Companies Act, 2013;
- Recommend the amount of expenditure to be incurred on the CSR activities.
- Approve Corporate Sustainability Reports and oversee the implementation of sustainability activities;
- Monitor Company's compliance with the Corporate Governance Guidelines and applicable laws and regulations and make recommendations to the Board on all such matters and on any corrective action to be taken, as the Committee may deem appropriate;
- Oversee the implementation of polices contained in the Business Responsibility Policy Manual and to make any changes / modifications, as may be required, from time to time and to review and recommend the Business Responsibility Report (BRR) to the Board for its approval;
- Monitor CSR Policy of the Company from time to time;
- Monitor the CSR activities undertaken by the Company;
- Ensure compliance with the corporate governance norms prescribed under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Companies Act, 2013 and other statutes or any modification or re-enactment thereof;

- ix. Advise the Board periodically with respect to significant developments in the law and practice of corporate governance and to make recommendations to the Board for appropriate revisions to the Company's Corporate Governance Guidelines;
- x. Observe practices of Corporate Governance at all levels and to suggest remedial measures wherever necessary;
- xi. Review and assess the adequacy of the Company's Corporate Governance Manual, Code of Conduct for Directors and Senior Management, the Code of Ethics and other internal policies and guidelines and monitor that the principles described therein are being incorporated into the Company's culture and business practices;
- xii. Formulate / approve codes and / or policies for better governance;
- xiii. Provide correct inputs to the media so as to preserve and protect the Company's image and standing;
- xiv. Disseminate factually correct information to investors, institutions and the public at large;
- xv. Establish oversight on important corporate communication on behalf of the Company with the assistance of consultants / advisors, if necessary;
- xvi. Ensure institution of standardised channels of internal communications across the Company to facilitate a high level of disciplined participation;
- xvii. Carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification as may be applicable.

**V. Risk Management Committee**

Our Company has formed the Risk Management Committee as per Section 178 of the Companies Act 2013 read with the Rule 6 of [Companies (Meeting of board and its powers) Rules, 2014] and other applicable provisions of the Act and rules made thereunder vide board resolution dated December 20,2021. The constituted Risk Management Committee comprises the following members:

| Name of the Director | Position in Committee     | Nature of Directorship |
|----------------------|---------------------------|------------------------|
| Abhishek Lath        | Managing Director and CFO | Chairman               |
| Rohit Agarwal        | Independent Director      | Chairman               |
| Sweta Lath           | Executive Director        | Member                 |

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

- i. Frame Risk Management Plan and Policy;
- ii. Oversee implementation / Monitoring of Risk Management Plan and Policy;
- iii. Validate the process of Risk Management;
- iv. Validate the procedure for Risk Minimisation;
- v. Periodically review and evaluate the Risk Management Policy and Practices with respect to risk assessment and risk management processes;
- vi. Continually obtain reasonable assurance from management that all known and emerging risks have been identified and mitigated or managed;
- vii. Review of development and implementation of a Risk Management Policy including identification therein of element of risk;
- viii. Review of cyber security and related risks;
- ix. Carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification as may be applicable.

## Our Key Managerial Personnel

Our Company is managed by our Board of Directors, assisted by qualified experienced professionals, who are permanent employees of our Company. In additions to Abhishek Lath who is Managing Director and CFO, Sweta Lath who is Whole Time Director and whose details are provided in Brief Profile of Our Directors beginning on page 158 of this Prospectus, the details of our other Key Managerial Personnel as on date of this Prospectus are as set forth below:

### Sarita Mishra, Company Secretary and Compliance Officer

**Sarita Mishra**, aged 32 years, is appointed as the Company Secretary and Compliance Officer of the company in the Board meeting held on November 5, 2021. She is an Associate Member of “The Institute of Company Secretaries of India” (ICSI). She has more than two years of experience in the compliance industry. Prior to joining our Company, she handled secretarial and legal work in Thorn Lighting India Private Limited and also for Staywell Business Support Services Private Limited. Her role in the Company is to handle the core secretarial compliances in accordance with Companies Act, 2013 and SEBI (LODR) Regulations 2015 and other applicable laws enforced in India. She has not received any remuneration for the financial year ended on March 31, 2021, as she has been appointed in the the financial year ended on March 31, 2022.

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

For details related to relationship amongst the Key Managerial Personnel of our Company, please refer to section titled “Family Relationship between the Directors” beginning on page 158 of this Prospectus

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

None of the above Key Managerial Personnel have entered into to any arrangement/ understanding with major shareholders/customers/suppliers as on the date of this Prospectus

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

Except as disclosed above in “Interest of Directors” with respect to the Executive Directors, none of our Key Managerial Personnel are party to any bonus or profit-sharing plan of our Company.

### Payment or Benefits to of Our KMPs (non-salary related)

No non-salary related amount or benefit has been paid or given within the two years preceding the date of this Prospectus or is intended to be paid or given to any officer of the Company, including our Directors and Key Managerial Personnel

### Status of Key Managerial Personnel

All our Key Managerial Personnel are permanent employees of our Company

### Shareholding of Key Management Personnel in our Company

None of our Key Managerial Personnel except Abhishek Lath & Umashankar Lath holds Equity Shares in our Company as on the date of filing of this Prospectus. For further details, please refer to section titled “Capital Structure” beginning on page 60 of this Prospectus.

### Changes in Our Company’s Key Managerial Personnel during the last three (3) years

| Name of KMP     | Designation                    | Date of Event    | Reason  |
|-----------------|--------------------------------|------------------|---|
| Abhishek Lath   | Managing Director and CFO      | November 1, 2021 | Change in Designation as Managing Director and CFO      |
| Umashankar Lath | Chairman and Managing Director | November 1, 2021 | Change in Designation as Chairman and Managing Director |
| Sarita Mishra   | Company Secretary              | November 1, 2021 | Appointed as Company Secretary and Compliance Officer   |

*For details with respect to the Changes in directors who are KMP, please refer to section titled “Changes in our Company’s Board of Directors during the last three (3) years” beginning on page 162 of this Prospectus.*

#### **Attrition**

The rate of attrition of our Key Managerial Personnel is not high in comparison to the industry in which we operate.

#### **Interest of Key Managerial Personnel**

Except as disclosed above in “Interest of Directors” with respect to the Executive Directors and the personal guarantees given by Abhishek Lath and Umashankar Lath, our Key Managerial Personnel for securing our borrowings mentioned in “Financial Indebtedness” beginning on page 215, our Key Managerial 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, reimbursement of expenses incurred by them during the ordinary course of business and statutory benefits such as gratuity, provident fund and pension entitled to our Key Managerial Personnel. The Key Managerial Personnel may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of Equity Shares, if any, held by them in the Company.

#### **Service Contracts with Directors and Key Managerial Personnel**

No officer of our Company, including our Directors and the Key Managerial Personnel has entered into a service contract with our Company pursuant to which they are entitled to any benefits upon termination of employment or superannuation, other than statutory benefits.

#### **Contingent and deferred compensation payable to our Director and Key Managerial Personnel**

There is no contingent or deferred compensation accrued for Financial Year 2021 and payable to our Directors and Key Managerial Personnel, which does not form a part of their remuneration.

#### **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 Prospectus.

#### **Payment or Benefit to officers of our Company (non-salary related)**

No non-salary related amount or benefit has been paid or given within the two years preceding the date of this Prospectus or is intended to be paid or given to any officer of the Company, including our Directors and Key Managerial Personnel.

## OUR PROMOTERS AND PROMOTER GROUP

The Promoter of our Company is Abhishek Lath & Umashankar Lath.

As on the date of this Prospectus, our Promoters hold in aggregate 72,75,000 Equity Shares of face value ₹ 10 each, representing 42.59 % of the issued, subscribed and paid-up Equity Share capital of our Company. For details, see the section “Capital Structure – Details of Shareholding of our Promoter and members of the Promoter Group in the Company – Build-up of the Promoter’s shareholding in our Company” beginning on page 67 of this Prospectus.

### Details of Individual Promoters of our Company

|   |   |
|---|---|
|   | <p><b>Abhishek Lath</b>, aged about 40 years is the Managing Director and CFO of the Company.</p> <p><b>Address:</b> A/702, Mahavir Clasik, Saki Vihar Road, Powai Opp. L&amp;T Gate No. 5, Mumbai, Sakinaka, Maharashtra, 400072</p> <p><b>Date of Birth:</b> March 28, 1981</p> <p><b>Permanent Account Number:</b> ABSPL8644A</p> <p><b>Aadhar No.:</b> 6959 6159 4285</p> <p><b>Driving License No.:</b> MH 03 20210014164</p> <p>For further details of his experience, educational qualification, position / posts held in the past directorships held and business &amp; financial activities and special achievement, please refer to section titled “<i>Our Management</i>” beginning on page 156 of this Prospectus</p> |
|  | <p><b>Umashankar Lath</b> aged about 67 years is the Chairman and Managing Director</p> <p><b>Address:</b> A/702, Mahavir Clasik, Saki Vihar Road, Powai Opp. L&amp;T Gate No. 5, Mumbai, Sakinaka, Maharashtra, 400072</p> <p><b>Date of Birth:</b> October 07, 1954</p> <p><b>Permanent Account Number:</b> AARPL5291K</p> <p><b>Aadhar No.:</b> 2167 4324 6169</p> <p><b>Driving License No.:</b> MH03 201300 16720</p> <p>For further details of his experience, educational qualification, position / posts held in the past directorships held and business &amp; financial activities and special achievement, please refer to section titled “<i>Our Management</i>” beginning on page 156 of this Prospectus.</p>        |

## DECLARATION

Our Company confirms that the Permanent Account Number (PAN) and Bank Account Numbers of our Promoters shall be submitted to National Stock Exchange of India Limited at the time of filing of this Prospectus.

## OTHER VENTURES OF OUR PROMOTERS

| Name of the Promoter | Name of the venture | Nature of Interest |
|----------------------|---------------------|--------------------|
| Abhishek Lath        | Abhishek Lath HUF   | Karta              |
| Umashankar Lath      | Umashankar HUF      | Karta              |

## CHANGE IN THE MANAGEMENT AND CONTROL OF OUR COMPANY

Our Company was originally incorporated as a Private Limited Company in name and style of “Didwaniya Yarn Exports Private Limited” on December 24, 2003 under the Companies Act, 1956 bearing Corporate Identification Number U17111MH2003PTC143645 issued by the Registrar of Companies, Maharashtra, Mumbai. Prakashchandra Didwaniya, Prashant Didwaniya and Chandabai Didwaniya were the original Promoters and subscribers of the Company at the time of incorporation. Further, the name of our Company was changed to “Le Merite Exports Private Limited” and a special resolution was passed by the Shareholders of the Company at the Extra-Ordinary General Meeting held on August 07, 2004. The Assistant Registrar of Companies, Maharashtra, Mumbai issued a fresh Certificate of Incorporation dated September 02, 2004, upon change of the name. Further, on March 31, 2006 the entire share capital of our Company was transferred by the Didwaniya family to the Lath family and the control of the company was handed over to Lath Family, the new promoters of our company, pursuant to share transfer deed.

For further details, see “Capital Structure – Details of shareholding of our Promoters and members of the Promoter Group in our Company”, beginning on page 67 of this Prospectus. There has been no change in control in the last five years preceding the date of this Prospectus.

### Nature and extent of the interest of Promoters:

Our Promoters is interested in our Company to the extent (i) that they have promoted our Company; (2) of their respective shareholding, the shareholding of their relatives and entities in which the Promoters are interested and which hold Equity Shares in our Company and the dividend payable upon such shareholding, if any, and other distributions in respect of the Equity Shares held by them, their relatives or such entities, if any; (3) that our Company has undertaken transactions with them, or their relatives or entities in which our Promoters hold shares or have an interest, if applicable; and (4) personal guarantees given by Promoters and mortgage of their flat for securing the loans availed by the Company. For further details, see “Capital Structure”, “History and Certain Corporate Matters” “ Summary of Offer Document – Summary of Related Party Transactions” and “Financial Indebtedness” on pages 60, 150 , 18 and 215, respectively.

Further, Abhishek Lath, Umashankar Lath & Sweta Lath, the Promoters & Promoter Group of our Company, are also interested of being Directors and Key Management Personnel of our Company and the remuneration, benefits and reimbursement of expenses, payable to them, as per the terms of their employment agreement, as applicable, payable by our Company to them. For further details, see “Our Management” beginning on page 156 of this Prospectus.

Further, our Promoters are also directors on the boards, or are shareholders, members of certain entities forming part of the Promoter Group and Group Company with which our Company has had related party transactions and may be deemed to be interested to the extent of the payments made by our Company, if any, to such entities forming part of the Promoter Group and Group Company. For the payments that are made by our Company to certain entities forming part of the Promoter Group, Group Company see section titled “Restated Financial Statements – Related Party Transaction beginning on page 208 of this Prospectus.

Our Promoters are not interested in the properties acquired or proposed to be acquired by our Company in the three years preceding the date of filing of the Prospectus.

Our Promoters are not interested in any transaction in acquisition of land, construction of building or supply of machinery.

No sum has been paid or agreed to be paid by our Company, to our Promoter or to such firm or company in cash or shares wherein our Promoter is interested as member, or promoter or otherwise as an inducement by any person for services rendered by the Promoter or by such firm or company in connection with the promotion or formation of our Company.

Except as stated in "*Restated Financial Statements – Related Party Transactions*" beginning on page 208, there has been no payment of any amount or benefit given to our Promoters or Promoter Group during the two years preceding the date of filing of this Prospectus nor is there any intention to pay any amount or give any benefit to our Promoters or Promoter Group as on the date of filing of this Prospectus.

**Nature and extent of the interest of group companies:**

For further details, please refer Section "Our Group Companies" beginning on page 176 of this Prospectus.

**Experience of our Promoter in the business of Our Company**

For details in relation to experience of our Promoter in the business of our Company, please refer Section "Business Overview" and "Our Management" beginning on page 120 and 156 respectively of this Prospectus.

**Payment of benefits to our Promoter in the last two (2) years**

Except in the ordinary course of business and as stated in section "*Restated Financial Statements*" beginning on page 180 of this Prospectus, there has been no payments or benefits to our Promoters during the last two (2) years preceding the date of filing of this Prospectus, nor is there any intention to pay or give any benefit to our Promoters as on the date of this Prospectus.

**Guarantees**

Except as stated in the section titled "*Restated Financial Statements*" beginning on page 180 of this Prospectus, there are no material guarantees given by the Promoters to third parties with respect to specified securities or borrowings of the Company as on the date of this Prospectus.

**Details of Companies / Firms from which our Promoters have disassociated**

None of our Promoters have disassociated themselves from any of the companies or firms during the last three years preceding the date of this Prospectus.

**Confirmations**

Our Promoters have not been declared as Wilful Defaulters.

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

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

### Our Promoter Group

Persons constituting the Promoter Group (other than our Promoters) of our Company in terms of Regulation 2(1) (pp) of the SEBI ICDR Regulations 2018 are set out below:

a) **The natural persons who are part of the Promoter Group (other than our Promoters):**

| <b>Abhishek Lath</b>                 |                                   |
|--------------------------------------|-----------------------------------|
| <b>Name of Promoter Group Member</b> | <b>Relationship with Promoter</b> |
| <b>Father</b>                        | Umashankar Lath                   |
| <b>Mother</b>                        | Ashadevi Lath                     |
| <b>Spouse</b>                        | Sweta Lath                        |
| <b>Brother</b>                       | Late Punit Lath                   |
| <b>Sister</b>                        | -                                 |
| <b>Son</b>                           | Vedang Lath                       |
| <b>Daughter</b>                      | Ishanvi Lath                      |
| <b>Spouse's Father</b>               | Suresh Jalan                      |
| <b>Spouse's Mother</b>               | Sunita Jalan                      |
| <b>Spouse's Brother</b>              | Ronak Jalan                       |
| <b>Spouse's Sister</b>               | Nikita Jajodia                    |

| <b>Umashankar Lath</b>               |                                   |
|--------------------------------------|-----------------------------------|
| <b>Name of Promoter Group Member</b> | <b>Relationship with Promoter</b> |
| <b>Father</b>                        | Late Naharmal Lath                |
| <b>Mother</b>                        | Late Ratanidevi Lath              |
| <b>Spouse</b>                        | Ashadevi Lath                     |
| <b>Brothers</b>                      | Late Punit Lath                   |
|                                      | Jagdish Prasad Lath               |
|                                      | Late Girdharilal Lath             |
|                                      | Late Bajranglal Lath              |
|                                      | Kailashchand Lath                 |
|                                      | Murarilal Lath                    |
|                                      | Gopal Krishnan Lath               |
| <b>Sister</b>                        | Late Savitridevi Lath             |
| <b>Sons</b>                          | Abhishek Lath                     |
|                                      | Late Punit Lath                   |
| <b>Daughter</b>                      |                                   |
| <b>Spouse's Father</b>               | Chunnilal Sureka                  |
| <b>Spouse's Mother</b>               | Vimladevi Sureka                  |
| <b>Spouse's Brother</b>              | Ashok Sureka                      |
|                                      | Rajkumar Sureka                   |
| <b>Spouse's Sister</b>               | Sarla Saravgi                     |
| <b>Spouse's Sister</b>               | Radha Agarwal                     |

a\*The aforementioned persons are 'immediate relatives' of our Promoter but as such do not form part of Promoter Group of our Company. Moreover, the aforesaid relatives do not own shareholdings in our Company and are not involved in the business of our Company. Further, our Promoter vide Declaration letter dated February 01, 2022 has submitted that information related to business / financial interest held by the said relatives is not accessible for the purpose of disclosure in the Draft Prospectus/ Prospectus. Therefore, the disclosures made in this Prospectus are limited to the extent of information that has been made available by our Promoters in relation to Promoter Group.

**(b) Companies/Entities forming part of the Promoter Group:**

- Burhanpur Integrated Textile Park Limited
- Le Merite Filament Private Limited
- Le Merite Fashions Limited
- Le Merite Laxmi Spinning Private Limited
- Abhishek Lath HUF
- Umashankar Lath HUF

## OUR GROUP COMPANIES

As per the SEBI ICDR Regulations, for the purpose of identification of group companies, our Company has considered (i) companies (other than our Subsidiaries) with which our Company has entered into related party transactions during the period for which the Restated Financial Statements has been included in this Prospectus, *i.e.*, period ended December 31, 2021, Financial Year ended March 2021, March 2020 and March 2019, as covered under the applicable accounting standards, and (ii) any other companies considered material by the board of directors of the relevant issuer company.

Accordingly, for (i) above, all such companies (other than our Subsidiaries) with which there were related party transactions during the periods covered in the Restated Financial Statements, as covered under the applicable accounting standards, shall be considered as Group Companies in terms of the SEBI ICDR Regulations

Further, pursuant to the resolution dated January 27, 2022 passed by our Board, other than the companies categorized under (i) above, a company shall be considered “material” and will be disclosed as “group companies” if such companies form part of the Promoter Group and with which there were transactions in the most recent financial year (or relevant sub period, if applicable), which individually or in the aggregate, exceed 5% of the total profit after tax of our Company, as per the Restated Financial Statements.

Accordingly, on the basis of the Materiality Policy for identification of Group Companies, the following company has been identified as our Group Company (“Group Company”):

### OUR GROUP COMPANY

#### 1. Le Merite Fashions Private Limited

##### Corporate Information

Le Merite Fashions Private Limited was incorporated on July 25, 2016 with the Registrar of Companies, Mumbai. The corporate identity number of Le Merite Fashions Private Limited is U74999MH2016PTC284066. Its registered office is situated at B1-104D, 1<sup>st</sup>Floor, Boomerang, Near Oberoi Garden, Chandivali Farm Road, Andheri East, Mumbai 400072, Maharashtra, India

##### Financial Performance

The financial information derived from the audited financial statements of Le Merite Fashions Private Limited for the last three financial years, for the financial year ended on March 31, 2021, March 31, 2020 and March 31, 2019, respectively are set forth below:

(Rs. In lakhs)

| Particulars                               | financial year ended on March 31, 2021 | financial year ended on March 31, 2020 | financial year ended on March 31, 2019 |
|---|--|--|--|
| Total Income                              | 7,34,45,954                            | 77,30,180                              | 12,53,323                              |
| Profit after tax                          | (30,36,088)                            | (27,68,658)                            | (12,02,051)                            |
| Paid up equity capital                    | 1,00,000                               | 1,00,000                               | 1,00,000                               |
| Reserves & Surplus                        | (67,48,394)                            | (37,12,306)                            | (943,648)                              |
| Net worth                                 | (66,48,394)                            | (36,12,306)                            | (843,648)                              |
| NAV per share                             | (664.84)                               | (361.23)                               | (84.36)                                |
| Earnings per share (EPS) (Basic) in Rs.   | (303.61)                               | (276.87)                               | (120.21)                               |
| Earnings per share (EPS) (Diluted) in Rs. | (303.61)                               | (276.87)                               | (120.21)                               |
| No. of Equity Shares of Rs. 10/- each     | 10,000                                 | 10,000                                 | 10,000                                 |

#### 2. Burhanpur Integrated Textile Park Limited

## Corporate Information

Burhanpur Integrated Textile Park Limited was incorporated on November 17, 2014 with the Registrar of Companies, Mumbai. The corporate identity number of Burhanpur Integrated Textile Park Limited is U17291MH2014PLC259363. Its registered office is situated at B1-104D, 1ST Floor, Boomerang Near Oberoi Garden, Chandivali Farm Road, Powai, Andheri (E) Mumbai Maharashtra 400072 India

## Financial Performance

The financial information derived from the audited financial statements of Burhanpur Integrated Textile Park Limited for the last three financial years, for the financial year ended on March 31, 2021, March 31, 2020 and March 31, 2019, respectively are set forth below:

(Rs. In lakhs)

| Particulars                               | financial year<br>ended on<br>March 31, 2021 | financial year<br>ended on<br>March 31,<br>2020 | financial year<br>ended on March<br>31, 2019 |
|---|--|---|--|
| Total Income                              | 18000  | 19200   | 29000  |
| Profit after tax                          | 1271   | 1738  | 1444.40                                      |
| Paid up equity capital                    | 500,000                                      | 500,000   | 500,000                                      |
| Reserves & Surplus                        | 8057.50                                      | 6786.50   | 5048.50                                      |
| Net worth                                 | 508057.50                                    | 506786.50                                       | 505048.50                                    |
| NAV per share                             |  |   |  |
| Earnings per share (EPS) (Basic) in Rs.   | 0.03   | 0.03  | 0.02   |
| Earnings per share (EPS) (Diluted) in Rs. | 0.03   | 0.03  | 0.02   |
| No. of Equity Shares of Rs. 10/- each     | 50,000                                       | 50,000  | 50,000                                       |

## Litigation

Our Group Company is not party to any pending litigation which may have a material impact on our Company. For details, see "Outstanding Litigation and Material Developments – Litigations involving Group Companies" beginning on page 233 of this Prospectus.

## Nature and extent of interest of Group Companies

Our Group Companies do not have any interest in the promotion of our Company.

Our Group Companies are not interested in the properties acquired by our company in the three (3) years preceding the filing of this Prospectus or proposed to be acquired by our Company.

Our Group Companies are not interested in any transactions for acquisition of plant, construction of building or supply of machinery.

## Common Pursuits

Our Group Companies and of our subsidiaries are either engaged in or are authorised by their respective constitutional documents to engage in the same line of business as that of our Company. We will adopt the necessary procedures and practices as permitted by law to address any conflict situation, if and when they arise.

## Related Business Transactions within the group and significance on the financial performance of our Company

Other than the transactions disclosed in the section titled "Restated Financial Statements - Related Party Transactions" beginning on page 208, there are no other business transactions between our Company and Group Companies.

**Business interests or other interests**

Except as disclosed in the section “Restated Financial Statements” beginning on page 180, our Group Company do not have or propose to have any business interest in our Company

**Other Confirmations**

The equity shares of our Group Company are not listed on any stock exchange. Our Group Company has not made any public or rights issue (as defined under the SEBI ICDR Regulations) of securities in the three years preceding the date of this Prospectus. For further details, please see the section “Other Regulatory and Statutory Disclosures” beginning on page 245.

None of the securities of our Group Company has been refused listing by any stock exchange in India or abroad during last ten years, nor has our Group Company failed to meet the listing requirements of any stock exchange in India or abroad.

There are no material existing or anticipated transactions in relation to the utilisation of the Offer Proceeds with our Group Company.

## DIVIDEND POLICY

The declaration and payment of dividends will be recommended by the Board of Directors and approved by majority of the Shareholders, at their discretion, subject to the provisions of the Articles of Association of the Company and the Companies Act, 2013. The declaration of dividend, if any, will depend on a number of factors, including but not limited to the future expansion plans and capital requirements, profit earned during the financial year, capital requirements, and surpluses, contractual restrictions, liquidity and applicable taxes including dividend distribution tax payable by our Company and any other factors considered by our Board of Directors.

The Articles of Association also provides discretion to our Board to declare and pay interim dividends. In addition, our ability to pay dividends may be impacted by a number of factors, including restrictive covenants under the loan or financing arrangements our Company is currently availing of or may enter into to finance our fund requirements for our business activities. For further details, please refer section titled "*Financial Indebtedness*" beginning on page 215 of this prospectus.

All dividend payments are made in cash to the Shareholders of our Company. Our Company vide its Board resolution dated January 05, 2022 has adopted Formal Dividend Distribution Policy as on the date of this Prospectus.

For details in relation to the risk involved, see "Risk Factors – Our ability to pay dividends in the future will depend on our earnings, financial condition, working capital requirements, capital expenditures and restrictive covenants of our financing arrangements" beginning on page 36.

Our Company has not declared and/or paid any dividend on the Equity Shares since Incorporation.

## SECTION VI – RESTATED FINANCIAL STATEMENTS

### AUDITOR'S REPORT ON THE RESTATED FINANCIAL STATEMENTS OF LE MERITE EXPORTS LIMITED

#### Independent Auditor's Report on Restated Financial Statements

To,  
The Board of Directors,  
**Le Merite Exports Limited,**  
B1-104D, Boomerang, 1st Floor,  
Chandivali Farm Road, Chandivali,  
Andheri East, Mumbai, Maharashtra 400072

Sub.: Public Issue of Equity Shares through Initial Public Offering (IPO) on NSE EMERGE

Dear Sir,

1. We have examined the attached Restated Summary Statements and Other Financial Information of LE MERITE EXPORTS LIMITED, (hereinafter referred to as "the Company") described below and annexed to this report for the period ended on December 31, 2021, & financial year ended March 31, 2021, 2020 & 2019 based on the audited financial statements for the nine months period ended on December 31, 2021, & financial year ended March 31 of 2021, 2020 & 2019 respectively (collectively referred to as the "Restated Summary Statements" or "Restated Financial Statements") of the Company as duly approved by the Board of Directors of the Company.
2. The said Restated Financial Statements and other Financial Information have been examined and prepared for the purpose of inclusion in the Draft Prospectus / Prospectus (collectively hereinafter referred to as "Offer Document") in connection with the proposed Initial Public Offering (IPO) on EMERGE platform of NSE of the company taking into consideration the followings and in accordance with the following requirements of:
  - Section 26 of Part I of Chapter III to the Companies Act, 2013("the Act") read with Companies (Prospectus and Allotment of Securities) Rules 2014, as amended from time to time;
  - The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements Regulations), 2018 (the 'SEBI ICDR Regulations') as amended from time to time in pursuance of Section 11 of the Securities and Exchange Board of India Act,1992;
  - The Guidance Note on Reports in Company Draft Prospectus / Prospectus (Revised) issued by the Institute of Chartered Accountants of India ("ICAI") ("Guidance Note");
  - The applicable regulation of SEBI (ICDR) Regulations, 2018, as amended, and as per Schedule VI (Part A) (11) (II) of the said Regulations; and
  - The terms of reference to our engagement letter with the company dated Oct 01, 2021 requesting us to carry out the assignment, in connection with the proposed Initial Public Offering of equity shares on EMERGE platform of NSE ("IPO" or "SME IPO").
3. These Restated Standalone Financial Information (included in Annexure 1 to 35) have been extracted by the Management of the Company from:

The Company's Financial Statements for the nine months period ended on December 31, 2021, & financial year ended March of 31, 2021, 2020 & 2019 which have been approved by the Board of Directors at their meeting held in connection with the proposed IPO on NSE EMERGE and books of accounts underlying those financial statements and other records of the Company, to the extent considered necessary for the preparation of the Restated Financial Statements, are the

responsibility of the Company's Management. The Financial Statement of the Company for the nine months period ended December 31, 2021 has been audited by us & the financial year ended on March 31, 2021, 2020, 2019 has been audited by **M/s. MBRK & Co.**, Chartered Accountants, as statutory auditors and there are no qualifications in the reports for these years.

4. In accordance with the requirement of Section 26 of the Companies Act, 2013 read with Companies (Prospectus and Allotment of Securities) Rules 2014, the SEBI Regulations, the Guidance Note, as amended from time to time and in terms of our engagement agreed with you, we further report that:
- a) The **Restated Statement of Assets and Liabilities** of the Company for the nine months period ended on December 31, 2021, & financial year ended March of 31, 2021, 2020 & 2019, examined by us, as set out in **Annexure 1** to this report, is prepared by the Company and approved by the Board of Directors. These Restated Summary Statement of Assets and Liabilities, have been arrived at after making such adjustments and regroupings to the individual financial statements of the Company, as in our opinion were appropriate and more fully described in Significant Accounting Policies and Notes to Accounts as set out in Annexure 4 to this Report.
  - b) The **Restated Statement of Profit and Loss** of the Company for the nine months period ended on December 31, 2021, & financial year ended March 31 of 2021, 2020 & 2019, examined by us, as set out in **Annexure 2** to this report, is prepared by the Company and approved by the Board of Directors. These Restated Summary Statement of Profit and Loss, have been arrived at after making such adjustments and regroupings to the individual financial statements of the Company, as in our opinion were appropriate and more fully described in Significant Accounting Policies and Notes to Accounts as set out in Annexure 4 to this Report.
  - c) The **Restated Statement of Cash Flows** of the Company for the nine months period ended on December 31, 2021, & financial year ended March 31 of 2021, 2020 & 2019, examined by us, as set out in **Annexure 3** to this report, is prepared by the Company and approved by the Board of Directors. These Restated Summary Statement of Cash Flows, have been arrived at after making such adjustments and regroupings to the individual financial statements of the Company, as in our opinion were appropriate and more fully described in Significant Accounting Policies and Notes to Accounts as set out in Annexure 4 to this Report.

As a result of these adjustments, the amounts reporting in the above-mentioned statements are not necessarily the same as those appearing in the audited financial statements of the Company for the relevant financial years.

5. Based on the above, as per the reliance placed by us on the audited financial statements of the Company and report thereon given by the Statutory Auditor of the Company the nine months period ended on December 31, 2021, & financial year ended March 31 of 2021, 2020 & 2019, and to the best of our information and according to the explanation given to us, we are of the opinion that Restated Financial Statements:
- a) Have been made after incorporating adjustments for the changes in accounting policies retrospectively in respective financial years to reflect the same accounting treatment as per the changed accounting policies for all the reporting periods based on the significant accounting policies adopted by the Company as on December 31, 2021.
  - b) have been made after incorporating adjustments for prior period and other material amounts, if any, in the respective financial years to which they relate to;
  - c) do not contain any extra ordinary items that need to be disclosed separately other than those presented in the Restated Financial Statements and do not contain any qualification requiring adjustments;
  - d) There were no qualifications in the Audit Reports issued by the Statutory Auditors for the period ended on December 31, 2021, & financial year ended March 31 of, 2021, 2020 & 2019, which would require adjustments in this Restated Financial Statements of the Company;

- e) Profits and losses have been arrived at after charging all expenses including depreciation and after making such adjustments/restatements and regroupings as in our opinion are appropriate and are to be read in accordance with the Significant Accounting Policies and Notes to Accounts as set out in Annexure 4 to this report;
- f) Adjustments in Restated Summary Statements have been made in accordance with the correct accounting policies,
- g) There was no change in accounting policies, which needs to be adjusted in the Restated Summary Statements;
- h) There are no revaluation reserves, which need to be disclosed separately in the Restated Financial Statements;
- i) The Company has not paid any dividend since its incorporation.
6. We have also examined the following other Restated Financial Statements as set out in the respective Annexure to this report and forming part of the Restated Financial Statements, prepared by the management of the Company and approved by the Board of Directors at their meeting held in connection with the proposed IPO on NSE EMERGE proposed to be included in the Draft Prospectus / Prospectus ("Offer Document") for the proposed IPO:

| <b>Annexure</b> | <b>As Restated in,</b>   |
|-----------------|--|
| 1               | Statement of Assets and Liabilities                                |
| 2               | Statement of Profit and Loss                                       |
| 3               | Statement of Cash Flows  |
| 4               | Statement of Significant Accounting Policies and Notes to Accounts |
| 5               | Statement of Share Capital   |
| 6               | Statement of Reserves and Surplus                                  |
| 7               | Statement of Long-Term Borrowings                                  |
| 8               | Statement of Deferred Tax Liabilities (Net)                        |
| 9               | Statement of Short-Term Borrowings                                 |
| 10              | Statement of Trade Payables  |
| 11              | Statement of Other Current Liabilities                             |
| 12              | Statement of Plant Property and Equipment                          |
| 13              | Statement of Non-Current Investments                               |
| 14              | Statement of Long-Term Loans and Advances                          |
| 15              | Statement of Current Investments                                   |
| 16              | Statement of Inventories   |
| 17              | Statement of Trade Receivables                                     |
| 18              | Statement of Cash and Cash Equivalents                             |
| 19              | Statement of Short-Term Loans and Advances                         |
| 20              | Statement of Other Current Assets                                  |
| 21              | Statement of Revenue from Operations                               |
| 22              | Statement of Other Income  |
| 23              | Statement of Purchase for Stock-in-trade                           |

|    |   |
|----|---|
| 24 | Statement of Changes in Inventories of Stock-in-Trade |
| 25 | Statement of Employee Benefits Expenses               |
| 26 | Statement of Finance Costs                            |
| 27 | Statement of Other Expenses                           |
| 28 | Statement of Related Party Disclosures                |
| 29 | Statement of Expenditure in foreign Currency          |
| 30 | Statement of Earnings in foreign Currency             |
| 31 | Contingent Liabilities                                |
| 32 | Accounting Ratios                                     |
| 33 | Restated Statement of Tax Shelters                    |
| 34 | Restated Statement of Capitalisation                  |
| 35 | List of Subsidiaries                                  |
|    |   |

7. We, M/s NAGORI NUWAL & CO., Chartered Accountants have been subjected to the peer review process of the Institute of Chartered Accountants of India (“ICAI”) and hold a valid peer review certificate Number 013344 dated July 28, 2021 issued by the “Peer Review Board” of the ICAI.
8. The preparation and presentation of the Financial Statements referred to above are based on the Audited financial statements of the Company and are in accordance with the provisions of the Act and ICDR Regulations. The Financial Statements and information referred to above is the responsibility of the management of the Company.
9. This report should not in any way be construed as a re-issuance or re-dating of any of the previous audit reports issued by us, nor should this report be construed as an opinion on any of the Standalone Financial Information referred to herein.
10. We have no responsibility to update our report for events and circumstances occurring after the date of the report.
11. In our opinion, the above Restated Financial Statements contained in Annexure 1 to 35 to this report read along with the ‘Significant Accounting Policies and Notes to the Restated Standalone Financial Statements’ appearing in Annexure 4 after making adjustments and regrouping/reclassification as considered appropriate and have been prepared in accordance with the provisions of Section 26 of the Companies Act, 2013 read with the Companies (Prospectus and Allotment of Securities) Rules 2014, to the extent applicable, the SEBI Regulations, the Guidance Note issued in this regard by the ICAI, as amended from time to time, and in terms of our engagement agreed with you.
12. Our report is intended solely for use of the Management and for inclusion in the offer documents in connection with the proposed SME IPO of equity shares of the Company and is not to be used, referred or distributed for any other purpose except with our prior written consent.

**FOR NAGORI NUWAL & CO.  
CHARTERED ACCOUNTANTS,  
FIRM REGISTRATION NO.: 008185C**

**CA SHANKAR LAL LADDHA  
PARTNER  
MEMBERSHIP NO.: 76554  
PLACE: MUMBAI  
DATE: April 12, 2022  
Peer Review No.: 013344  
UDIN: 22076554AGZIME3364**

| <b>ANNEXURE 1</b>                                      |           |   |                           |                           |                           |
|--|-----------|---|---------------------------|---------------------------|---------------------------|
| <b>STATEMENT OF ASSETS AND LIABILITIES AS RESTATED</b> |           |   |                           |                           |                           |
| (₹ in Lakhs)   |           |   |                           |                           |                           |
| Particulars  | Annex. No | Nine months period ended on December 31, 2021 | Year ended March 31, 2021 | Year ended March 31, 2020 | Year ended March 31, 2019 |
| <b>EQUITY AND LIABILITIES</b>                          |           |   |                           |                           |                           |
| <b>(1) Shareholders' Funds</b>                         |           |   |                           |                           |                           |
| Share Capital  | 5         | 170.81  | 170.81                    | 170.81                    | 170.81                    |
| Reserves and Surplus                                   | 6         | 3,850.37                                      | 2,263.45                  | 1,557.81                  | 1,243.18                  |
|  |           | <b>4,021.18</b>                               | <b>2,434.26</b>           | <b>1,728.62</b>           | <b>1,413.99</b>           |
| <b>(2) Share Application Money Pending Allotment</b>   |           |   |                           |                           |                           |
| <b>(3) Non-Current Liabilities</b>                     |           |   |                           |                           |                           |
| Long-Term Borrowings                                   | 7         | 223.75  | 125.22                    | 54.58                     | 139.58                    |
| Deferred Tax Liabilities (Net)                         | 8         | 0.06  | 1.97                      | 1.29                      | 0.56                      |
| Other Long-Term Liabilities                            |           | 0.00  | 0.00                      | 0.00                      | 0.00                      |
| Long-Term Provisions                                   |           | 0.00  | 0.00                      | 0.00                      | 0.00                      |
|  |           | <b>223.81</b>                                 | <b>127.19</b>             | <b>55.87</b>              | <b>140.14</b>             |
| <b>(4) Current Liabilities</b>                         |           |   |                           |                           |                           |
| Short-Term Borrowings                                  | 9         | 9,153.97                                      | 5,275.04                  | 2,844.64                  | 3,623.26                  |
| Trade Payables   | 10        | 2,224.71                                      | 1,166.34                  | 818.53                    | 319.61                    |
| Other Current Liabilities                              | 11        | 2,083.28                                      | 199.33                    | 178.42                    | 163.48                    |
|  |           | 13,461.96                                     | 6,640.72                  | 3,841.59                  | 4,106.35                  |
| <b>Total Equity and Liabilities</b>                    |           | <b>17,706.95</b>                              | <b>9,202.17</b>           | <b>5,626.08</b>           | <b>5,660.48</b>           |
| <b>ASSETS</b>  |           |   |                           |                           |                           |
| <b>(1) Non-Current Assets</b>                          |           |   |                           |                           |                           |
| Plant Property and Equipment                           |           |   |                           |                           |                           |
| Tangible Assets  | 12        | 307.27  | 162.04                    | 157.05                    | 173.76                    |
| Non-Current Investments                                | 13        | 107.62  | 107.62                    | 107.62                    | 107.62                    |
| Deferred Tax Assets (Net)                              |           | -   | 0.00                      | 0.00                      | 0.00                      |
| Long Term Loans and Advances                           | 14        | 283.24  | 187.68                    | 126.32                    | 18.44                     |
| Other Non-Current Assets                               |           | -   | 0.00                      | 0.00                      | 0.00                      |
| <b>Total Non-Current Assets</b>                        |           | <b>698.13</b>                                 | <b>457.34</b>             | <b>390.99</b>             | <b>299.83</b>             |
| <b>(2) Current Assets</b>                              |           |   |                           |                           |                           |
| Current Investments                                    | 15        | 73.94   | 53.71                     | 41.96                     | 24.13                     |
| Inventories  | 16        | 864.64  | 1,013.40                  | 278.71                    | 326.05                    |
| Trade Receivables                                      | 17        | 12,606.66                                     | 5,850.12                  | 3,757.78                  | 3,401.89                  |
| Cash and Cash Equivalents                              | 18        | 975.33  | 795.58                    | 542.22                    | 1,001.65                  |
| Short-Term Loans and Advances                          | 19        | 2,445.27                                      | 1,001.17                  | 546.33                    | 511.54                    |
| Other Current Assets                                   | 20        | 42.98   | 30.86                     | 68.09                     | 95.39                     |
| <b>Total Current Assets</b>                            |           | <b>17,008.82</b>                              | <b>8,744.84</b>           | <b>5,235.09</b>           | <b>5,360.65</b>           |
| <b>Total Assets</b>                                    |           | <b>17,706.95</b>                              | <b>9,202.17</b>           | <b>5,626.08</b>           | <b>5,660.48</b>           |

**As per our report of even date**

**For Nagori Nuwal & Co.**

**Chartered Accountants**

**(F.R.N.: 008185C)**

**Sd/-**

**CA Shankar Lal Laddha**

**Partner**

**(Membership No.76554)**

**UDIN: 22076554AGZIME3364**

**Date: April 12, 2022**

**Place: Mumbai**

**For and on behalf of Board of Directors**

**Of Le Merite Exports Limited**

**Sd/-**

**Abhishek Lath**

**Director**

**(DIN - 00331675)**

**Sd/-**

**Umashankar Lath**

**Director**

**(DIN - 05135035)**



**As per our report of even date  
For Nagori Nuwal & Co.  
Chartered Accountants  
(F.R.N.: 008185C)**

**For and on behalf of Board of Directors  
Of Le Merite Exports Limited**

**Sd/-**

**Sd/-**

**Sd/-**

**CA Shankar Lal Laddha**

**Abhishek Lath**

**Umashankar Lath**

**Partner**

**Director**

**Director**

**(Membership No.76554)**

**(DIN - 00331675)**

**(DIN - 05135035)**

**UDIN: 22076554AGZIME3364**

**Date: April 12, 2022**

**Place: Mumbai**

**ANNEXURE - 3**  
**STATEMENT OF CASH FLOW, AS RESTATED**

(₹ in Lakhs)

|   |            | Nine months period ended on<br>December 31, 2021 | Year<br>ended<br>March<br>31, 2021 | Year<br>ended<br>March<br>31, 2020 | Year<br>ended<br>March<br>31, 2019 |
|---|------------|--|------------------------------------|------------------------------------|------------------------------------|
| <b><u>A. Cash flow from Operating Activities</u></b>          |            |  |                                    |                                    |                                    |
| Profit/(loss) before tax                                      |            | 2,117.85   | 936.33                             | 431.06                             | 160.25                             |
| <b>Adjustment For:</b>  |            |  |                                    |                                    |                                    |
| Depreciation  |            | 36.80  | 16.39                              | 15.56                              | 19.42                              |
| <b>Operating Profit/(Loss) before Working Capital changes</b> |            | <b>2,154.65</b>                                  | <b>952.72</b>                      | <b>446.62</b>                      | <b>179.68</b>                      |
| Adjustment for increase/decrease in:                          |            |  |                                    |                                    |                                    |
| Increase /Decrease in short term borrowings                   |            | 3,878.92   | 2,430.41                           | (778.62)                           | (201.52)                           |
| Increase / Decrease in trade payables                         |            | 1,043.32   | 347.81                             | 607.48                             | (47.27)                            |
| Increase / Decrease in other current liabilities              |            | 1,899.03   | 20.91                              | (93.61)                            | (27.35)                            |
| Increase / Decrease in inventories                            |            | 148.76   | (734.69)                           | 47.34                              | 220.97                             |
| Increase / Decrease in trade receivables                      |            | (6,756.54)                                       | (2,092.34)                         | (355.89)                           | (590.10)                           |
| Increase / Decrease in short term loans & advances            |            | (1,444.11)                                       | (454.83)                           | (34.80)                            | 27.96                              |
| Increase / Decrease in other current assets                   |            | (12.12)  | 37.22                              | 27.30                              | (15.42)                            |
|   |            |  |                                    |                                    |                                    |
| <b>Operating Profit/(Loss) after Working Capital changes</b>  |            | <b>911.92</b>                                    | <b>507.21</b>                      | <b>(134.19)</b>                    | <b>(453.05)</b>                    |
| <b>Operating Profit/(Loss) before Tax</b>                     |            | <b>911.92</b>                                    | <b>507.21</b>                      | <b>(134.19)</b>                    | <b>(453.05)</b>                    |
| Less: Tax Paid (Net)  |            | <b>(532.85)</b>                                  | <b>(230.00)</b>                    | <b>(115.70)</b>                    | <b>(46.99)</b>                     |
| <b>Net Cash generated from Operating Activities</b>           | <b>(A)</b> | <b>379.07</b>                                    | <b>277.21</b>                      | <b>(249.89)</b>                    | <b>(500.04)</b>                    |
| <b><u>B. Cash flow from Investment Activities</u></b>         |            |  |                                    |                                    |                                    |
| Payment towards capital expenditure                           |            | (182.04)   | (21.38)                            | 1.16                               | (2.17)                             |
| Non- Current Investments                                      |            | (20.24)  | (11.75)                            | (17.82)                            | 2.51                               |
| <b>Net Cash from Investment Activities</b>                    | <b>(B)</b> | <b>(202.28)</b>                                  | <b>(33.13)</b>                     | <b>(16.66)</b>                     | <b>0.34</b>                        |
| <b><u>C. Cash flow from Financing Activities</u></b>          |            |  |                                    |                                    |                                    |
|   |            | 2,117.85   |                                    |                                    |                                    |

|   |                 |               |                |                 |                 |
|---|-----------------|---------------|----------------|-----------------|-----------------|
| Increase in Long Term Borrowings                            |                 | 98.53         | 70.64          | (85.00)         | 59.11           |
| Long Term Loans and Advances                                |                 | (95.57)       | 0.00           | 0.00            | 8.81            |
| Other Non-Current Assets                                    |                 | 0.00          | <b>(61.36)</b> | (107.88)        | 0.46            |
| <b>Net Cash from Financing Activities</b>                   | <b>(C)</b>      | <b>2.96</b>   | <b>9.28</b>    | <b>(192.88)</b> | <b>68.38</b>    |
| <b>Net (Decrease)/Increase in Cash and Cash Equivalents</b> | <b>(A+B +C)</b> | <b>179.75</b> | <b>253.37</b>  | (459.44)        | (431.32)        |
| Cash and Cash Equivalents at the beginning of the year      |                 | <b>795.58</b> | <b>542.21</b>  | 1,001.65        | 1,432.97        |
| <b>Cash and Cash Equivalents as at the end of the year</b>  |                 | <b>975.33</b> | <b>795.58</b>  | <b>542.21</b>   | <b>1,001.65</b> |
| <b>Components of cash and cash equivalents</b>              |                 |               |                |                 |                 |
| Cash in hand  |                 | 8.13          | 1.44           | 2.04            | 11.60           |
| Balances with banks   |                 | 967.20        | 794.14         | 540.17          | 990.05          |
| <b>Total</b>  |                 | <b>975.33</b> | <b>795.58</b>  | <b>542.21</b>   | <b>1,001.65</b> |

As per our report of even date  
For Nagori Nuwal & Co.  
Chartered Accountants  
(F.R.N.: 008185C)

For and on behalf of Board of Directors  
Of Le Merite Exports Limited

Sd/-

Sd/-

Sd/-

CA Shankar Lal Laddha

Abhishek Lath

Umashankar Lath

Partner

Director

Director

(Membership No.76554)

(DIN - 00331675)

(DIN - 05135035)

UDIN: 22076554AGZIME3364

Date: April 12, 2022

Place: Mumbai

## **Annexure 4**

### **SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS**

#### **1. Basis of Preparation:**

The Restated Summary Statements of Assets and Liabilities of the Company for the nine months period ended December 31, 2021, March 31, 2021, March 31, 2020, March 31, 2019, and the related Restated Summary Statements of Profits and Losses and Cash Flows Statement for the period / years ended December 31, 2021, March 31, 2021, March 31, 2020, March 31, 2019, have been compiled by management from the financial statements of the company for the nine months period ended on December 31, 2021, March 31, 2021, March 31, 2020, March 31, 2019.

“The financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read with paragraph 7 of the Companies (Accounts) Rules 2014 and Companies (Accounting Standards) Amendment Rules, 2016. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.”

#### **2. Significant Accounting Policies:**

##### **a) Use of Estimates:**

The preparation of financial statements in conformity with Indian GAAP requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of financial statements and the reported amounts of revenue and expenses during the reported period. Although these estimates are based on management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the Carrying amounts of Assets or Liabilities in future periods.

##### **b) Cash Flow Statement:**

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature reported amounts of assets and liabilities on the date of financial statements and the reported amounts of revenues and expenses during the reported period.

##### **c) Cash and cash equivalents:**

Cash comprises cash on hand and demand deposit with banks. Cash equivalents are short term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into loan amounts of cash and which are subject to insignificant risk of changes in values.

##### **d) Property, Plant and Equipment:**

Property, Plant and Equipment are stated at cost of acquisition or construction less accumulated depreciation and impairment loss, if any. The cost of an asset comprises of its purchase price and any directly attributable cost of bringing the assets to working condition for its intended use. Expenditure on additions, improvements and renewals is capitalized and expenditure for maintenance and repairs is charged to profit and loss account.

##### **e) Depreciation and Amortization:**

Depreciation on tangible fixed assets is provided on WDV basis in accordance with the provisions of useful life specified in Schedule II of the Companies Act, 2013 and on additions / disposals during the year, on prorated basis.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

**f) Impairment:**

The carrying amounts of assets are reviewed at each balance sheet date, to check if there is any indication of impairment based on internal/external factors.

An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount.

The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

**g) Revenue Recognition:**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

**Sale of Goods**

Revenue is recognized when significant risks and rewards of ownership of the goods have passed to the buyer. The Company collects Goods and Service Tax (GST), sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these do not form a part of economic benefits flowing to the Company. Hence, they are excluded from revenue. Revenue from operations is stated net of sales return and trade discount.

**Interest**

Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

**Service Income**

Income from service rendered is recognized based on the terms of the agreements as and when services are rendered and are net of Goods and Service Tax (GST)/ Service tax.

**h) Foreign Currency Transactions:**

**Initial recognition**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

**Conversion**

Foreign currency monetary items are reported into rupees at the rate of exchange prevailing on the date of Balance Sheet. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

**Exchange differences**

Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

**i) Inventories**

Inventories are valued as follows:

|                 |   |
|-----------------|---|
| Traded products | Lower of cost and net realizable value. Cost is determined on FIFO basis, includes purchase price, freight, duties and other incidental expenses. |
|-----------------|---|

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

**j) Investments:**

Long-term investments and current maturities of long-term investments are stated at cost, less provision for other than temporary diminution in value. Current investments, except for current maturities of long-term investments, are stated at the lower of cost and fair value.

**k) Borrowing Cost:**

Borrowing costs attributable to the acquisition and construction of qualifying assets up to the date of such acquisition or construction are capitalized as part of the cost of respective assets. Other borrowing costs are charged to statement of profit and loss of the period in which they are incurred.

**l) Employee Benefits:**

All the employee benefits payable wholly within 12 months of rendering of services are classified as short-term employee benefits.

Benefits such as salaries, wages, short term compensated absences etc. and the expected bonus are recognized in the period in which employee renders his services.

**m) Leases:**

**As a Lessee:** Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on straight-line basis over the lease term.

**As a Lessor:** Assets subject to operating lease are included in fixed assets. Lease income is recognized in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation are recognized as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the statement of profit and loss.

**n) Income taxes:**

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

**o) Provisions**

A provision is recognized when the company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Where the company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

**p) Contingent liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

**q) Earnings per share:**

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**3. Changes Accounting Policies in the Years/Periods Covered in the Restated Financial**

There is no change in significant accounting policies during the reporting period except, 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.

**4. Notes to Reconciliation of Restated Profit**

The reconciliation of Profit after tax as per audited results and the Profit after tax as per Restated Accounts is presented below. This summarizes the results of restatements made in the audited accounts for the respective years and its impact on the profit & losses of the company.

(Rs. In Lakhs)

| Particulars   | Year ended<br>March 31, 2021 | Year ended<br>March 31, 2020 | Year ended<br>March 31, 2019 |
|---|------------------------------|------------------------------|------------------------------|
| Profit after tax before appropriation (as per Audited accounts) | 695.70                       | 324.39                       | 121.47                       |
| Adjustments   | 0.00                         | 0.00                         | 0.00                         |
| Other Expenses: MTM Loss on shares and mutual funds             | 0.00                         | (19.37)                      | (8.64)                       |
| Other Income: MTM Gain on shares and mutual funds               | 18.88                        | 0.00                         | 0.00                         |
| Other Income: Interest on Income Tax Refund                     | 0.67                         | 0.00                         | 0.00                         |
| Provision for Tax   | (-9.61)                      | 9.61                         | 0.00                         |

|   |               |               |               |
|---|---------------|---------------|---------------|
| Deferred Tax  | 0.00          | 0.00          | 0.00          |
| Prior Period  | 0.00          | 0.00          | 0.00          |
| Bad debts recovery  | 0.00          | 0.00          | 0.00          |
| Extra-Ordinary Item   | 0.00          | 0.00          | 0.00          |
| <b>Profit after Tax as per Restated Profit &amp; Loss Account</b> | <b>705.65</b> | <b>314.63</b> | <b>112.83</b> |

#### 5. Other Notes to Accounts

- The company has not received any intimation from supplier regarding their status under micro, small and medium enterprises development Act, 2006 and hence disclosure, if any, in relation to amount unpaid as at the period end together with interest payable as required under the said Act have not furnished.
- The Management has confirmed that adequate provisions have been made for all the known and determined liabilities and the same is not in excess of the amounts reasonably required.
- The figures in the Restated Financial Statements and Other Financial Information are stated in Lakhs and rounded off to two decimals and minor rounding off difference is ignored.
- There is no adjustment required to be made to the profit or loss for complying with ICDS notified u/s 145(2).

#### Annexure – 5 Restated Statement of Share Capital

(₹ in Lakhs)

| Particulars  | Nine months period ended on December 31, 2021 | Year ended March 31, 2021 | Year ended March 31, 2020 | Year ended March 31, 2019 |
|--|---|---------------------------|---------------------------|---------------------------|
| <b>Share Capital</b>   |   |                           |                           |                           |
| <b>Authorised Share Capital</b>  |   |                           |                           |                           |
| 2,50,00,000 (P.Y. 50,00,000)<br>Equity Shares of Rs 10 each                | 2500.00                                       | 500.00                    | 500.00                    | 500.00                    |
| <b>Issued, Subscribed and paid up:</b>                                     |   |                           |                           |                           |
| 17,08,100 (P.Y. 17,08,100)<br>Equity Shares of Rs 10 each<br>fully paid up | 170.81  | 170.81                    | 170.81                    | 170.81                    |
| <b>Total</b>   | <b>170.81</b>                                 | <b>170.81</b>             | <b>170.81</b>             | <b>170.81</b>             |

#### Reconciliation of No. of Shares Outstanding at the end of the year (No. of Equity Shares)

|   |       |       |       |       |
|---|-------|-------|-------|-------|
| Equity Share at the beginning of the year - Nos | 17.08 | 17.08 | 17.08 | 17.08 |
| Add: Shares Transfer to Shareholder - Nos       | 0.00  | 0.00  | 0.00  | 0.00  |
| Less: Shares transfer from Shareholder - Nos    | 0.00  | 0.00  | 0.00  | 0.00  |

|   |       |       |       |       |
|---|-------|-------|-------|-------|
| Equity Share at the end of the year - Nos | 17.08 | 17.08 | 17.08 | 17.08 |
|---|-------|-------|-------|-------|

**Annexure – 6**  
**Restated Statement of Reserve & Surplus**

(₹ in Lakhs)

| Reserves and Surplus           | Nine months period ended December 31, 2021 | Year ended March 31, 2021 | Year ended March 31, 2020 | Year ended March 31, 2019 |
|--------------------------------|--|---------------------------|---------------------------|---------------------------|
| <b>Profit and loss Account</b> |  |                           |                           |                           |
| As per last Balance sheet      | 2,263.45                                   | 1,557.81                  | 1,243.18                  | 1,130.35                  |
| Add: - Profit for the year     | 1586.91                                    | 705.65                    | 314.62                    | 112.83                    |
| <b>Total</b>                   | <b>3850.37</b>                             | <b>2,263.45</b>           | <b>1,557.81</b>           | <b>1,243.18</b>           |

**Annexure – 7**  
**Restated Statement of Long-Term Borrowings**

(₹ in Lakhs)

| Long term Borrowings          | Nine Months period ended December 31, 2021 | Year ended March 31, 2021 | Year ended March 31, 2020 | Year ended March 31, 2019 |
|-------------------------------|--|---------------------------|---------------------------|---------------------------|
| <b>Secured Loans</b>          |  |                           |                           |                           |
| Motor Car Loan                | 110.49                                     | 18.29                     | 0.00                      | 0.00                      |
| Property Loan                 | 0.00                                       | 0.00                      | 0.00                      | 33.08                     |
| <b>Unsecured Loans</b>        |  |                           |                           |                           |
| From Directors & Shareholders | 113.26                                     | 106.93                    | 54.58                     | 106.50                    |
| <b>Total</b>                  | <b>223.75</b>                              | <b>125.22</b>             | <b>54.58</b>              | <b>139.58</b>             |

**Annexure – 8**  
**Restated Statement of Deferred Tax Liabilities/Assets**

(₹ in Lakhs)

| Deferred Tax Liabilities (Net) | Nine months period ended December 31, 2021 | Year ended March 31, 2021 | Year ended March 31, 2020 | Ye Year ended March 31, 2019 |
|--------------------------------|--|---------------------------|---------------------------|------------------------------|
| Related to Fixed Assets        | 0.06                                       | 1.97                      | 1.29                      | 0.56                         |

|              |             |             |             |             |
|--------------|-------------|-------------|-------------|-------------|
| <b>Total</b> | <b>0.14</b> | <b>1.97</b> | <b>1.29</b> | <b>0.56</b> |
|--------------|-------------|-------------|-------------|-------------|

**Annexure – 9**  
**Restated Statement of Short-Term Borrowings**

(₹ in Lakhs)

| <b>Short Term Borrowings</b>             | <b>Nine months period ended December 31, 2021</b> | <b>Year ended March 31, 2021</b> | <b>Year ended March 31, 2020</b> | <b>Ye Year ended March 31, 2019</b> |
|--|---|----------------------------------|----------------------------------|-------------------------------------|
| <b>Secured</b>                           |   |                                  |                                  |                                     |
| <b>Working Capital Loan from Bank: -</b> |   |                                  |                                  |                                     |
| Export Packing Credit (UCO Bank)         | 597   | 0.00                             | 0.00                             | 1,937.60                            |
| Export Packing Credit (Shinhan Bank)     | 1341  | 1,475.00                         | 930.85                           | 0.00                                |
| Export Packing Credit (ICICI Bank)       | 4999.35   | 0.00                             | 0.00                             | 0.00                                |
| Bill Discounting (Shinhan Bank)          | 6713.14   | 3,235.96                         | 1,909.56                         | 1,665.49                            |
| Tirupati - Warehouse Receipt Loan        | 0.00  | 560.60                           | 0.00                             | 0.00                                |
| <b>Unsecured Loans</b>                   |   |                                  |                                  |                                     |
| From Others                              | 3.48  | 3.48                             | 4.22                             | 20.17                               |
| <b>Total</b>                             | <b>9153.97</b>                                    | <b>5,275.04</b>                  | <b>2,844.64</b>                  | <b>3,623.26</b>                     |

**Annexure – 10**  
**Restated Statement of Trade Payables**

| <b>Trade Payables</b>          | <b>Nine months period ended December 31, 2021</b> | <b>Year ended March 31, 2021</b> | <b>Year ended March 31, 2020</b> | <b>Ye Year ended March 31, 2019</b> |
|--------------------------------|---|----------------------------------|----------------------------------|-------------------------------------|
| Creditors for Yarn             | 883.04  | 687.02                           | 614.95                           | 150.10                              |
| Creditors for Fabric           | 400.77  | 120.22                           | 75.44                            | 60.95                               |
| Creditors for Commission       | 497.66  | 150.08                           | 44.80                            | 10.86                               |
| Creditors for Transport        | 234.46  | 205.14                           | 80.86                            | 93.00                               |
| Creditors for Factory Expenses | 205.06  | 0.00                             | 0.00                             | 0.00                                |
| Creditors for Others           | 3.72  | 3.89                             | 2.48                             | 4.70                                |
|                                |   |                                  |                                  |                                     |
| <b>Total</b>                   | <b>2,224.71</b>                                   | <b>1,166.34</b>                  | <b>818.53</b>                    | <b>319.61</b>                       |

**Annexure – 11**  
**Restated Statement of Other Current Liabilities**

(₹ in Lakhs)

| <b>Other Current Liabilities</b> | <b>Nine months period</b> | <b>Year ended March 31, 2021</b> | <b>Year ended March 31, 2020</b> | <b>Ye Year ended March 31, 2019</b> |
|----------------------------------|---------------------------|----------------------------------|----------------------------------|-------------------------------------|
|                                  |                           |                                  |                                  |                                     |

|                                       | ended<br>December31,<br>2021 |               |               |               |
|---------------------------------------|------------------------------|---------------|---------------|---------------|
| Payable for expenses                  | 0.00                         | 15.06         | 15.55         | 32.16         |
| Current Maturities of long-term debts |                              |               |               |               |
| -Motor Car Loan                       | 24.27                        | 2.59          | 0.00          | 0.00          |
| -Property Loan                        | 0.00                         | 0.00          | 0.00          | 15.91         |
| Statutory Dues                        | 11.78                        | 7.28          | 17.88         | 11.27         |
| Security Deposit                      | 2.50                         | 0.00          | 4.00          | 4.00          |
| Staff payable & For Expenses          | 97.70                        | 37.65         | 47.76         | 33.65         |
| Payable for assets                    | 0.00                         | 0.00          | 0.46          | 0.47          |
| Advance from customers                | 1757.59                      | 97.20         | 52.49         | 65.25         |
| Creditors for listed co. shares       | 0.00                         | 0.00          | 0.00          | 0.00          |
| Other Payable-Credit Card, Shares     | 0.00                         | 1.40          | 15.40         | 0.76          |
| Provision for Taxes                   | 189.44                       | 38.14         | 24.88         | 0.00          |
| <b>Total</b>                          | <b>2083.28</b>               | <b>199.33</b> | <b>178.42</b> | <b>163.48</b> |

The Management has confirmed that adequate provisions have been made for all the known and determined liabilities and the same is not in excess of the amounts reasonably required.

**ANNEXURE 12**  
**Restated Statements of Fixed Assets**

(₹ in Lakhs)

| Particulars                      | Nine months<br>period<br>ended<br>December 31,<br>2021 | Year ended<br>March 31,<br>2021 | Year ended<br>March 31,<br>2020 | Ye Year ended<br>March 31,<br>2019 |
|----------------------------------|--|---------------------------------|---------------------------------|------------------------------------|
| <b>Tangible Assets</b>           |  |                                 |                                 |                                    |
| <b>Office Building</b>           |  |                                 |                                 |                                    |
| Gross Block                      | 222.29   | 222.29                          | 222.29                          | 222.29                             |
| Addition During the year         | 6.75   | 0.00                            | 0.00                            | 0.00                               |
| Reduction during the year        | 0.00   | 0.00                            | 0.00                            | 0.00                               |
| Depreciation during the year     | 6.54   | 6.63                            | 6.97                            | 7.33                               |
| Opening Accumulated Depreciation | 92.78  | 86.15                           | 79.18                           | 71.85                              |
| <b>Closing Balance</b>           | <b>129.72</b>  | <b>129.51</b>                   | <b>136.14</b>                   | <b>143.11</b>                      |
| <b>Furniture</b>                 |  |                                 |                                 |                                    |
| Gross Block                      | 64.96  | 64.96                           | 64.96                           | 63.06                              |
| Addition During the year         | 0.00   | 0.00                            | 0.00                            | 1.90                               |
| Reduction during the year        | 0.00   | 0.00                            | 0.00                            | 0.00                               |
| Depreciation during the year     | 2.92   | 3.94                            | 5.32                            | 6.57                               |

|  |               |              |              |              |
|--|---------------|--------------|--------------|--------------|
| Opening Accumulated Depreciation                 | 53.67         | 49.73        | 44.41        | 37.84        |
| <b>Closing Balance</b>                           | <b>8.37</b>   | <b>11.29</b> | <b>15.23</b> | <b>20.55</b> |
| <b>Motor Vehicles</b>                            |               |              |              |              |
| Gross Block                                      | 65.35         | 45.20        | 52.21        | 52.21        |
| Addition During the year                         | 132.40        | 20.15        | 0.00         | 0.00         |
| Reduction during the year                        | 0.00          | 0.00         | 7.02         | 0.00         |
| Depreciation during the year                     | 20.44         | 4.56         | 1.66         | 2.81         |
| Opening Accumulated Depreciation                 | 46.37         | 41.81        | 46.02        | 43.21        |
| Accumulated Depreciation on asset sold           | 0.00          | 0.00         | 5.86         | 0.00         |
| <b>Closing Balance</b>                           | <b>130.94</b> | <b>18.98</b> | <b>3.38</b>  | <b>6.20</b>  |
| <b>Office Equipment</b>                          |               |              |              |              |
| Gross Block                                      | 9.92          | 9.39         | 9.39         | 9.39         |
| Addition During the year                         | 1.43          | 0.53         | 0.00         | 0.00         |
| Reduction during the year                        | 0.00          | 0.00         | 0.00         | 0.00         |
| Depreciation during the year                     | 0.55          | 0.45         | 0.61         | 1.11         |
| Opening Accumulated Depreciation                 | 9.10          | 8.65         | 8.04         | 6.92         |
| <b>Closing Balance</b>                           | <b>1.70</b>   | <b>0.82</b>  | <b>0.74</b>  | <b>1.36</b>  |
| <b>IT Equipment</b>                              |               |              |              |              |
| Gross Block                                      | 14.29         | 14.29        | 14.29        | 14.02        |
| Addition During the year                         | 0.00          | 0.00         | 0.00         | 0.28         |
| Reduction during the year                        | 0.00          | 0.00         | 0.00         | 0.00         |
| Depreciation during the year                     | 0.37          | 0.61         | 1.01         | 1.60         |
| Opening Accumulated Depreciation                 | 13.35         | 12.74        | 11.73        | 10.14        |
| <b>Closing Balance</b>                           | <b>0.57</b>   | <b>0.94</b>  | <b>1.55</b>  | <b>2.56</b>  |
| <b>Machinery</b>                                 |               |              |              |              |
| Gross Block                                      | 0.00          | 0.00         | 0.00         | 0.00         |
| Addition During the year                         | 14.43         | 0.00         | 0.00         | 0.00         |
| Reduction during the year                        | 0.00          | 0.00         | 0.00         | 0.00         |
| Depreciation during the year                     | 2.09          | 0.00         | 0.00         | 0.00         |
| Opening Accumulated Depreciation                 | 0.00          | 0.00         | 0.00         | 0.00         |
| <b>Closing Balance</b>                           | <b>12.34</b>  | <b>0.00</b>  | <b>0.00</b>  | <b>0.00</b>  |
| <b>Electrical Installations &amp; Equipments</b> |               |              |              |              |
| Gross Block                                      | 0.00          | 0.00         | 0.00         | 0.00         |
| Addition During the year                         | 25.48         | 0.00         | 0.00         | 0.00         |
| Reduction during the year                        | 0.00          | 0.00         | 0.00         | 0.00         |
| Depreciation during the year                     | 3.01          | 0.00         | 0.00         | 0.00         |
| Opening Accumulated Depreciation                 | 0.00          | 0.00         | 0.00         | 0.00         |
| <b>Closing Balance</b>                           | <b>22.47</b>  | <b>0.00</b>  | <b>0.00</b>  | <b>0.00</b>  |

|                                  |               |               |               |               |
|----------------------------------|---------------|---------------|---------------|---------------|
| <b>Computer</b>                  |               |               |               |               |
| Gross Block                      | 0.71          | 0.00          | 0.00          | 0.00          |
| Addition During the year         | 1.54          | 0.71          | 0.00          | 0.00          |
| Reduction during the year        | 0.00          | 0.00          | 0.00          | 0.00          |
| Depreciation during the year     | 0.88          | 0.20          | 0.00          | 0.00          |
| Opening Accumulated Depreciation | 0.20          | 0.00          | 0.00          | 0.00          |
| <b>Closing Balance</b>           | <b>1.17</b>   | <b>0.51</b>   | <b>0.00</b>   | <b>0.00</b>   |
| <b>Total Fixed Assets</b>        | <b>307.27</b> | <b>162.04</b> | <b>157.05</b> | <b>173.76</b> |

**Note:**

During the Financial year 2018-19 the company has adopted new Depreciation rates as per Schedule II of Companies Act, 2013. The Changes in the rates and the impact of the same has been given below:

| Particulars          | Previous Rates in 2017-18 | Fresh Rates Adopted in 2018-19 | Increase/ (Decrease) in Dep in the FY 2018-19 |
|----------------------|---------------------------|--------------------------------|---|
| Computer             | 9.92%                     | 39.30%                         | 1.19  |
| Furniture & Fixtures | 30.95%                    | 25.89%                         | -1.28   |
| Motor Vehicles       | 41.00%                    | 31.23%                         | -0.88   |
| Office Building      | 3.65%                     | 4.87%                          | 1.83  |
| Office Equipments    | 6.66%                     | 45.07%                         | 0.95  |

**Annexure – 13**  
**Restated Statement of Non - Current Investments**

(₹ in Lakhs)

| Non-Current Investments          | Nine months period ended December 31, 2021 | Year ended March 31, 2021 | Year ended March 31, 2020 | Year ended March 31, 2019 |
|----------------------------------|--|---------------------------|---------------------------|---------------------------|
| Office Premises - Cresecent Park | 107.62                                     | 107.62                    | 107.62                    | 107.62                    |
| <b>Total</b>                     | <b>107.62</b>                              | <b>107.62</b>             | <b>107.62</b>             | <b>107.62</b>             |

**Annexure – 14**  
**Restated Statement of Long-Term Loans & Advances**

(₹ in Lakhs)

| Long Term Loans and Advances | Nine months period ended December 31, 2021 | Year ended March 31, 2021 | Year ended March 31, 2020 | Year ended March 31, 2019 |
|------------------------------|--|---------------------------|---------------------------|---------------------------|
| Security Deposit             | 243.89                                     | 148.29                    | 106.33                    | 6.33                      |

|                                  |               |               |               |              |
|----------------------------------|---------------|---------------|---------------|--------------|
| Other Long-term loans & advances | 39.35         | 39.39         | 19.99         | 12.11        |
| <b>Total</b>                     | <b>283.24</b> | <b>187.68</b> | <b>126.32</b> | <b>18.44</b> |

**Annexure – 15  
Restated Statement of Current Investments**

| <b>Current Investments</b>                    | <b>Nine months period ended December 31, 2021</b> | <b>Year ended March 31, 2021</b> | <b>Year ended March 31, 2020</b> | <b>Year ended March 31, 2019</b> |
|---|---|----------------------------------|----------------------------------|----------------------------------|
| <b>Quoted</b>                                 |   |                                  |                                  |                                  |
| Investment in equity shares of listed company | 70.04   | 41.15                            | 34.98                            | 17.62                            |
| Investment in mutual funds                    | 3.85  | 12.51                            | 6.98                             | 6.51                             |
| <b>Unquoted</b>                               |   |                                  |                                  |                                  |
| Tirupati Urban Co-Operative Bank Shares       | 0.05  | 0.05                             | 0.00                             | 0.00                             |
| <b>Total</b>                                  | <b>73.94</b>                                      | <b>53.71</b>                     | <b>41.96</b>                     | <b>24.13</b>                     |

**Annexure 16  
Restated Statement of Inventories**

(₹ in Lakhs)

| <b>Inventories</b>  | <b>Nine months period ended December 31, 2021</b> | <b>Year ended March 31, 2021</b> | <b>Year ended March 31, 2020</b> | <b>Year ended March 31, 2019</b> |
|---|---|----------------------------------|----------------------------------|----------------------------------|
| Stock in Trade<br>[As Taken Valued & Certified by the Management] | 864.64  | 1,013.40                         | 278.71                           | 326.05                           |
| <b>Total</b>  | <b>864.64</b>                                     | <b>1,013.40</b>                  | <b>278.71</b>                    | <b>326.05</b>                    |

**Annexure 17  
Restated Statement of Trade Receivables**

(₹ in Lakhs)

| <b>Trade Receivables</b>            | <b>Nine months period ended December 31, 2021</b> | <b>Year ended March 31, 2021</b> | <b>Year ended March 31, 2020</b> | <b>Year ended March 31, 2019</b> |
|-------------------------------------|---|----------------------------------|----------------------------------|----------------------------------|
| (Unsecured & Considered Good)       |   |                                  |                                  |                                  |
| For the period exceeding six months | 61.48   | 71.00                            | 173.03                           | 96.06                            |
| Other Debts                         |   |                                  |                                  |                                  |
| - Bills Receivable                  | 6,713.14  | 3,235.96                         | 1,909.56                         | 1,665.49                         |
| - Other Debtors                     | 5832.04   | 2543.16                          | 1675.19                          | 1640.35                          |
| <b>Total</b>                        | <b>12606.66</b>                                   | <b>5,850.12</b>                  | <b>3,757.78</b>                  | <b>3,401.89</b>                  |

**Annexure – 18**  
**Restated Statement of Cash and Cash Equivalents**

(₹ in Lakhs)

| <b>Cash and Cash Equivalents</b> | <b>Nine months period ended December 31, 2021</b> | <b>Year ended March 31, 2021</b> | <b>Year ended March 31, 2020</b> | <b>Year ended March 31, 2019</b> |
|----------------------------------|---|----------------------------------|----------------------------------|----------------------------------|
| Balances with Banks              | 90.80   | 92.74                            | 80.07                            | 39.64                            |
| Cash on hand                     | 8.13  | 1.44                             | 2.04                             | 11.60                            |
| Balance with fixed deposits      | 876.40  | 701.40                           | 460.10                           | 950.41                           |
| <b>Total</b>                     | <b>975.33</b>                                     | <b>795.58</b>                    | <b>542.21</b>                    | <b>1,001.65</b>                  |

**Annexure – 19**  
**Restated Statement of Short-Term Loans and Advances**

(₹ in Lakhs)

| <b>Short-Term Loans and Advances</b> | <b>Nine months period ended December 31, 2021</b> | <b>Year ended March 31, 2021</b> | <b>Year ended March 31, 2020</b> | <b>Year ended March 31, 2019</b> |
|--------------------------------------|---|----------------------------------|----------------------------------|----------------------------------|
| <b>Balance with tax authorities</b>  |   |                                  |                                  |                                  |
| - Export Incentives Receivable       | 243.38  | 118.32                           | 78.62                            | 130.44                           |
| - Income Tax Refund Receivable       | 132.94  | 0.15                             | 19.25                            | 26.61                            |
| - VAT Refund Receivable              | 0.00  | 3.28                             | 3.28                             | 3.28                             |
| - GST ECL                            | 87.7  | 44.38                            | 10.53                            | 32.68                            |
| - GST Export Refund                  | 483.55  | 339.11                           | 172.75                           | 165.96                           |
| - Advance to Associate for trade     | 601.64  | 1.83                             | 0.00                             | 0.00                             |
| <b>Advances with Suppliers</b>       |   |                                  |                                  |                                  |
| - Yarn                               | 812.72  | 387.85                           | 247.47                           | 146.43                           |
| - Fabric                             | 191.98  | 108.09                           | 14.44                            | 6.14                             |
| - Cotton                             | 25.00   |                                  |                                  |                                  |
| <b>Total</b>                         | <b>2,445.27</b>                                   | <b>1,001.17</b>                  | <b>546.33</b>                    | <b>511.54</b>                    |

**Annexure – 20**  
**Restated Statement of Other Current Assets**

(₹ in Lakhs)

| <b>Other Current Assets</b>   | <b>Nine months period ended December 31, 2021</b> | <b>Year ended March 31, 2021</b> | <b>Year ended March 31, 2020</b> | <b>Year ended March 31, 2019</b> |
|-------------------------------|---|----------------------------------|----------------------------------|----------------------------------|
| Accrued Interest              | 0.00  | 0.00                             | 3.82                             | 0.00                             |
| Advance to Staff              | 17.48   | 17.05                            | 20.34                            | 19.79                            |
| Advance to Staff for Expenses | 0.00  | 0.56                             | 1.98                             | 1.35                             |

|                                      |              |              |              |              |
|--------------------------------------|--------------|--------------|--------------|--------------|
| Advance for Imports                  | 0.00         | 0.00         | 0.00         | 73.23        |
| Rent Receivable                      | 0.00         | 0.00         | 0.00         | 1.02         |
| Interest Receivable (Excess Charges) | 0.00         | 0.00         | 30.49        | 0.00         |
| Share Margin                         | 0.00         | 0.00         | 11.47        | 0.00         |
| Advance to Investment Brokers        | 16.89        | 1.88         | 0.00         | 0.00         |
| Accrued Interest on Fixed Deposits   | 8.61         | 11.38        | 0.00         | 0.00         |
| <b>Total</b>                         | <b>42.98</b> | <b>30.86</b> | <b>68.09</b> | <b>95.39</b> |

**Annexure 21**  
**Restated Statement of Revenue from operations**

(₹ in Lakhs)

| <b>Particulars</b>                               | <b>Nine months period ended December 31, 2021</b> | <b>Year ended March 31, 2021</b> | <b>Year ended March 31, 2020</b> | <b>Year ended March 31, 2019</b> |
|--|---|----------------------------------|----------------------------------|----------------------------------|
| <b>Revenue From Operations</b>                   |   |                                  |                                  |                                  |
| Sale of Products (Refer to Note No.2.1.1)        | 35,867.84   | 26,201.00                        | 20,976.79                        | 17,468.82                        |
| Other operating revenue (Refer to Note no.2.1.2) | 1,136.24  | 638.37                           | 689.93                           | 532.38                           |
| <b>Total</b>                                     | <b>37,004.08</b>                                  | <b>26,839.37</b>                 | <b>21,666.72</b>                 | <b>18,001.20</b>                 |
| <b>Note 2.1.1 Sale of Products</b>               |   |                                  |                                  |                                  |
| <b>Trading Operations</b>                        |   |                                  |                                  |                                  |
| <b>Yarn</b>                                      |   |                                  |                                  |                                  |
| Export   | 16,745.55   | 13,372.64                        | 16,693.82                        | 15,914.21                        |
| Local  | 427.99  | 1,260.69                         | 2,259.95                         | 935.45                           |
| <b>Fabric</b>                                    |   |                                  |                                  |                                  |
| Export   | 4,580.52  | 2,175.34                         | 64.84                            | 133.14                           |
| Local  | 54.43   | 90.39                            | 353.73                           | 429.82                           |
| <b>Cotton</b>                                    |   |                                  |                                  |                                  |
| Export   | 462.50  | 0.00                             | 430.48                           | 0.00                             |
| Local  | 829.60  | 78.55                            | 173.66                           | 55.87                            |
| <b>Manufacturing Operations</b>                  |   |                                  |                                  |                                  |
| <b>Spinning Unit Yarn</b>                        |   |                                  |                                  |                                  |
| Export   | 8,148.32  | 4,385.05                         | 330.99                           | 0.00                             |
| Local  | 1,557.62  | 4,838.35                         | 646.88                           | 0.00                             |
| <b>Rokadeshwar Spinning</b>                      |   |                                  |                                  |                                  |
| Export   | -   | 0.00                             | 0.00                             | 0.00                             |
| Local  | 920.94  | 0.00                             | 0.00                             | 0.00                             |

| <b>Shree Sainath Textile Private Limited</b>   |                  |                  |                  |                  |
|--|------------------|------------------|------------------|------------------|
| Export   | 2,082.70         | 0.00             | 0.00             | 0.00             |
| Local  | 57.67            | 0.00             | 0.00             | 0.00             |
| Scrap Sales  | 0.00             | 0.00             | 22.45            | 0.33             |
| <b>Total</b>   | <b>35,867.84</b> | <b>26,201.00</b> | <b>20,976.79</b> | <b>17,468.82</b> |
| <b>Note 21.2 Other Operating Revenue</b>   |                  |                  |                  |                  |
| Duty Drawback & SHIS   | 569.61           | 380.91           | 296.22           | 223.56           |
| Foreign Commission Income  | 0.00             | 0.63             | 2.24             | 0.00             |
| Premium On Preshipment   | 0.00             | 0.00             | 82.66            | 53.98            |
| MEIS Income  | 24.16            | 18.92            | 26.61            | 29.01            |
| Profit/ (Loss) on changes in foreign exchange  | 542.48           | 237.91           | 282.19           | 225.83           |
| <b>Total</b>   | <b>1,136.25</b>  | <b>638.37</b>    | <b>689.93</b>    | <b>532.38</b>    |
| (a) Management has classified Revenue from Long Term Lease / Arrangement as Revenue from Manufacturing Operations taking into consideration the Substance over form of the transaction.  |                  |                  |                  |                  |
| (b) The majority of Profit/ (Loss) is part of Revenue from operations / Export Sales as all export sales are Forward in nature and the Sales Consideration is determined considering the Spot Rate added with the Forward Premium earned for competitive pricing. Therefore, considering the substance over form and the nature of income, the same is shown as Profit/ (Loss) on changes in foreign exchange under the head, Other operating revenue. |                  |                  |                  |                  |

**Annexure 22**  
**Restated Statement of Revenue from Other Income**

(₹ in Lakhs)

| <b>Other Income</b>                       | <b>Nine months period ended December 31, 2021</b> | <b>Year ended March 31, 2021</b> | <b>Year ended March 31, 2020</b> | <b>Year ended March 31, 2019</b> |
|---|---|----------------------------------|----------------------------------|----------------------------------|
| Interest Income                           | -   | 0.21                             | 0.00                             | 0.00                             |
| Dividend Income                           | 0.66  | 0.29                             | 0.49                             | 0.26                             |
| Commission Income                         | -   | 0.00                             | 0.00                             | 12.56                            |
| Interest on Income Tax                    | -   | 0.67                             | 0.67                             | 4.06                             |
| Profit/ (Loss) on sale of Shares          | 20.19   | 5.11                             | 2.35                             | 0.63                             |
| Profit/ (Loss) on futures and derivatives | 15.04   | 3.32                             | 0.00                             | 0.00                             |
| MTM Gain/Loss on shares and Mutual Funds  | 1.86  | 18.88                            | 0.00                             | 0.00                             |
| Forward Settlement                        | 1.21  | 1.01                             | 0.00                             | 0.00                             |

|                               |              |              |              |              |
|-------------------------------|--------------|--------------|--------------|--------------|
| Discount Received             | 1.37         | 0.00         | 0.00         | 0.00         |
| Rate Difference Income        | 23.22        | 0.00         | 0.00         | 0.00         |
| Interest on advance given     | -            | 0.00         | 0.90         | 1.07         |
| Interest on UCO Bank FD       | 5.33         | 0.31         | 45.85        | 61.16        |
| Interest on Shinhan Bank FD   | 14.07        | 37.85        | 4.44         | 0.28         |
| Keyman Insurance income       | -            | 0.00         | 0.00         | 0.00         |
| LIC Maturity Receipts         | -            | 6.30         | 0.00         | 0.00         |
| Rent Income - Crescent Office | -            | 0.00         | 6.59         | 12.12        |
| Sundry Balance w/off          | -            | 0.12         | 0.00         | 0.00         |
| <b>Total</b>                  | <b>82.95</b> | <b>74.07</b> | <b>61.28</b> | <b>92.13</b> |

**Annexure 23**

**Restated Statement of Purchase of Stock in Trade**

(₹ in Lakhs)

| Purchase of Stock-in-trade | Nine months period ended December 31, 2021 | Year ended March 31, 2021 | Year ended March 31, 2020 | Year ended March 31, 2019 |
|----------------------------|--|---------------------------|---------------------------|---------------------------|
| <b>Yarn</b>                |  |                           |                           |                           |
| Local                      | 16,500.88                                  | 13,320.17                 | 17,533.80                 | 15,276.87                 |
| Import                     | 0.00                                       | 0.00                      | 410.97                    | 651.72                    |
| <b>Fabric</b>              |  |                           |                           |                           |
| Local                      | 4,261.00                                   | 2,078.59                  | 322.38                    | 363.55                    |
| <b>Cotton</b>              |  |                           |                           |                           |
| Local                      | 1,578.89                                   | 834.71                    | 492.09                    | 55.21                     |
| <b>Spinning Unit Yarn</b>  |  |                           |                           |                           |
| Local                      | 8,082.70                                   | 8,150.85                  | 896.78                    | 0.00                      |
| <b>Total</b>               | <b>30,423.47</b>                           | <b>24,384.33</b>          | <b>19,656.02</b>          | <b>16,347.34</b>          |

**Annexure 24**

**Restated Statement of Inventories of Stock-in-Trade**

(₹ in Lakhs)

| Changes in Inventories of Stock-in-Trade | Nine months period ended December 31, 2021 | Year ended March 31, 2021 | Year ended March 31, 2020 | Year ended March 31, 2019 |
|--|--|---------------------------|---------------------------|---------------------------|
| <b>Inventories (At Close)</b>            |  |                           |                           |                           |
| Trading Goods                            | 864.64                                     | 1,013.40                  | 278.71                    | 326.05                    |
| <b>Inventories (At Commencement)</b>     |  |                           |                           |                           |
| Trading Goods                            | 1,013.40                                   | 278.71                    | 326.05                    | 547.02                    |
| <b>Total</b>                             | <b>148.76</b>                              | <b>(734.69)</b>           | <b>47.34</b>              | <b>220.97</b>             |

**Annexure 25**  
**Restated Statement of Employee Benefit Expenses**

(₹ in Lakhs)

| Employee Benefits Expenses | Nine months period ended December 31, 2021 | Year ended March 31, 2021 | Year ended March 31, 2020 | Year ended March 31, 2019 |
|----------------------------|--|---------------------------|---------------------------|---------------------------|
| Directors Remuneration     | 123.75                                     | 121.80                    | 121.80                    | 83.60                     |
| Salaries & Wages           | 175.38                                     | 108.33                    | 90.14                     | 61.56                     |
| Bonus                      | 9.88                                       | 2.75                      | 5.12                      | 4.22                      |
| Other Employee benefits    | 32.98                                      | 34.52                     | 23.69                     | 19.55                     |
| Staff welfare expenses     | 16.71                                      | 9.45                      | 7.34                      | 4.32                      |
| Gratuity                   | 0.00                                       | 0.43                      | 0.00                      | 0.63                      |
| <b>Total</b>               | <b>358.70</b>                              | <b>277.29</b>             | <b>248.09</b>             | <b>173.90</b>             |

**Annexure 26**  
**Restated Statement of Finance Costs**

(₹ in Lakhs)

| Finance Costs     | Nine months period Ended December 31, 2021 | Year ended March 31, 2021 | Year ended March 31, 2020 | Year ended March 31, 2019 |
|-------------------|--|---------------------------|---------------------------|---------------------------|
| Interest Expenses | 241.02                                     | 160.76                    | 214.47                    | 305.08                    |
| Bank charges      | 4.96                                       | 4.24                      | 36.71                     | 44.07                     |
| Interest-Fabric   | 0.00                                       | 0.00                      | 1.24                      | 0.00                      |
| <b>Total</b>      | <b>245.98</b>                              | <b>165.00</b>             | <b>252.42</b>             | <b>349.15</b>             |

**Annexure 27**  
**Restated Statement of Other Expenses**

(₹ in Lakhs)

| Other Expenses                   | Nine months period ended December 31, 2021 | Year ended March 31, 2021 | Year ended March 31, 2020 | Year ended March 31, 2019 |
|----------------------------------|--|---------------------------|---------------------------|---------------------------|
| <b>Direct Expenses</b>           |  |                           |                           |                           |
| Job Work                         | 401.03                                     | 189.04                    | 27.91                     | 20.76                     |
| Labour Charges                   | 1.44                                       | 2.11                      | 3.77                      | 5.50                      |
| Packaging Expenses               | 20.77                                      | 6.85                      | 12.52                     | 12.93                     |
| Cancellation of Contract Charges | 0.00                                       | 10.41                     | 0.61                      | 4.89                      |
| Factory Power Expenses           | 155.32                                     | -                         |                           |                           |
| Factory Operating Expenses       | 256.06                                     | 12.22                     | 0.00                      | 0.00                      |
| Export Quality Claims Paid       | 0.00                                       | 0.00                      | 0.00                      | 35.31                     |
| Shrinkage Expenses               | 0.00                                       | 0.00                      | 0.23                      | 0.00                      |
| Stores and Spares                | 10.96                                      | 0.00                      | 0.00                      | 0.00                      |

|   |                 |                 |                 |               |
|---|-----------------|-----------------|-----------------|---------------|
| Sample Expenses                                 | 0.16            | 0.29            | 0.06            | 0.00          |
|   |                 |                 |                 |               |
| <b>Establishment Expenses</b>                   |                 |                 |                 |               |
| Auditor's Remuneration (Refer to note no.2.7.1) | 3.15            | 3.00            | 2.55            | 2.55          |
| Communication Cost                              | 2.31            | 2.14            | 3.25            | 1.49          |
| Electricity Charges                             | 1.43            | 2.03            | 3.08            | 1.40          |
| Insurance Charges                               | 10.51           | 5.11            | 3.88            | 6.32          |
| Legal & Professional Charges                    | 30.92           | 18.70           | 15.29           | 18.87         |
| Printing & Stationery Cost                      | 7.24            | 4.99            | 4.28            | 2.40          |
| Rent Rates & Taxes                              | 117.29          | 13.92           | 9.20            | 7.46          |
| Repairs & Maintenance Cost                      | 2.11            | 3.46            | 2.03            | 7.05          |
| Travelling & Conveyance Cost                    | 4.92            | 8.11            | 6.43            | 1.77          |
| Donations                                       | 3.92            | 2.41            | 1.02            | 0.89          |
| Loss on Sale of Motor Car                       | -               | 0.00            | 0.31            | 0.00          |
| Sundry Balances Written off                     | 2.04            | 97.94           | 7.68            | 0.00          |
| Loss on Currency Derivatives                    | -               | 0.00            | 8.08            | 0.00          |
| Reversal of Excess Provisions                   | -               | 0.00            | 4.05            | 0.00          |
| Transport Cost                                  | 0.33            | 0.00            | 0.00            | 0.00          |
| Settlement of Contract                          | 2.55            | 0.00            | 0.00            | 0.00          |
| MTM Loss on shares and mutual funds             | 0               | 0.00            | 19.37           | 8.64          |
| Other Establishment Expenses                    | 37.3            | 50.47           | 33.24           | 21.12         |
|   |                 |                 |                 |               |
| <b>Selling &amp; Distribution Expenses</b>      |                 |                 |                 |               |
| Advertising Expenses                            | 0.00            | 0.00            | 0.00            | 1.62          |
| Discount Export                                 | 0.00            | 0.00            | 1.07            | 17.62         |
| Commission Expenses                             | 1,010.74        | 369.77          | 179.73          | 134.10        |
| Tours & Travel expenses                         | 3.80            | 21.38           | 31.81           | 10.48         |
| Business Promotion Expenses                     | 19.00           | 21.30           | 15.34           | 21.86         |
| Exhibition Expenses                             | 0.76            | 0.50            | 6.34            | 12.46         |
| Other Selling & Distribution Expenses           | 1.12            | 6.15            | 15.06           | 4.32          |
| Rebates and Discount on Fabric & Yarn           | 3.02            | 37.78           | 1.09            | 10.93         |
| Freight and Forwarding Expenses                 | 1,645.27        | 978.71          | 658.23          | 449.55        |
| <b>Total</b>                                    | <b>3,755.47</b> | <b>1,868.78</b> | <b>1,077.51</b> | <b>822.29</b> |

## Annexure 27.1

(₹ in Lakhs)

| Auditors Remuneration   | Nine months period ended December 31, 2021 | Year ended March 31, 2021 | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|--|---------------------------|---------------------------|---------------------------|
| <b>(a) Auditor</b>  |  |                           |                           |                           |
| Statutory Audit Fees  | 2.5  | 1.75                      | 1.40                      | 1.40                      |
| Tax Audit fees  | 0.00                                       | 0.75                      | 0.75                      | 0.75                      |
| <b>(b) Certification &amp; Consulting Fees (Other Services)</b> | 0.65                                       | 0.50                      | 0.40                      | 0.40                      |
| <b>Total</b>  | <b>3.15</b>                                | <b>3.00</b>               | <b>2.55</b>               | <b>2.55</b>               |

## Annexure 28: Related Party Disclosure:

In accordance with the requirement of Accounting Standard (AS) -18 on Related Party Disclosures, the names of the related parties where control exists and /or with whom transactions have taken place during the year in the or during the course of business, as identified and certified by the management are:

| Name of the Party         | Relationship  |
|---------------------------|---|
| Abhishek Lath             | Director  |
| Umashankar Lath           | Director  |
| Sweta Lath                | Director  |
| Punit Lath                | Relative of Director in employment capacity                 |
| Ashadevi Lath             | Relative of Director in employment capacity                 |
| Umashankar Lath HUF       | Shareholder (Director is Karta in HUF)                      |
| Le Merite Fashion Pvt Ltd | Enterprises over which directors have significant influence |

The following transactions were carried out with the related parties and the balances of these related parties are presented herein below:

| (₹ in Lakhs)        |  |                           |                           |                           |
|---------------------|--|---------------------------|---------------------------|---------------------------|
| Particulars         | Nine months period ended December 31, 2021 | Year ended March 31, 2021 | Year ended March 31, 2020 | Year ended March 31, 2019 |
| <b>Remuneration</b> |  |                           |                           |                           |

|  |         |         |         |          |
|--|---------|---------|---------|----------|
| Abhishek Lath                                    | 49.50   | 45.60   | 45.60   | 43.85    |
| Umashankar Lath                                  | 33.75   | 37.80   | 37.80   | 18.75    |
| Ashadevi Lath                                    | 9.00    | 38.40   | 38.40   | 18.00    |
| Sweta Lath                                       | 31.50   | 42.00   | 42.00   | 12.45    |
| Punit Lath                                       | 0.00    | 0.00    | 0.00    | 3.00     |
|  |         |         |         |          |
| <b>Loan Repaid</b>                               |         |         |         |          |
| Punit Lath                                       | 0.00    | 0.00    | 0.00    | 6.50     |
| Abhishek Lath                                    | 0.00    | 4.46    | 9.13    | 6.53     |
| Umashankar Lath                                  | 0.00    | 0.00    | 3.81    | 0.00     |
| Ashadevi Lath                                    | 0.00    | 0.00    | 81.56   | 0.00     |
| Le Merite Fashion Private Limited                | 0.00    | 0.74    | 20.55   | 25.83    |
|  |         |         |         |          |
| <b>Loan Taken</b>                                |         |         |         |          |
| Abhishek Lath                                    | 2.75    | 0.00    | 27.00   | 11.00    |
| Umashankar Lath                                  | 1.00    | 20.00   | 4.00    | 0.00     |
| Ashadevi Lath                                    | 3.75    | 0.00    | 0.00    | 106.50   |
| Le Merite Fashion Private Limited                | 0.00    | 0.00    | 0.00    | 22.08    |
| Umashankar Lath HUF                              | 0.00    | 0.00    | 7.00    | 0.00     |
|  |         |         |         |          |
| <b>Salary payable adjusted to Loan repayable</b> |         |         |         |          |
| Umashankar Lath                                  | 0.00    | 30.91   | 0.00    | 0.00     |
| Ashadevi Lath                                    | 0.00    | 4.73    | 0.00    | 0.00     |
|  |         |         |         |          |
| <b>Sale Transaction</b>                          |         |         |         |          |
| Le Merite Fashion Private Limited                | 0.69    | 1.20    | 4.55    | 0.00     |
|  |         |         |         |          |
| <b>Purchase Transaction</b>                      |         |         |         |          |
| Le Merite Fashion Private Limited                | 358.48  | 731.10  | 75.96   | 0.00     |
|  |         |         |         |          |
| <b>Loans Given</b>                               |         |         |         |          |
| Le Merite Fashion Private Limited                | 0.00    | 1.38    | 3.55    | 0.00     |
|  |         |         |         |          |
| <b>Outstanding balances</b>                      |         |         |         |          |
| Abhishek Lath                                    | (20.75) | (18.00) | (22.46) | (4.59)   |
| Umashankar Lath                                  | (52.10) | (51.10) | (0.19)  | 0.00     |
| Umashankar Lath HUF                              | (7.00)  | (7.00)  | (7.00)  | 0.00     |
| Ashadevi Lath                                    | (33.41) | (29.66) | (24.94) | (106.50) |

|  |         |         |         |         |
|--|---------|---------|---------|---------|
| Abhishek Lath - Salary Payable                 | -       | 0.00    | 0.00    | (0.18)  |
| Umashankar Lath - Salary Payable               | (29.21) | 0.00    | (7.96)  | (12.47) |
| Ashadevi Lath - Salary Payable                 | (4.96)  | 0.00    | (0.10)  | (0.56)  |
| Sweta Lath - Salary Payable                    | (49.37) | (26.72) | (31.77) | (4.47)  |
| Punit Lath - Salary Payable                    | -       | 0.00    | (7.63)  | (7.63)  |
| Le Merite Fashion Private Limited (Loan Taken) | (3.48)  | (3.48)  | (4.22)  | (24.77) |
| Le Merite Fashion Private Limited (Loan Given) | 611.12  | 9.52    | 8.15    | 4.60    |

**Annexure 29**  
**Expenditure in Foreign Currency**

(₹ in Lakhs)

| Particulars                  | Nine months period ended December 31, 2021 | Year ended March 31, 2021 | Year ended March 31, 2020 | Year ended March 31, 2019 |
|------------------------------|--|---------------------------|---------------------------|---------------------------|
| Commission Expenses (In INR) | 518.42                                     | 223.12                    | 149.68                    | 59.78                     |
| Import of goods (In INR)     | 0.00                                       | 0.00                      | 410.97                    | 651.72                    |

**Annexure 30**  
**Earnings in Foreign Currency**

(₹ in Lakhs)

| Particulars                 | Nine months period ended December 31, 2021 | Year ended March 31, 2021 | Year ended March 31, 2020 | Year ended March 31, 2019 |
|-----------------------------|--|---------------------------|---------------------------|---------------------------|
| Exports of goods (In INR)   | 32,019.60                                  | 19,933.02                 | 17,520.13                 | 16,047.35                 |
| Foreign Commission (In INR) | 0.00                                       | 0.63                      | 2.24                      | 0.00                      |

**Annexure 31**  
**Contingent Liabilities**

(₹ in Lakhs)

| Particulars  | Nine months period Ended December 31, 2021 | Year ended March 31, 2021 | Year ended March 31, 2020 | Year ended March 31, 2019 |
|--|--|---------------------------|---------------------------|---------------------------|
| <b>Claim against company not acknowledged as debts</b> |  |                           |                           |                           |
| - in respect of Income Tax                             | 0.00                                       | 0.00                      | 0.00                      | 0.00                      |
| - in respect of Other Indirect Taxes                   | 24.83                                      | 0.00                      | 0.00                      | 0.00                      |
| <b>Total</b>   | <b>24.83</b>                               | <b>0.00</b>               | <b>0.00</b>               | <b>0.00</b>               |

| Nature of the Statue | Nature of Dues | Forum where the disputes is Pending | Disputes relating to FY | Disputed Amount |
|----------------------|----------------|-------------------------------------|-------------------------|-----------------|
|----------------------|----------------|-------------------------------------|-------------------------|-----------------|

|                                      |                              |  |         | (Rs in Lakhs) |
|--------------------------------------|------------------------------|--|---------|---------------|
| Maharashtra Value Added Tax Act 2002 | Interest and Penalty Payable | Joint Commissioner of Sales Tax Appeal | 2015-16 | 6.45          |
| Maharashtra Value Added Tax Act 2002 | Interest and Penalty Payable | Joint Commissioner of Sales Tax Appeal | 2016-17 | 15.52         |
| Central Sales Tax Act 1956           | Interest and Penalty Payable | Joint Commissioner of Sales Tax Appeal | 2016-17 | 2.85          |

**Annexure 32  
Accounting Ratios**

| Particulars  | (₹ in Lakhs)                               |                           |                           |                           |
|--|--|---------------------------|---------------------------|---------------------------|
|  | Nine months period ended December 31, 2021 | Year ended March 31, 2021 | Year ended March 31, 2020 | Year ended March 31, 2019 |
| Profit attributable to equity shareholders for basic and diluted EPS (a)   | 1,586.91                                   | 705.65                    | 314.62                    | 112.83                    |
| Equivalent Weighted Avg number of Equity Shares at the end of the year (b) | 1,708,100                                  | 17,08,100                 | 17,08,100                 | 17,08,100                 |
| <b>Earnings per share</b>  |  |                           |                           |                           |
| Basic & Diluted Earnings per Share (Rs.) (a)/(b)                           | 92.91                                      | 41.31                     | 18.42                     | 6.61                      |
| <b>Return on Net worth</b>   |  |                           |                           |                           |
| Net Profit/ (Loss) after tax as restated (Rs. In Lakhs) (d)                | 1,586.91                                   | 705.65                    | 314.62                    | 112.83                    |
| Average Net Worth as restated ( e )  | 3,227.72                                   | 2,081.44                  | 1,571.30                  | 1,357.58                  |
| <b>Return on Net Worth (%) (d)/( e )</b>                                   | <b>49.17%</b>                              | <b>33.90%</b>             | <b>20.02%</b>             | <b>8.31%</b>              |
| <b>Net Assets Value per Equity share (Rs.)</b>                             |  |                           |                           |                           |
| Net Worth as restated (Rs. In Lakhs) (f)                                   | 4,021.18                                   | 2,434.26                  | 1,728.62                  | 1,413.99                  |
| Number of equity shares outstanding at the end of the year / period (g)    | 1,708,100.00                               | 17,08,100.00              | 17,08,100.00              | 17,08,100.00              |
| <b>Net Asset Value Per Equity Share of Rs.10 each (f)/(g)</b>              | <b>235.42</b>                              | <b>142.51</b>             | <b>101.20</b>             | <b>82.78</b>              |
| Nominal Value per Equity share (Rs.)                                       | 10.00                                      | 10.00                     | 10.00                     | 10.00                     |

Notes

- The ratios have been computed as per the following formulae:

(i) Basic Earnings per share:

Restated Net profit after tax for the year/period attributable to the Equity Shareholders of Company  
Number of equity shares and potential equity shares outstanding during the year/period

(ii) Diluted Earnings per share:

Restated Net profit after tax for the year / period  
Number of equity shares and potential equity shares outstanding during the year/period

Earnings per share calculations are in accordance with AS 20 "Earnings per Share" notified under section 133 of the Companies Act, 2013.

(iii) Return on net worth (%)

Restated Net profit after tax for the year / period attributable to the Equity Shareholders of Company  
Restated Average Net worth for the year / period

(iv) Net Assets Value per equity shares:

Restated Net worth as at the end of the year / period  
Number of equity shares and potential equity shares outstanding during the year/period

2. Weighted average number of equity shares is the number of equity shares outstanding as the beginning of the year / period adjusted by a number of equity shares issued during year / period multiplied by the time weighting factor. The time weighting factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the year / period.
3. Return on Net Worth ratio ('RONW') mentioned in above note represents the aggregate of the paid-up share capital, reserves & surplus.

**Annexure 33**  
**Restated Statement of Tax Shelters**

(₹ in Lakhs)

| <b>Particulars</b>   | <b>Nine months period<br/>Ended December 31,<br/>2021</b> | <b>Year<br/>ended<br/>March 31,<br/>2021</b> | <b>Year<br/>ended<br/>March<br/>31,<br/>2020</b> | <b>Year ended<br/>March 31,<br/>2019</b> |
|--|---|--|--|--|
| <b>NORMAL TAX</b>  |   |  |  |  |
| Income Tax Rate (%)  | 25.17%  | 25.17%                                       | 25.17%   | 27.82%                                   |
| Restated Income before tax as per books (A)                                  | 2,117.85  | 936.33                                       | 431.06   | 160.25                                   |
| Incomes considered separately (B)  | 0.00  | 5.40   | 10.09  | 12.75                                    |
|  |   |  |  |  |
| <b>Restated Profit other than income considered<br/>separately (C)=(A-B)</b> | <b>2,117.85</b>   | <b>930.93</b>                                | <b>420.97</b>                                    | <b>147.50</b>                            |
|  |   |  |  |  |
| <b>Tax Adjustment</b>  |   |  |  |  |
| <b>Permanent Differences</b>   |   |  |  |  |
| Exempt Income  | 0.00  | 0.00   | 0.00   | -0.25                                    |
| <b>Total Permanent Differences (D)</b>                                       | <b>0.00</b>   | <b>0.00</b>                                  | <b>0.00</b>                                      | <b>-0.25</b>                             |
| <b>Timing Differences</b>  |   |  |  |  |
| Book Depreciation (a)  | 36.80   | 16.39  | 15.56  | 19.42                                    |
| Income Tax Depreciation allowance (b)  | 29.22   | 19.60  | 18.49  | 21.05                                    |
| Section 37 Disallowance ( c )  | 0.00  | 2.74   | 0.97   | 0.94                                     |
| MTM gain or loss on accrual basis (d)  | (1.86)  | -18.88                                       | 19.37  | 8.64                                     |
| <b>Total Timing Differences (E=a-b+c+d)</b>                                  | <b>5.72</b>   | <b>-19.35</b>                                | <b>17.42</b>                                     | <b>7.95</b>                              |
|  |   |  |  |  |
| <b>Income From Business or Profession<br/>(F)=(C+D+E)</b>                    | <b>2,123.58</b>   | <b>911.58</b>                                | <b>438.38</b>                                    | <b>155.21</b>                            |
| <b>Taxable income from other sources (G)</b>                                 | <b>0.00</b>   | <b>0.29</b>                                  | <b>0.67</b>                                      | <b>0.00</b>                              |
| <b>Taxable income from House Property (H)</b>                                | <b>0.00</b>   | <b>4.20</b>                                  | <b>6.30</b>                                      | <b>8.48</b>                              |
| <b>Taxable income from Capital Gain (I)</b>                                  | <b>0.00</b>   | <b>9.76</b>                                  | <b>2.35</b>                                      | <b>0.50</b>                              |
| <b>Taxable Income/(Loss) (F+G+H+I)</b>                                       | <b>2,123.58</b>   | <b>925.83</b>                                | <b>447.70</b>                                    | <b>164.19</b>                            |
| Unabsorbed Losses  | 0.00  | 0.00   | 0.00   | 0.00                                     |
| <b>Gross Total Income</b>  | <b>2,123.58</b>   | <b>925.83</b>                                | <b>447.70</b>                                    | <b>164.19</b>                            |
| <b>Deductions under chapter VI-A</b>   | <b>0.00</b>   | <b>0.00</b>                                  | <b>0.49</b>                                      | <b>0.33</b>                              |
| <b>Net Taxable Income</b>  | <b>2,123.58</b>   | <b>925.83</b>                                | <b>447.21</b>                                    | <b>163.86</b>                            |
| <b>Income Tax as returned/computed</b>                                       | <b>534.46</b>   | <b>232.07</b>                                | <b>115.87</b>                                    | <b>45.53</b>                             |

**Annexure 34**  
**Restated Statement of Capitalisation**

(₹ in Lakhs)

| <b>Particulars</b>  | <b>Pre-Issue as at<br/>December 31, 2021</b> | <b>Post Issue</b> |
|---|--|-------------------|
| <b>Debt</b>   |  |                   |
| Long term borrowing   | 223.75                                       | 223.75            |
| Short term borrowings   | 9,153.97                                     | 9,153.97          |
| Current portion of Secured long-term borrowings,<br>included in Other Current Liabilities | 24.27  | 24.27             |
| <b>Total Debt (A)</b>   | 9,401.99                                     | 9,401.99          |
| <b>Shareholders' Funds:</b>   |  |                   |
| Equity Share Capital  | 170.81                                       | 2,348.10          |
| Reserves and Surplus  | 3,850.37                                     | 6,473.08          |
| <b>Total Shareholders' Funds (B)</b>  | 4,021.18                                     | 8,821.18          |
| <b>Total Debt/Equity Ratio (A/B)</b>  | 2.34   | 1.07              |

**Annexure 35**

**List of subsidiaries**

The consolidated financial statements in accordance with Accounting Standard (AS) 21, Accounting Standards (AS) 23, other applicable accounting standards are not prepared of the company and its subsidiaries as the business of Subsidiaries has not yet commenced and they are in the process of commencement on Balance Sheet date as per management.

List of Subsidiaries are as follows:

| <b>Name of Company</b>                   | <b>Date of Incorporation</b> | <b>% of Holding</b> |
|--|------------------------------|---------------------|
| Le Merite Laxmi Spinning Private Limited | 12/15/2021                   | 51%                 |
| Le Merite Filament Private Limited       | 10/8/2021                    | 51%                 |

## FINANCIAL INDEBTEDNESS

Our Company utilizes various credit facilities from various banks for conducting its business.

Set forth below is a brief summary of all the borrowings of our Company as on December 31, 2021 together with a brief description of certain significant terms of such financing arrangements.

(₹ in Lakhs)

| Nature of Borrowing  | Amount         |
|----------------------|----------------|
| Secured borrowings   | 9260.98        |
| Unsecured borrowings | 116.74         |
| <b>Total</b>         | <b>9377.72</b> |

### A. Details of Secured Loans

(₹ in Lakhs)

| Name Of Lenders                          | Type of Loans          | Date of Sanction | Amount sanctioned  | Amount outstanding as on December 31, 2021 | Terms and Condition of Sanction |
|--|------------------------|------------------|--|--|---------------------------------|
| HDFC Bank Limited                        | Motor Car Loan         | 01.07.2021       | 71.91  | 110.49                                     | Note 1                          |
|  |                        | 11.08.2020*      | 22.31  |  |                                 |
| UCO Bank                                 | Export Packing Credit  | 16.09.2021       | 600.00   | 597.00                                     | Note 2                          |
| Shinhan Bank                             | Export Packing Credit  | 19.03.2021       | 1341.00  | 1341.00                                    | Note 3 and 3.1                  |
| Shinhan Bank                             | Bill Discounting       | 03-08-2021       | 5.00 million USD/Equivalent EURO upto USD 5.00 million** | 6713.41                                    | Note 4                          |
| Shinhan Bank                             | Forward Contract Limit | 12.11.2021       | 4,50,000 USD***  | 0.00                                       | Note 5                          |
| ICICI Bank                               | Export Packing Credit  | 23-07-2021       | 500.00   | 499.35                                     | Note 6, 6.1 and 6.2             |
| ICICI Bank                               | Derivative             | 23-07-2021       | 50.00  | 0.00                                       | Note 7                          |
| Tirupati Urban Co-operative Bank Limited | Warehouse receipt Loan | 23.01.2021       | 600.00   | 0.00                                       | Note 8                          |

\*As per the disbursement letter.

\*\*Since the bill discounting facility is obtained in USD or Equivalent EURO upto USD 5.00 million, the amount sanctioned in the above table is mentioned in USD /EUR.

\*\*\* Since the forward contract limit is obtained in USD, the amount sanctioned in the above table is mentioned in USD.

#### Note 1: Terms and Condition of Sanction

|          |                           |
|----------|---------------------------|
| Amount   | ₹71,90,000                |
| Purpose  | Purchase of motor vehicle |
| Interest | 7.20% pa                  |

|                 |   |
|-----------------|---|
| <b>Security</b> | Hypothecation of Vehicle(s)<br>The Company hypothecates to and charges in favour of the Bank by way of first and exclusive charge of the Vehicle as security for the repayment / payment by the company of the loan granted or to be granted to the Company by the Bank together with all fees, interest, costs and expenses incurred / to be incurred by the Bank and all other monies payable or to become payable by the Company to the Bank |
|-----------------|---|

|                           |   |
|---------------------------|---|
| <b>Amount</b>             | ₹22,30,502  |
| <b>Purpose</b>            | Purchase of motor vehicle   |
| <b>Interest Frequency</b> | Monthly   |
| <b>Security</b>           | Hypothecation of Vehicle(s)<br>The Company hypothecates to and charges in favour of the Bank by way of first and exclusive charge of the Vehicle as security for the repayment / payment by the company of the loan granted or to be granted to the Company by the Bank together with all fees, interest, costs and expenses incurred / to be incurred by the Bank and all other monies payable or to become payable by the Company to the Bank |

**Note 2: Terms and Condition of Sanction`**

|                             |   |
|-----------------------------|---|
| <b>Facility</b>             | Working Capital fund-based EPC/PCFC/FBP/FBN   |
| <b>Amount</b>               | ₹6,00,00,000  |
| <b>Purpose</b>              | To meet its working Capital requirement   |
| <b>Validity of sanction</b> | 180 days from the date of sanction i.e., 15.09.2021   |
| <b>Interest</b>             | Pre shipment credit<br>Upto 270 days: 8.20% pa<br>Beyond 270 days and upto 360 days: 8.45%<br>ECNOS: 13.25%<br><br>Post Shipment Credit:<br>On demand bill for transit period: 7.90% pa<br>Usance bill upto 180 days 8.00% pa<br>Usance bill for 180 days to 365 days: 8.65% pa<br>ECNOS: 13.25% pa   |
| <b>Security</b>             | First pari passu charge in favour of the bank by way of hypothecation of the company's entire stocks of inventory, receivables, semi-finished and finished goods, consumable store and spares and other movables including book debts, bills and other current assets of the company created through Bank Finance (both present and future).<br>UCO Bank's share being 24.09% |
| <b>Collateral Security</b>  | 50% liquid collateral security in form of FDR duly charged in favour of Bank  |
| <b>Personal Guarantee</b>   | Unconditional and irrevocable personal guarantee of Mr. Abhishek Lath, Umashankar Lath and Asha Devi Lath   |
| <b>Margin</b>               | 10% for Export Packing Credit / PCFC<br>NIL for Foreign Bills Purchased/ FBN<br>Obsolete stocks shall be excluded for the purpose of DP Calculation   |
| <b>Penal Interest</b>       | 2% Penal Interest for cash credit account in case delay in servicing of interest and for other reasons like delay in submission of stock statements. QMR and HMR, balance in the account over DP, etc<br>For export credit limits – ECNOS rate will be applied  |
| <b>Covenants</b>            | 1. The borrower should exclusively deal with us,  |

|  |  |
|--|--|
|  | <p>2. Branch to prepare credit report should on latest available audited statements. If any property exists other than the property offered as security, copy of the same is to be kept with the branch.</p> <p>3. During the currency of the bank's credit facilities, company will not, without giving the bank intimation in writing 30 days prior</p> <p>a) Effect any reduction in the company's capital structure.</p> <p>b) Formulate any scheme of amalgamation or re-construction or restructuring or any kind.</p> <p>c) The Company will ensure that the Prudential norms / Directions framed by RBI from time to time related to investments by way of share capital in or advancement fund to, or placement deposits with any other concerns other than in normal course of business are complied with</p> <p>d) Declare dividends for any year except out of profits relating to the 1 year after making all due necessary provisions, only if the company is in default with the bank</p> <p>e) The company should not make any major change in their management set up without the bank's permission.</p> <p>f) Undertake guarantees obligations on behalf of any other company, firm or person.</p> <p>g) Sell, assign mortgage or otherwise dispose of any of the fixed assets charges to the bank and</p> <p>h) Undertake any activity other than that for which the facilities have been sanctioned.</p> <p>l) Create any further charge, lien or encumbrance over the assets and properties of the company charged to the bank in favor of any other Banks, financial Institution, and Company, Firm or person.</p> <p>4. The company should maintain separate books and records which should correctly reflect their financial position and scope of operations and should submit to the bank at regular intervals such statements as may be prescribed by the bank in terms of RBI Instructions issued from time to time</p> <p>5. The company shall keep the Bank informed of happening of any event likely to have a substantial effect on their profits or business. If, for instance, the monthly collections are substantially less than what had been indicated to the bank, the company should inform the bank accordingly with reasons thereof and remedial steps taken.</p> <p>6. The company shall keep bank advised of any circumstances adversely affecting the financial position of their subsidiaries/group companies or companies in which it has invested, including any action taken by any bank against the said companies legally or otherwise.</p> <p>7. The credit facility should be utilized for the specific purpose for which the same has been sanctioned and If bank has reason to believe that the company has violated or apprehends that the company are about to violate the said condition, the bank will have the option to exercise its right to recall the entire loan or any part thereof at once.</p> <p>8. In the event of default or where signs of inherent weakness are apparent, the Bank shall have the right to securitize the assets charged and in the event of such securitization, the Bank will suitably inform the borrower(s) and guarantor(s).</p> |
|--|--|

**Note 3: Terms and Condition of Sanction**

|          |   |
|----------|---|
| Facility | Export Packing Credit                   |
| Amount   | ₹13,41,00,000                           |
| Purpose  | To meet its working Capital requirement |
| Type     | Revolving                               |

|                            |  |
|----------------------------|--|
| <b>Interest Rate</b>       | 7.40% p.a. (Linked to repo rate)<br>Interest is payable at monthly rates   |
| <b>Interest Rate Reset</b> | Repo rate reset will be done on quarterly basis from the date of disbursement. Repo rate as announced by Reserve Bank of India on its website of previous day will be considered   |
| <b>Maturity Date</b>       | Upto 20.03.2022  |
| <b>Primary Security</b>    | Exclusive charge by way of Hypothecation on the entire stock of inventory, receivables, bills and other chargeable current assets of the company (both present and future) except stock of Cotton bales procured by the company from financing of Tirupati Urban Co-Operative Bank Ltd. To the extent of ₹7.50 crore.  |
| <b>Collateral Security</b> | Equitable mortgage over<br>1) Office premises situated at Office No. B1-104D, 01st Floor, Boomerang, Building No 2, Yadav Nagar, Chandivali Road, CTS No. 4,4/1 to 4/76,15 (Pt), 16, 17, 18, 27 (Pt), 33,34,36,40 (Part 5) of Village Sakinaka, Powai, District - Mumbai, 400072 in the name of the company;<br>2) Residential Flat situated at Flat No. 702, 07th Floor, A Wing, Glitter, Mahavir Classik, Raje Sambhaji Nagar, Saki Vihar Road, Marol, S. No. 88, New S. No. 48(p) and CTS No. 104 of Village Tungwa, Powai, District - Mumbai, 400072 in the name of Mr. Abhishek Lath & Mrs. Ashadevi Lath.<br>3) Residential Flat situated at Flat No. 1201, 12th Floor, A Wing, Raj Grandeur, Gautam Nagar, Powai Kailash Complex Link Road, CTS No. 102/A of Village Tirandaz, Powai, District - Mumbai, 400076 in the name of Mr. Abhishek Lath, Mrs. Sweta Abhishek Lath, Mr. Umashankar Lath & Mrs. Ashadevi Lath. (The same is cross collateralized with Home Loan availed from Shinhan Bank)<br>4) Liquid Collateral in the form of Fixed Deposit of Rs. 4.50 Crore in the name of Le Merite Exports Limited, duly discharged in favour of the Bank  |
| <b>Personal Guarantee</b>  | Personal guarantee of Mr. Abhishek Lath, Umashankar Lath, Ashadevi Lath and Mrs. Sweta Abhishek Lath   |
| <b>Margin</b>              | 10% of export order value  |
| <b>Tenor of Drawdown</b>   | Maximum tenor of each drawdown will be 90 days from the date of drawdown (maximum rollover for further 90 days)  |
| <b>Financial Covenants</b> | During the tenure of the loan, the company shall maintain financial ratios as given below:<br>(i) TOL/TNW < 4.00<br>(ii) Current Ratio > 1.20  |
| <b>Other conditions</b>    | 1. EPC will be allowed only against LC's opened by acceptable banks/ confirmed export orders and will be extended for periods not beyond the last shipment date.<br>2. The Company shall regularly and without default furnish to the bank:<br>(i) forthwith upon becoming available the audited accounts of the Company for that year;<br>(ii) The Company shall also provide to the Bank, during each financial year, any other financial information relating to the Company as the Bank may from time to time require;<br>(iii) Confirmation of outstanding balances at the end of each financial year, or oftener if so desired by Shinhan Bank.<br>(iv) To submit information of Unhedged Foreign Currency Exposures (UFCE) on a quarterly basis on self-certification basis. However, on annual basis, company has to submit information of UFCE duly certified by the Statutory Auditors of the Company.<br>3. The Bank shall be entitled to assign, at any time and without any notice to the Company, all or any of its rights, benefits and obligations under this letter and/or under the documents executed in its favor, to any one or more bank or banks ("the Assignee"). For this purpose, the Bank reserves the rights to disclose to a potential Assignee, such |

|  |  |
|--|--|
|  | information of the Company's business, operations, assets and financial condition as the Bank considers appropriate. |
|--|--|

**Note 3.1: Terms and Condition of Sanction**

|                    |   |
|--------------------|---|
| Facility           | D/A Loan (sub limit of EPC)   |
| Amount             | ₹13,41,00,000   |
| Currency of loan   | INR   |
| Purpose            | To meet its working Capital requirement   |
| Type               | Revolving   |
| Interest Rate      | 7.40% p.a. (Linked to repo rate)<br>Interest is payable at monthly rates  |
| Maturity Date      | Upto 20.03.2022   |
| Security           | Exclusive charge by way of Hypothecation on the entire stock of inventory, receivables, bills and other chargeable current assets of the company (both present and future) except stock of Cotton bales procured by the company from financing of Tirupati Urban Co-Operative Bank Ltd. To the extent of ₹7.50 crore. |
| Usance Period      | Maximum tenor of each drawdown will be 180 days   |
| Margin             | Nil   |
| Personal Guarantee | Personal guarantee of Mr. Abhishek Lath, Umashankar Lath, Ashadevi Lath and Mrs. Sweta Abhishek Lath  |

**Note 4: Terms and Condition of Sanction**

|                  |  |                        |                                |
|------------------|--|------------------------|--------------------------------|
| Facility         | Letter of credit (LC) backed Export bill discounting   |                        |                                |
| Amount           | USD 5.00 Million/ Equivalent Euro upto USD 5.00 million  |                        |                                |
| Currency of Loan | USD / EUR  |                        |                                |
| Purpose          | For discounting bills drawn by the company on various companies for export of its products.  |                        |                                |
| Type             | Revolving  |                        |                                |
| Interest Rate    | <b>Bill Type</b>   | <b>Applicable Rate</b> | <b>Minimum Applicable Rate</b> |
|                  | Bill Tenor upto 90 days  | LIBOR + 1.15% p.a      | 1.15% p.a                      |
|                  | Bill Tenor 91 days - 180 days  | LIBOR + 1.25% p. a     | 1.25% p. a                     |
|                  | Bill Tenor 181 days – 270 days   | LIBOR + 1.40% p.a      | 1.40% p. a                     |
|                  | Bangladesh Bills   | LIBOR + 1.75% p.a      | 1.75% p.a                      |
|                  | However, Effective rate of interest will be decided and offered by SHINHAN BANK based on the Market conditions prevailing at the time of each Disbursement/Withdrawal, in line with SHINHAN BANK Interest Guidelines and Reserve Bank of India (RBI) guidelines and other factors as applicable from time to time.<br>Interest Rates mentioned here is indicative in nature and subject to change at the time of disbursement as per prevailing Interest rate guidelines and other factors |                        |                                |
| Maturity Date    | Upto 07.08.2022  |                        |                                |
| Security         | Letter of credits (LC) received from various banks; however, the bills to be discounted shall be at the sole discretion of the Bank.   |                        |                                |
| Margin           | Not applicable. However, in case of any delay in export proceeds realization, the bank may insist upon.  |                        |                                |
| Usance Period    | Not exceeding 270 days for each bill.  |                        |                                |

**Note 5: Terms and Condition of Sanction**

| Facility   | Forward Contract Limit (FC) – II   |                      |       |                      |   |         |              |   |          |              |   |          |              |   |          |              |   |          |              |
|--|--|----------------------|-------|----------------------|---|---------|--------------|---|----------|--------------|---|----------|--------------|---|----------|--------------|---|----------|--------------|
| Amount   | USD 4,50,000.00 (US Dollars Four Hundred Fifty Thousand Only)  |                      |       |                      |   |         |              |   |          |              |   |          |              |   |          |              |   |          |              |
| Maximum forward contract amount outstanding/ Facility limit/ Credit Exposure | USD 4,50,000.00 (US Dollars Four Hundred Fifty Thousand Only)<br>Notional value as given below.  |                      |       |                      |   |         |              |   |          |              |   |          |              |   |          |              |   |          |              |
|  | <table border="1"> <thead> <tr> <th>Sr.No.</th> <th>Tenor</th> <th>Notional Value (USD)</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>90 Days</td> <td>75,00,000.00</td> </tr> <tr> <td>2</td> <td>120 Days</td> <td>64,46,991.40</td> </tr> <tr> <td>3</td> <td>150 Days</td> <td>57,47,126.44</td> </tr> <tr> <td>4</td> <td>180 Days</td> <td>51,72,413.79</td> </tr> <tr> <td>5</td> <td>270 Days</td> <td>40,72,398.19</td> </tr> </tbody> </table> | Sr.No.               | Tenor | Notional Value (USD) | 1 | 90 Days | 75,00,000.00 | 2 | 120 Days | 64,46,991.40 | 3 | 150 Days | 57,47,126.44 | 4 | 180 Days | 51,72,413.79 | 5 | 270 Days | 40,72,398.19 |
| Sr.No.   | Tenor  | Notional Value (USD) |       |                      |   |         |              |   |          |              |   |          |              |   |          |              |   |          |              |
| 1  | 90 Days  | 75,00,000.00         |       |                      |   |         |              |   |          |              |   |          |              |   |          |              |   |          |              |
| 2  | 120 Days   | 64,46,991.40         |       |                      |   |         |              |   |          |              |   |          |              |   |          |              |   |          |              |
| 3  | 150 Days   | 57,47,126.44         |       |                      |   |         |              |   |          |              |   |          |              |   |          |              |   |          |              |
| 4  | 180 Days   | 51,72,413.79         |       |                      |   |         |              |   |          |              |   |          |              |   |          |              |   |          |              |
| 5  | 270 Days   | 40,72,398.19         |       |                      |   |         |              |   |          |              |   |          |              |   |          |              |   |          |              |
|  | *Over and above the existing Forward Contract Limit (FC) with credit exposure of USD 7,50,000.   |                      |       |                      |   |         |              |   |          |              |   |          |              |   |          |              |   |          |              |
| Purpose  | To hedge currency risk   |                      |       |                      |   |         |              |   |          |              |   |          |              |   |          |              |   |          |              |
| Maturity Date  | Upto 20.03.2022 (Coterminous with existing Forward Contract limit of USD 7,50,000.00)  |                      |       |                      |   |         |              |   |          |              |   |          |              |   |          |              |   |          |              |
| Security   | Nil  |                      |       |                      |   |         |              |   |          |              |   |          |              |   |          |              |   |          |              |
| Maximum Tenor  | Upto 270 days  |                      |       |                      |   |         |              |   |          |              |   |          |              |   |          |              |   |          |              |
| Margin against Forward Contract  | Nil  |                      |       |                      |   |         |              |   |          |              |   |          |              |   |          |              |   |          |              |

**Note 6: Terms and Condition of Sanction**

|   |  |
|---|--|
| Facility                                | Export Packing Credit  |
| Amount                                  | ₹50,000,000  |
| Purpose                                 | Export of goods and working capital  |
| Interest                                | Repo Rate + 3.65%  |
| Security                                | First pari passu charge in favour of the bank by way of hypothecation of the company's entire stocks of raw materials, semi-finished and finished goods, consumable stores and spares and such other movables including book debts, bills whether documentary or clean, outstanding monies, receivable both present and future, in a form and manner satisfactory to the Bank. (ICICI bank – 29.10% and Shinhan Bank 70.90%)<br>Exclusive charge by way of equitable mortgage, in a form and manner satisfactory to the Bank, on the properties as described in the sanction letter and having aggregate value of Rs. 50.90 million. |
| Personal Guarantee                      | Unconditional and irrevocable personal guarantee of Abhishek Lath, Umashankar Lath and Asha Devi Lath  |
| Validity period                         | 12 months  |
| Repayment Terms                         | 1) EPC loans will be allowed upto 120 days or expiry of contracts/ Exports LCs or expiry of process cycle whichever is earlier.<br>2) The EPC shall be liquidated out of proceeds of export bill discounting / Purchase.   |
| Margins - Inventory                     | Uniform Margin of 25% against all components of inventory  |
| Documents against which EPC to be given | Irrevocable LC/ Export Orders/ Track record with submission of proof of export order   |
| Covenants                               | 1. Borrower shall not avail finance from any other bank/entity for the aforesaid purpose without prior written approval of ICICI Bank.   |

|  |   |
|--|---|
|  | 2. Interest payment on unsecured loans shall be subservient to the interest payment to ICICI Bank Ltd.  |
|  | 3. Valuation of the property offered as collateral to be done once in every three years from the date of last valuation. ICICI bank may however, revalue the property at any time that it may deem fit. |
|  | 4. Funds will not be diverted to sister concerns and associate concerns if any.   |

**Note 6.1: Terms and Condition of Sanction**

|   |  |
|---|--|
| Facility                                | Packing Credit in Foreign Currency (PCFC) on running account basis by way of packing credit loans  |
| Amount                                  | ₹50,000,000  |
| Currency                                | US Dollars, Pound Sterling, Japanese Yen, Euro, Naira  |
| Interest                                | Cost of Funds + 0.25%  |
| Security                                | First pari passu charge in favour of the bank by way of hypothecation of the company's entire stocks of raw materials, semi-finished and finished goods, consumable stores and spares and such other movables including book debts, bills whether documentary or clean, outstanding monies, receivable both present and future, in a form and manner satisfactory to the Bank.<br><br>Exclusive charge by way of equitable mortgage, in a form and manner satisfactory to the Bank, on the properties as described in the sanction letter and having aggregate value of Rs. 50.90 million. |
| Personal Guarantee                      | Unconditional and irrevocable personal guarantee of Abhishek Lath, Umashankar Lath and Asha Devi Lath  |
| Validity period                         | 12 months  |
| Repayment Terms                         | 1) PCFC loans will be allowed upto 120 days or expiry of contracts/ Exports LCs or expiry of process cycle whichever is earlier.<br>2) The PCFC shall be liquidated out of proceeds of export bill discounting / Purchase.   |
| Documents against which EPC to be given | Irrevocable LC/ Export Orders/ Track record with submission of proof of export order   |

**Note 6.2: Terms and Condition of Sanction**

|                    |   |
|--------------------|---|
| Facility           | Post Shipment Facility in foreign Currency as sublimit of Export Packing Credit                         |
| Amount             | ₹50,000,000   |
| Currency           | US Dollars, Pound Sterling, Japanese Yen, Euro  |
| Interest           | Cost of Funds + 0.25%   |
| Specific Security  | Against documents of title to goods viz. Bills of Lading/ AWBs, Bills of Exchange, Invoices, Packing Li |
| Validity period    | 12 months   |
| Tenor/Usance       | In case of DA bills, usance not exceeding 120 days  |
| Personal Guarantee | Unconditional and irrevocable personal guarantee of Abhishek Lath, Umashankar Lath and Asha Devi Lath   |

**Note 7: Terms and Condition of Sanction**

|          |   |
|----------|---|
| Facility | Derivative  |
| Amount   | Loan Equivalent Value of Rs 5.00 million only                               |
| Purpose  | To enter into forwards, (contracts) with ICICI Bank to hedge currency rate. |
| Interest | As per Treasury Rate + 0.00 %   |

|                           |  |
|---------------------------|--|
| <b>Security</b>           | <p>First pari passu charge in favour of the bank by way of hypothecation of the company's entire stocks of raw materials, semi-finished and finished goods, consumable stores and spares and such other movables including book debts, bills whether documentary or clean, outstanding monies, receivable both present and future, in a form and manner satisfactory to the Bank.</p> <p>Exclusive charge by way of equitable mortgage, in a form and manner satisfactory to the Bank, on the properties as described in the sanction letter and having aggregate value of Rs. 50.90 million.</p>                  |
| <b>Validity period</b>    | 12 months  |
| <b>Personal Guarantee</b> | Unconditional and irrevocable personal guarantee of Abhishek Lath, Umashankar Lath and Asha Devi Lath  |
| <b>Covenants</b>          | <ol style="list-style-type: none"> <li>1. Borrower shall not avail finance from any other bank/entity for the aforesaid purpose without prior written approval of ICICI Bank.</li> <li>2. Interest payment on unsecured loans shall be subservient to the interest payment to ICICI Bank Ltd.</li> <li>3. Valuation of the property offered as collateral to be done once in every three years from the date of last valuation. ICICI bank may however, revalue the property at any time that it may deem fit.</li> <li>4. Funds will not be diverted to sister concerns and associate concerns if any.</li> </ol> |

**Note 8: Terms and Condition of Sanction**

|                                     |   |
|-------------------------------------|---|
| <b>Facility</b>                     | Warehouse receipt Loan  |
| <b>Amount</b>                       | ₹6,00,00,000  |
| <b>Purpose</b>                      | Working capital for the conduct of business   |
| <b>Interest</b>                     | 10.25% p.a.   |
| <b>Security</b>                     | Pledge of stocks kept under Warehouse/ Storage Receipts with lien noted in favour of Tirupati Urban Co-operative Bank Ltd   |
| <b>Collateral Manager</b>           | The bank will appoint a suitable Collateral Manager Agency, who will take a custody of go-down and pledged stocks under its lock and key arrangements with round and clock security guard.  |
| <b>Duration and Repayment Terms</b> | The tenure of the loan shall be 11 months. Credit facility to be renewed on or before one year from the date of sanction.   |
| <b>Drawdown period</b>              | Upto 6 months   |
| <b>Margins</b>                      | 25.00% of Purchase price in the tax invoice or as per valuation mentioned in WHR  |
| <b>Penal rate of interests</b>      | 2% for non-adherence to financial discipline/ default in instalments  |
| <b>Processing fees</b>              | 0.20% + applicable taxes (G.S.T) of the total sanctioned amount   |
| <b>Insurance</b>                    | Security should be kept fully insured against all risks with usual Bank clause  |
| <b>Personal Guarantee</b>           | Personal guarantee of Abhishek Lath, Umashankar Lath and Asha Devi Lath   |
| <b>Other Condition</b>              | <p>During the currency of Bank's credit facilities, the unit will not, without the Bank's permission in writing</p> <ul style="list-style-type: none"> <li>• Invest by way of share capital lend or advance funds to or place deposits with any other concern, including sister/associate/family concerns. Normal trade credit or security deposits in the normal course of business or advances to employees can how ever be extended</li> </ul> |

|  |  |
|--|--|
|  | <ul style="list-style-type: none"> <li>• Enter in to borrowing arrangements either secured or unsecured with any other Bank or financial institution, company or person.</li> <li>• Under take guarantee obligations on behalf of any other company, firm or person.</li> <li>• Create any further charge, lien or encumbrance over the assets &amp; properties of the unit company to be charged to the Bank in favour of any other Bank, financial institutions, firm, or person.</li> </ul> |
|--|--|

**B. UNSECURED BORROWING OF OUR COMPANY**

Our Company has availed the following unsecured borrowings:

| Particulars   | Amount        |
|---|---------------|
| Long term unsecured loan from director and shareholders | 113.26        |
| Short term unsecured loan                               | 3.48          |
| <b>Total</b>  | <b>116.74</b> |

(₹ in Lakhs)

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

You should read the following discussion of our financial position and results of operations together with our Restated Financial Statements which have been included in this Prospectus. The following discussion and analysis of our financial position and results of operations is based on our Restated Financial Statements for the nine months period ended December 31, 2021 and for financial years ended March 31, 2021, 2020 and 2019 including the related notes and reports, included in this Prospectus prepared in accordance with requirements of the Companies Act and restated in accordance with the SEBI Regulations, which differ in certain material respects from IFRS, U.S. GAAP and GAAP in other countries. Our Company has not attempted to explain those differences or quantify their impact on the financial data included in this Prospectus and it is urged that you consult your own advisors regarding such differences and their impact on our Company's financial information. Our Financial Statements, as restated have been derived from our audited financial statements for the respective period and years. Accordingly, the degree to which our Restated Financial Statements will provide meaningful information to a prospective investor in countries other than India is entirely dependent on the reader's level of familiarity with Ind AS, Companies Act, SEBI Regulations and other relevant accounting practices in India. Our fiscal year ends on March 31 of each year, so all references to a particular financial year ("Financial Year") are to the twelve-month period ended March 31 of that year.

This discussion contains forward-looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those described under "Risk Factors" and "Forward Looking Statements" beginning on pages 21 and 12, respectively, and elsewhere in this Prospectus.

In this section, unless the context otherwise requires, any reference to "we", "us" or "our" refers to Le Merite Exports Limited, our Company. Unless otherwise indicated, financial information included herein are based on our "Restated Financial Statements" for the nine months period ended December 31, 2021 and for the Financial Years 2021, 2020, and 2019 beginning on page no. 180 of this Prospectus.

### BUSINESS OVERVIEW

Our Company is an ISO 9001:2015 certified company engaged in manufacturing and trading of textile products namely cotton yarn, greige fabric and finished fabric for domestic and export sales. We deal in diversified product portfolio with capability to supply compact cotton yarn varying from counts NE 16/1 to NE 32/1 & NE 16/2 to NE 32/2 combed carded & double yarn that are used in various forms and for varied end uses. We also export sustainable – ecofriendly organic yarn and fabric to international textile and garment manufacturers. Our company has been recognized as "Three Star Export House" by the Director General of Foreign Trade with a certificate valid from September 30, 2015 to September 29, 2020. Further our Company had made an application on September 29, 2021 for renewal of certificate. Our Company have incorporated two (2) subsidiary companies for diversification into non cotton yarn products:

We are certified by some of most reputed global certification agencies for our quality, environment consciousness, labour practices, our processes and customer services such as ISO 9001:2015, OEKO-TEX Standard 100, GOTS certified for 100% Organic cotton yarn, etc. For further information, see the section titled "Government and other Approvals" beginning on page 238 of this Prospectus. Our Company is also contributing towards CSR activities as per the requirements of Companies Act, 2013.

Our Company is a recognised 3star export house and exports more than 20,000 tons of yarn annually. We are highly dedicated to achieving customer satisfaction and building long term relationships. Customer retention is our prime moto. We have always given top priority to technological advancements in machinery as well as in testing the end product.

For further details, please refer section titled "Business Overview" beginning on page 120 of this Prospectus

### SIGNIFICANT DEVELOPMENTS SUBSEQUENT TO THE LAST FINANCIAL PERIOD

**After the date of last financial year i.e., March 31, 2021, the following material events have occurred after the last audited period.**

1. The Board of Directors of the Company approved the Initial Public Offering of our Company in their meeting held on January 25, 2022
2. The Shareholders of the Company approved the Initial Public Offering of our Company in their meeting held on January 25, 2022
3. Our Company has allotted 1,53,72,900 Equity shares pursuant to Bonus Issue vide Board Resolution dated January 25, 2022

#### **SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS**

Our business is subjected to various risks and uncertainties, including those discussed in the section titled “Risk Factors” beginning on page 21 of this Prospectus. Our results of operations and financial conditions are affected by numerous factors including the following:

- Volatility in supply and pricing of raw material;
- Labour intensive Industry
- Substantial capital expenditure & working capital requirements
- Outbreak of Covid-19;
- Default or delay in payment from customers;
- Changes in laws, rules & regulations and legal uncertainties;
- Pricing pressures from the competitive business environment;
- Economic and Demographic condition.

#### **SIGNIFICANT ACCOUNTING POLICIES**

For more details kindly refer to section titled – Restated Financial Statements - Annexure 4 beginning on page 191 of this Prospectus.

#### **DISCUSSION ON RESULTS OF OPERATIONS**

The following table sets forth financial data from our restated financial statements of profit & loss for the nine months period ended December 31, 2021 and for the financial years ended March 31, 2021, 2020 and 2019, the components of which are also expressed as a percentage of total revenue for such periods:

(₹ in Lakhs)

| Particulars  | Nine months Ended December 31, 2021 |              | Year ended March 31, 2021 |               | Year ended March 31, 2020 |               | Year ended March 31, 2019 |               |
|--|-------------------------------------|--------------|---------------------------|---------------|---------------------------|---------------|---------------------------|---------------|
|  | ₹ in lakhs                          | %*           | ₹ in lakhs                | %*            | ₹ in lakhs                | %*            | ₹ in lakhs                | %*            |
| <b>(A) REVENUE</b>   |                                     |              |                           |               |                           |               |                           |               |
| Revenue from Operations  | 37,004.08                           | 99.78        | 26,839.37                 | 99.72         | 21,666.72                 | 99.72         | 18,001.20                 | 99.49         |
| Other Income   | 82.95                               | 0.22         | 74.07                     | 0.28          | 61.28                     | 0.28          | 92.13                     | 0.51          |
| <b>Total Revenue</b>   | <b>37,087.03</b>                    | <b>100</b>   | <b>26,913.44</b>          | <b>100.00</b> | <b>21,728.00</b>          | <b>100.00</b> | <b>18,093.32</b>          | <b>100.00</b> |
| <b>(B) EXPENDITURE</b>   |                                     |              |                           |               |                           |               |                           |               |
| Purchase of Stock-in-trade                                       | 30,423.47                           | 82.03        | 24,384.33                 | 90.60         | 19,656.02                 | 90.46         | 16,347.34                 | 90.35         |
| Changes in Inventories of Stock-in-Trade                         | 148.76                              | 0.40         | (734.69)                  | (2.73)        | 47.34                     | 0.22          | 220.97                    | 1.22          |
| Employee Benefits Expenses                                       | 358.70                              | 0.97         | 277.29                    | 1.03          | 248.09                    | 1.14          | 173.90                    | 0.96          |
| Finance Costs  | 245.98                              | 0.66         | 165.00                    | 0.61          | 252.42                    | 1.16          | 349.15                    | 1.93          |
| Depreciation and Amortization Expense                            | 36.80                               | 0.10         | 16.39                     | 0.06          | 15.56                     | 0.07          | 19.42                     | 0.11          |
| Other Expenses   | 3,755.47                            | 10.13        | 1,868.78                  | 6.94          | 1,077.51                  | 4.96          | 822.29                    | 4.54          |
| <b>Total Expenditure</b>   | <b>34,969.18</b>                    | <b>94.29</b> | <b>25,977.10</b>          | <b>96.52</b>  | <b>21,296.94</b>          | <b>98.02</b>  | <b>17,933.07</b>          | <b>99.11</b>  |
| <b>Profit Before Exceptional and Extraordinary Items and Tax</b> | <b>2,117.85</b>                     | <b>5.71</b>  | <b>936.33</b>             | <b>3.48</b>   | <b>431.06</b>             | <b>1.98</b>   | <b>160.25</b>             | <b>0.89</b>   |
| Exceptional Items  | 0.00                                | 0.00         | 0.00                      | 0.00          | 0.00                      | 0.00          | 0.00                      | 0.00          |
| <b>Profit Before Extraordinary Items and Tax</b>                 | <b>2,117.85</b>                     | <b>5.71</b>  | <b>936.33</b>             | <b>3.48</b>   | <b>431.06</b>             | <b>1.98</b>   | <b>160.25</b>             | <b>0.89</b>   |
| Extraordinary Items  | 0.00                                | 0.00         | 0.00                      | 0.00          | 0.00                      | 0.00          | 0.00                      | 0.00          |
| <b>Profit Before Tax</b>   | <b>2,117.85</b>                     | <b>5.71</b>  | <b>936.33</b>             | <b>3.48</b>   | <b>431.06</b>             | <b>1.98</b>   | <b>160.25</b>             | <b>0.89</b>   |
| Prior Period Items   | 0.00                                | 0.00         | 0.00                      | 0.00          | 0.00                      | 0.00          | 0.00                      | 0.00          |
| <b>Tax Expense:</b>  |                                     |              |                           |               |                           |               |                           |               |
| (1) Current tax  | 532.85                              | 1.44         | 230.00                    | 0.85          | 115.70                    | 0.53          | 46.99                     | 0.26          |
| (2) Deferred tax   | -1.91                               | (0.01)       | 0.68                      | 0.00          | 0.73                      | 0.00          | 0.44                      | 0.00          |
| (3) Excess / Short Tax Provision W/off                           | 0.00                                | 0.00         | 0.00                      | 0.00          | 0.00                      | 0.00          | 0.00                      | 0.00          |
| <b>Profit for the year</b>                                       | <b>1,586.91</b>                     | <b>4.28</b>  | <b>705.65</b>             | <b>2.62</b>   | <b>314.62</b>             | <b>1.45</b>   | <b>112.83</b>             | <b>0.62</b>   |

\* (%) column represents percentage of total revenue.

## **Key Components of our Statement of Profit and Loss Based on our Restated Financial Statements**

### **Income**

Our total income comprises of revenue from operations and other income.

### **Revenue from Operations**

Our revenue from operations represents sale of yarn, fabric and cotton products in India and outside India. The company is also engaged into manufacturing operations of Spinning Unit Yarn which is then sold in and outside India. It also includes other operating income such as Duty Drawback & SHIS, Foreign Commission Income, Premium on Pre-shipment, MEIS Income and Profit/ (Loss) on changes in foreign exchange.

### **Other Income**

Other income includes Interest Income, Dividend Income, Commission Income, Interest on Income Tax etc.

### **Expenditure**

Our total expenditure primarily consists of Purchase of Stock-in-trade, Change in Inventories of Stock-in-trade, Employee Benefit Expenses, Finance cost, Depreciation and amortization expenses and other expenses.

### **Purchase of Stock-in-trade**

It consists of yarn, fabric, cotton and spinning unit yarn.

### **Changes in Inventories of Stock-in-trade**

It consists of changes in inventories of our trading goods.

### **Employee Benefit Expenses**

Employee benefit expenses comprises of salaries and wages, bonus, staff welfare expenses, other employee benefits, gratuity and director's remuneration.

### **Depreciation & Amortisation Cost**

Depreciation Expenses consist of depreciation on the Tangible assets of our company i.e., Office Building, Furniture, Motor Vehicles, Office Equipment, IT Equipment, Machinery, Electrical Installations and Equipments and Computer.

### **Finance costs**

Finance cost includes Interest Expenses, Bank Charges and Interest-Fabric

### **Other Expenses**

Other expenses are divided into three categories: Direct Expenses, Establishment expenses and Selling and Distribution Expenses.

Direct expenses include Job Work, Labour charges, Packaging Expenses, Repairs and Maintenance, Sample Expenses, etc.

Establishment Expenses consists of Auditor's Remuneration, Communication cost, Electricity Charges, Insurance charges, Printing and stationery cost, Rent, rate and taxes etc.

Selling and Distribution Expenses comprises of Advertising expenses, Discount Export, Commission expenses, tours and travels expenses, freight and forwarding expenses, etc.

#### **Provision for Tax**

The provision for current taxation is computed in accordance with relevant tax regulation. Deferred tax is recognized on timing differences between the accounting and the taxable income for the year and quantified using the tax rates and laws enacted or subsequently enacted as on balance sheet date.

#### **FOR THE NINE MONTHS PERIOD ENDED ON DECEMBER 31, 2021**

#### **Income:**

##### **Total Revenue**

Our total revenue amounted to ₹ 37087.03 Lakhs for the period ended December 31, 2021 which is on account of revenue from operations and other income as described below:

##### **Revenue from Operations**

Our revenue from operations for the period ended December 31, 2021 was ₹ 37004.08 Lakhs which is about 99.78% of the total revenue out of which ₹ 35867.84 Lakhs comes from sale of our products and ₹ 1136.24 Lakhs from other operating revenue.

##### **Other Income**

Our other income for the period ended December 31, 2021 was ₹ 82.95 Lakhs which is about 0.22% of the total revenue.

#### **Expenditure:**

##### **Purchase of stock in Trade**

Purchase of Stock in trade for the period ended December 31, 2021 was ₹ 30423.47 Lakhs which is about 82.03% of revenue from operations.

##### **Change in inventories of Stock in Trade**

Our changes in inventories of stock in trade was ₹ 148.76 Lakhs which was 0.40% of our revenue from operations for the period ended December 31, 2021.

##### **Employee Benefits Expenses**

The employee benefits expenses for the period ended December 31, 2021 is ₹ 358.70 Lakhs which is about 0.97% of the total revenue.

##### **Finance Cost**

Financial costs for the period ended December 31, 2021 is ₹ 245.98 Lakhs which is about 0.66% of the total revenue.

##### **Other Expenses**

Other Expenses for the period ended December 31, 2021 is ₹ 3755.47 Lakhs which is about 10.13% of the total revenue.

##### **Depreciation and Amortization Expenses**

Depreciation for the period ended December 31, 2021 is ₹ 36.80 Lakhs which is about 0.10% of the total revenue.

#### **Profit after Tax**

Profit after tax for the period ended December 31, 2021 is ₹ 1586.91 Lakhs which is about 4.28% of the total revenue.

### **COMPARISON OF FINANCIAL YEAR ENDED MARCH 31, 2021 TO FINANCIAL YEAR ENDED MARCH 31, 2020**

#### **Total Revenue**

Our total revenue increased by 23.87% to ₹ 26,913.44 lakhs for the financial year ended on March 31, 2021 from ₹ 21,728 Lakhs for the financial year ended on March 31, 2020.

#### **Revenue from Operations**

The total income from operations for the financial year ended on March 31, 2021 was ₹ 26,839.37 lakhs and it was ₹21,666.72 lakhs during the financial year ended on March 31, 2020. The revenue of the Company has increased in the year financial year ended on March 31, 2021 by 23.87%.

#### **Other Income**

In the financial year ended on March 31, 2021 it was ₹ 74.07 Lakhs as compared to ₹ 61.28 Lakhs for the financial year ended on March 31, 2020 which shows an increase by 20.87%

#### **Expenditure**

##### **Purchase of Stock in Trade**

The cost of purchase of Stock in Trade in financial year ended on March 31, 2021 was increased by 24.06% to ₹ 24,384.33 Lakhs in financial year ended on March 31, 2021 compared from ₹ 19,656.02 in financial year ended on March 31, 2020 owing to increase in the purchase of fabric, cotton and Spinning Unit Yarn.

##### **Change in Inventories**

Our changes in inventories of work in progress and finished goods changed by (782.02%) to ₹ (734.69) lakhs in financial year ended on March 31, 2021 from ₹ 47.34 lakhs in financial year ended on March 31, 2020. This was primarily due to lower level of closing inventories of finished goods for the financial year ended on March 31, 2021 as compared to the financial year ended on March 31, 2020.

##### **Employee Benefits Expenses**

The Employee expenses for the financial year ended on March 31, 2021 was increased by 11.77% to ₹ 277.29 Lakhs as compared from ₹ 248.09 Lakhs in the financial year ended on March 31, 2020.

##### **Finance Cost**

The Finance Cost for financial year ended on March 31, 2021 was ₹ 165 Lakhs which is a decrease of about (34.63) % against the Finance Cost of the financial year ended on March 31, 2020 which was ₹ 252.42 Lakhs.

##### **Other Expenses**

The other expenses, in the financial year ended on March 31, 2021 it was ₹ 1,868.78 Lakhs as compared to ₹ 1077.51 Lakhs for the financial year ended on March 31, 2020 which shows an increase of 73.43% in other expenses.

##### **Depreciation and Amortization Expenses**

The Depreciation for financial year ended on March 31, 2021 was increased by 5.32% to ₹ 16.39 Lakhs as compared from ₹ 15.56 Lakhs in financial year ended on March 31, 2020.

#### **Profit after Tax (PAT)**

PAT was increased from ₹ 314.62 lakhs in financial year ended on March 31, 2020 to ₹ 705.65 Lakhs in financial year ended on March 31, 2021. The profit after tax increased by 124.28% as compared to financial year ended on March 31, 2020 on account of increase in revenue from operations.

#### **COMPARISON OF FINANCIAL YEAR ENDED MARCH 31, 2020 TO FINANCIAL YAER ENDED MARCH 31, 2019**

##### **Total Revenue**

Our total revenue was increased by 20.09% to ₹ 21,728.00 lakhs for the financial year ended on March 31, 2021 from ₹ 18,093.32 Lakhs for the financial year ended on March 31, 2020.

##### **Revenue from Operations**

The income from revenue from operations for the financial year ended on March 31, 2020 was ₹ 21,666.72 Lakhs and it was ₹ 18,001.20 Lakhs during financial year ended on March 31, 2019. The Company's revenue from operations has increased in the year financial year ended on March 31, 2020 by 20.36%.

##### **Other Income**

The other income in financial year ended on March 31, 2020 was ₹ 61.28 lakhs as compared to ₹ 92.13 lakhs in financial year ended on March 31, 2019 which shows a decrease by (33.48%) in other Income. The major reasons for this decrease being absence of commission income, decrease in interest on FD and reduced rent income.

##### **Expenditure**

###### **Purchase of Stock in Trade**

The cost of Purchase of Stock in Trade in financial year ended on March 31, 2020 was ₹ 19,656.02 Lakhs which is more as compared to financial year ended on March 31, 2019 i.e., ₹16,347.34 as the Company increased its purchases by 20.24%.

###### **Change in Inventories**

Our changes in inventories of work in progress and finished goods changed by (78.58%) to ₹ 47.34 lakhs in financial year ended on March 31, 2021 from ₹ 220.97 lakhs in financial year ended on March 31, 2020. This was primarily due to lower level of closing inventories of finished goods at end of financial year ended on March 31, 2021 as compared to financial year ended on March 31, 2020.

###### **Employee Benefits Expenses**

The Employee expenses for financial year ended on March 31, 2020 was ₹ 248.09 Lakhs against the expenses of financial year ended on March 31, 2019 was ₹ 173.90 Lakhs which shows an increase of 42.66%.

###### **Finance Cost**

The Finance Cost for financial year ended on March 31, 2020 was decreased by (27.70%) to ₹ 252.42 Lakhs against the Finance Cost of financial year ended on March 31, 2019 from which was ₹ 349.15 Lakhs.

###### **Other Expenses**

Other Expenses increased from ₹ 822.29 Lakhs for financial year ended on March 31, 2019 against ₹1077.51 Lakhs in financial year ended on March 31, 2020. The increase is by 31.04%.

###### **Depreciation and Amortization Expenses**

The Depreciation for financial year ended on March 31, 2020 was decreased by (19.87%) to ₹ 15.56 Lakhs as compared from ₹ 19.42 lakhs in financial year ended on March 31, 2019.

###### **Profit after Tax (PAT)**

PAT increased from ₹ 112.83 Lakhs for the financial year ended on March 31, 2019 to ₹ 314.62 lakhs in the financial year ended on March 31, 2020. The profit after tax increased for the financial year ended on March 31, 2020 by 178.85 % as compared to financial year ended on March 31, 2019.

**Information required as per Item 11 (II) (C) (iv) of Part A of Schedule VI to the SEBI Regulations:**

**1. Unusual or infrequent events or transactions**

To our knowledge there have been no unusual or infrequent events or transactions that have taken place during the last three (3) years.

**2. Significant economic changes that materially affected or are likely to affect income from continuing operations.**

Our business has been subject, and we expect it to continue to be subject to significant economic changes arising from the trends identified above in 'Factors Affecting our Results of Operations' and the uncertainties described in the section entitled "Risk Factors" beginning on page 21 of this Prospectus. To our knowledge, except as we have described in this Prospectus, there are no known factors which we expect to bring about significant economic changes.

**3. Income and Sales on account of major product/main activities**

Income and sales of our Company on account of main activities derives from sale of yarn, fabric and cotton.

**4. Whether the company has followed any unorthodox procedure for recording sales and revenues**

Our Company has not followed any unorthodox procedure for recording sales and revenues.

**5. 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 21 of this 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.

**6. Extent to which material increases in net sales or revenue are due to increase in services**

Increases in revenues are by and large linked to increases in volume of business.

**7. Total turnover of each major industry segment in which the issuer company operated.**

The Company is engaged in the trading business of fabric, cotton and yarn and manufacturing business of spinning unit yarn, the relevant industry data, as available, has been included in the section titled "Industry Overview" beginning on page 89 of this Prospectus.

**8. Status of any publicly announced new products or business segment.**

Our Company has not announced any new services or business segment.

**9. The extent to which business is seasonal.**

Our Company's business is not seasonal.

**10. Any significant dependence on a single or few suppliers or customers.**

Significant proportion of our revenues have historically been derived from a limited number of customers. The % of Contribution of our Company's customers and supplier's vis a vis the revenue from operations and raw materials purchase respectively for the period ended on December 31, 2021 and for the financial year ended as on March 31, 2021 based on Restated Financial Statements are as follows:

| Particular | Supplier | Customers |
|------------|----------|-----------|
|------------|----------|-----------|

|  | For the nine months period ended on December 31, 2021 | Financial year ended on March 31, 2021 | For the nine months period ended on December 31, 2021 | Financial year ended on March 31, 2021 |
|--|---|--|---|--|
| Top 10 suppliers/customers (Rs in Lakhs) | 21100.77  | 15193.60                               | 12,719.14   | 9,786.38                               |
| % To total purchase/sales                | 69.36%  | 62.31%                                 | 35.46%  | 37.35%                                 |

11. **Competitive conditions.**

Competitive conditions are as described under the Sections titled “Industry Overview” and “Business Overview” beginning on pages 89 and 120, respectively of this Prospectus.

**Material developments subsequent to December 31, 2021**

Except as disclosed in this Prospectus, there are no significant developments or circumstances that have arisen since December 31, 2021, the date of the last financial statements included in this Prospectus:

Our company has 2 subsidiaries i.e., Le Merite Filament Private Limited & Le Merite Laxmi Spinning Private Limited incorporated after December 31, 2021.

Further, except as disclosed in this Prospectus, there are no circumstances that have arisen since December 31, 2021, the date of the last financial statements included in this Prospectus, which materially and adversely affect or is likely to affect our operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next twelve months

## SECTION VII – LEGAL AND OTHER INFORMATION

### OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

Except as disclosed below, there are no outstanding litigation with respect to (i) issues of criminal liability on the part of our Company; (ii) material violations of statutory regulations by our Company; (iii) economic offences where proceedings have been initiated against our Company; (iv) any pending matters, which if they result in an adverse outcome, would materially and adversely affect our operations or our financial position; and (v) other litigation, including civil or tax litigation proceedings, which if they result in an adverse outcome, would materially and adversely affect our operations or our financial position or is otherwise material in terms of for the purpose of litigation disclosures in this Prospectus.

For the purpose of point (iv) above, the Board of Directors had approved a materiality policy ('**Materiality Policy**') effective from January 05, 2022. As per the said policy the materiality threshold shall be calculated based on audited consolidated financial statements of the last audited financial year and would mean an event/ information where the value involved or the impact is (i) 5% or more on the profit after tax.

#### **A. Litigation involving our Company**

##### **i. Civil proceedings**

**A** Our Company has a Civil Suit filed against them by "TECHNOCRAFT INDUSTRIES INDIA LIMITED" under code of Civil Procedure Section 9 Notice of Motion bearing Registration No.3142/2021 filed on 22/12/2021 before City Civil Court at Dindoshi and and the next hearing date for the same is on April 29, 2022.

Whereas Technocraft Industries (India) Limited as filed a Mediation Application No.1398/2020 & Commercial Suit No.3053/2000 before the City Civil Court at Dindoshi against Our Company demanding claim amount of Rs.93,93,708/- from us for purchase order of yarn which was not delivered to us by them and in return our Company has paid an advance payment of Rs.5,00,000/- for supply of yarn which they have failed to supply completely hence the dispute arise.

The Company has not received the Copy of Notice of Motion and no notice been served upon the Company from the court and by the Technocraft Industries (India) Limited.

**B** Our Company has filed the Company Application before the Central Government Regional Director Ministry of Corporate affairs western region, Mumbai in the matter of Companies Act,2013 under section 460 of Companies Act, 2013

Reasons for filing this Application: Condonation of Delay and extension of filing MGT-14 for Board Resolution for approval of Financial Statement and Director Report for the Financial Year 2015-16, 2016-17, 2017-18, 2018-19 and 2019-20 and for appointment of Internal Auditor for the Financial Year 2015-16, and 2019-20.

Details of application or document:

The company files petition, along with Memorandum of Appearance, Affidavit, Board Resolution, Memorandum and Articles of Association of the Company for Condoning the delay for late filing MGT 14.

##### **ii. Proceedings involving issues of criminal liability on the part of our Company**

Nil

##### **iii. Income Tax**

###### **Direct Tax:**

Our Company has received notice 143(1)(a) for Assessment year 2020-21,2019-20,2021-22 which is pending as on date

###### **Indirect Tax:**

Nil

**iv. Proceedings involving material violations of statutory regulations by our Company**

NIL

There are no prosecution proceedings initiated, or show cause notices in adjudication proceedings which have been issued, by SEBI, and which are pending against our Company, Promoter, Directors or Group companies.

**v. Matters involving economic offences where proceedings have been initiated against our Company**

There are no matters involving economic offences where proceedings have been initiated against our Company.

There are no proceedings involving our Company which involve an amount exceeding the Materiality Threshold or are otherwise material in terms of the Materiality Policy, and other pending matters which, if they result in an adverse outcome would materially and adversely affect the operations or the financial position of our Company:

**B. Litigation involving our Promoters**

**i. Civil proceedings**

Nil

**ii. Proceedings involving issues of criminal liability on the part of our Promoter**

Nil

**iii. Tax Proceedings:**

Direct Tax:

a. Records as per the data available at Income Tax Department against the Promoter against “Abhishek Lath” received notice under 143(1)(a) for assessment year 2017-18 –Pending as on date 13-04-2022

b. Records as per the data available at Income Tax Department against the Promoter against “Umashankar Lath” received letter for assessment year 2011 –12 Pending as on date 13-04-2022.

**Indirect Tax:**

NIL

There is no tax demand which involve an amount exceeding the Materiality Threshold or are otherwise material in terms of the Materiality Policy.

**iv. Proceedings involving material violations of statutory regulations by our Promoter**

Nil

**v. Matters involving economic offences where proceedings have been initiated against our Promoters**

There are no matters involving economic offences where proceedings have been initiated against our Promoter.

**vi. The proceedings involving our Promoter which involve an amount exceeding the Materiality threshold or are otherwise material in terms of the Materiality Policy, and other pending matters which, if they result in an adverse outcome would materially and adversely affect the operations or the financial position of our Company**

Nil

**C. Litigation involving our Directors /Independent Directors**

**i. Civil proceedings**

Nil

ii. **Proceedings involving issues of criminal liability on the part of our Directors**

Nil

iii. **Tax Proceedings:**

**Direct Tax:**

a. **Records are as per the data available at Income Tax Department against our Director Ashadevi Lath: Defective notice issued u/s.139(9)**

b. **Outstanding demand against Independent Directors as follows:**

| AY      | Name of the Director/<br>Independent Director | Under<br>Section | As on date | Outstanding Amount |
|---------|---|------------------|------------|--------------------|
| 2015-16 | Rohit Agarwal                                 | 143(3)           | 13-04-2022 | NIL                |
| 2017-18 | Rohit Agarwal                                 | 250              | 13-04-2022 | NIL                |
| 2017-18 | Rohit Agarwal                                 | 250              | 13-04-2022 | NIL                |
| 2019    | Narendra kumar Srivastava                     |                  | 13-04-2022 | 33390              |

c.

**Indirect Tax:**

NIL

There is no tax demand which involve an amount exceeding the Materiality Threshold or are otherwise material in terms of the Materiality Policy.

iv. **Proceedings involving material violations of statutory regulations by our Directors**

Nil

v. **Matters involving economic offences where proceedings have been initiated against our Directors**

There are no matters involving economic offences where proceedings have been initiated against our Promoter.

vi. **The proceedings involving our Directors which involve an amount exceeding the Materiality threshold or are otherwise material in terms of the Materiality Policy, and other pending matters which, if they result in an adverse outcome would materially and adversely affect the operations or the financial position of our Company**

Nil

D. **Litigation involving our Group companies**

i. **Civil proceedings**

Nil

**ii. Proceedings involving issues of criminal liability on the part of our Group Company LE MERITE FASHIONS PVT LTD**

Nil

**iii. Tax Proceedings:**

**Direct Tax:**

Nil

**Indirect Tax:**

Nil

There is no tax demand which involve an amount exceeding the Materiality Threshold or are otherwise material in terms of the Materiality Policy.

**iv. Proceedings involving material violations of statutory regulations by our Group Company**

Nil

**v. Matters involving economic offences where proceedings have been initiated against our Group Company**

There are no matters involving economic offences where proceedings have been initiated against our Group Company.

**E. Litigation involving our Subsidiaries:**

**a) LE MERITE FILAMENT PVT LIMITED**

**b) LE MERITE LAXMI SPINNING PVT LIMITED**

**i. civil proceedings**

Nil

**ii. Proceedings involving issues of criminal liability on the part of our Group Company LE MERITE FASHIONS PVT LTD**

Nil

**iii. Tax Proceedings:**

**Direct Tax:**

Nil

**Indirect Tax:**

Nil

**iv. Proceedings involving material violations of statutory regulations by our Subsidiaries Company**

Nil

**v. Matters involving economic offences where proceedings have been initiated against our Subsidiaries Company**

There are no matters involving economic offences where proceedings have been initiated against our Subsidiaries Company.

**F. Inquiries, investigations etc. instituted under the Companies Act, 2013 or any previous companies enactment in the last 5 (five) years against our Company.**

There are no inquiries, investigations etc. instituted under the Companies Act or any previous companies' enactment in the last 5 (five) years against our Company.

**G. Inquiries, investigations etc. instituted under the Companies Act, 2013 or any previous companies enactment in the last 5 (five) years against our Company.**

There are no inquiries, investigations etc. instituted under the Companies Act or any previous companies' enactment in the last 5 (five) years against our Company.

**H. Material Fraud against our Company in the last 5 (five) years**

There has been no material fraud committed against our Company in the last 5 (five) years.

**I. Wilful Defaulter**

Our company, Promoters and Directors have not been identified as a wilful defaulter in terms of the SEBI ICDR Regulations as on the date of this Prospectus.

**Outstanding Dues to Small Scale Undertaking or Any others Creditors**

In terms of the Materiality Policy, our Company has no material creditors, as on December 31, 2021. As on December 31, 2021 the details of amounts outstanding towards small scale undertakings and other creditors are as follows:

*(₹ in Lakhs)*

| <b>Particulars</b>                           | <b>Amounts</b> |
|--|----------------|
| Outstanding dues to small scale undertakings | NIL            |
| Outstanding dues to other creditors          | 2224.71        |
| <b>Total Outstanding dues</b>                | <b>2224.71</b> |

For further details, refer to the section titled "Restated Financial Statements" beginning on page 180 of this Prospectus.

**Material Development**

There have not arisen, since the date of the last financial information disclosed in this Prospectus any circumstances which materially and adversely affect, or are likely to affect, our profitability taken as a whole, or the value of our consolidated assets or our ability to pay our liabilities within the next twelve (12) months List of Signatories

## GOVERNMENT AND OTHER STATUTORY APPROVALS

Our Company has received the necessary consents, licenses, permissions, registrations and approvals from the Central and State Government / RBI, various Government agencies and other statutory and / or regulatory authorities and Certification Bodies required for carrying on our present business activities and except as mentioned under this heading, no further material approvals are required for carrying on our present business activities.

Our Company undertakes to obtain all material approvals and licenses and permissions required to operate our present business activities. Unless otherwise stated, these approvals or licenses are valid as of the date of this Prospectus and in case of licenses and approvals which have expired; we have either made an application for renewal or are in the process of making an application for renewal. 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.

The main object clause of the Memorandum of Association of our Company and the objects incidental, enable our Company to carry out its activities. Our Company is dealing in yarn, grey fabric and finished fabric. The Company is also exporting sustainable – ecofriendly organic yarn and fabric to domestic and international textile and garment manufacturers / brands which require various approvals and / or licenses under various laws, rules and regulations.

For further details in connection with the applicable regulatory and legal framework, please refer to the section titled “Key Industry Regulations and Policies” beginning on page 136 of this Prospectus.

The Company has got following licenses/registrations/approvals/consents/permissions from the Government and various other Government agencies required for its present business.

### **INCORPORATION AND OTHER DETAILS:**

1. Our Company was originally incorporated as a Private Limited Company in name and style of “Didwaniya Yarn Exports Private Limited” on December 24, 2003 under the Companies Act, 1956 bearing Corporate Identification Number U17111MH2003PTC143645 issued by the Registrar of Companies, Maharashtra, Mumbai. Prakashchandra Didwaniya, Prashant Didwaniya and Chandabai Didwaniya were the original Promoters and subscribers of the Company at the time of incorporation. Further, the name of our Company was changed to “Le Merite Exports Private Limited” and a special resolution was passed by the Shareholders of the Company at the Extra-Ordinary General Meeting held on August 07, 2004. The Assistant Registrar of Companies, Maharashtra, Mumbai issued a fresh Certificate of Incorporation dated September 02, 2004, upon change of the name. Further, on March 31, 2006 the entire share capital of our Company was transferred by the Didwaniya family to the Lath family and the control of the company was handed over to Lath Family, the new promoters of our company, pursuant to share transfer deed. Further, our Company was converted into a Public Limited Company pursuant to the special resolution passed by the shareholders at the Extra-Ordinary General Meeting of our Company held on June 02, 2015 and consequent upon such conversion the name of our Company was changed to “Le Merite Exports Limited” vide a fresh certificate of incorporation dated July 08, 2015 bearing Corporate Identification Number U17111MH2003PLC143645 issued by the Deputy Registrar of Companies, Mumbai.”
2. The Corporate Identification Number (CIN) of the Company is U17111MH2003PLC143645.

### **APPROVALS FOR THE ISSUE:**

#### **Corporate Approvals:**

1. The Board of Directors have, pursuant to Section 62(1)(c) of the Companies Act 2013, by a resolution passed at its meeting held on January 25, 2022 authorized the Issue, subject to the approval of the shareholders and such other authorities as may be necessary.
2. The shareholders of the Company have, pursuant to Section 62(1)(c) of the Companies Act 2013, by a special resolution passed in the Annual General Meeting held on January 25, 2022 authorized the Issue.

### **In-principle approval from the Stock Exchange**

We have received In-principle approval from the stock exchange for the listing of our Equity Shares on the EMERGE Platform of National Stock Exchange of India Limited, pursuant to letter dated March 25, 2022 bearing reference no. NSE/LIST/1514.

### **Agreements with NSDL and CDSL**

1. The Company has entered into an agreement dated January 12, 2022 with the Central Depository Services (India) Limited (“CDSL”) and the Registrar and Transfer Agent, who in this case is, Bigshare Services Private Limited for the dematerialization of its shares.
2. Similarly, the Company has also entered into an agreement dated January 25, 2022 with the National Securities Depository Limited (“NSDL”) and the Registrar and Transfer Agent, who in this case is, Bigshare Services Private Limited for the dematerialization of its shares.
3. The Company's International Securities Identification Number (“ISIN”) is INE0G1L01017.

For further details of the properties mentioned above, please refer section titled to the “*Details of Immovable Property*” and the section titled “*Business Overview*” beginning on page 120 of this Prospectus.

### **APPROVALS / LICENSES RELATED TO OUR BUSINESS ACTIVITIES**

We require various approvals and/ or licenses under various rules and regulations to conduct our business. Some of the material approvals required by us to undertake our business activities are set out below:

| <b>SN</b> | <b>Description</b>                      | <b>Authority</b>  | <b>Registration No.<br/>/ License No.</b>                | <b>Date of Issue</b>   | <b>Date of Expiry</b>  |
|-----------|---|---|--|--|--|
| 1.        | Import Export License                   | Government of India,<br>Ministry of Commercial and Industry                       | IEC Code: 0303084367                                     | March 19,<br>2004<br>Last Modified:<br>May 06 2021   | Perpetual  |
| 2.        | Registration-Cum Membership Certificate | Federation of Indian Export Organisations,<br>Ministry of Commerce, Govt of India | RCMC No. WR/1220/2019-2020                               | March 01,<br>2021  | March 31, 2022   |
| 3.        | Registration Cum-Membership Certificate | TEXPROCIL – The Cotton Textiles Export Promotion Council                          | Reg No. MXY/29730/<br>(2010)- L<br>Texprocil Code: 62647 | 1) Issue date:<br>April 23, 2015<br>2) and further application for renewal made on November 27, 2020 | 1) Valid upto<br>March 31, 2020<br>2) Renewed upto<br>March 31, 2025 |

| SN | Description   | Authority  | Registration No. / License No.  | Date of Issue   | Date of Expiry  |
|----|---|--|---|---|---|
| 4. | Registration Cum-Membership Certificate                               | The Synthetic & Rayon Textiles Export Promotion Council  | Reg No.SR/MER-MFG/23857/2021-22   | June 25, 2021   | Certificate Valid upto March 31, 2026<br>Membership Valid upto March 31, 2022** |
| 5. | Certificate of Recognition Three Star Export House                    | Ministry of Commerce & Industry, Govt of India   | Status Holder No.03/3/0093/160106   | September 30, 2015  | September 29, 2020*   |
| 6. | Scope Certificate   | Global Organic Textile Standard (GOTS) - Version 6.0 (CU Inspections & Certifications India Pvt Ltd) | Scope Certificate Number: CU822466GOTS-2021-00054545<br>License No 822466 | June 07, 2021   | May 12, 2022  |
| 7. | Scope Certificate   | Global Recycled Standard (GRS) - Version 4.0 - (CU Inspections & Certifications India Pvt Ltd)       | Scope Certificate Number: CU822466GRS-2021-0054543<br>License No.822466   | June 07, 2021   | May 12, 2022  |
| 8. | ISO 9001 :2015  | Certificates of Registrations  | Certificate No.41111/A/0001/UK/En   | Date of Original: September 29, 2010<br>Date of Issue: September 29, 2019 | September 28, 2022  |
| 9. | Standard 100 by OEKO-TEX® For Greige Woven Fabric made of 100% Cotton | HOHENSTEIN TEXTILE TESTING INSTITUTE GmbH & Co. KG, Germany  | Certificate 21. HIN.85591   | January 11, 2022  | January 31, 2023  |

| SN  | Description  | Authority   | Registration No. / License No.                 | Date of Issue   | Date of Expiry                     |
|-----|--|---|--|---|------------------------------------|
| 10. | Standard 100 by OEKO-TEX®<br>Raw Yarn made of 100% cotton  | HOHENSTEIN<br>TEXTILE TESTING<br>INSTITUTE<br>GmbH & Co. Kg,<br>Germany | Certificate 20.HIN.21713                       | April 27 ,2021  | April 30, 2022                     |
| 11. | Udyog Aadhar Memorandum /Entrepreneurs Memorandum for setting micro, small and medium Enterprises Unit | Ministry of Micro, Small and Medium Enterprises, Government of India    | Udyog Aadhar Number MH33A0014387               | January 31, 2017  | Perpetual                          |
| 12. | Registration Certificate under Shop & Establishment Act,2017   | Chief Facilitator officer, Mumbai,                                      | Registration No.820194339/L WARD/COMMERCIAL II | December 09, 2021   | To be renewed in every three years |
| 13. | Registration - Export Promotion & Quality Assurance Division   | Textile Committee (Government of India, Ministry of Textiles)           | MUM/07245                                      | Date of Original : July 07, 2008<br>Date of issue July 19, 2021 | Date of Revalidated: July 06, 2022 |

\* Our company has made application for renewal of certificate for Three Star Export House dated September 29, 2021 for which approval is not received.

\*\* Our company yet to made an application for renewal of license.

**TAX RELATED APPROVALS / LICENSES / REGISTRATIONS:**

| SN | Authorisation Granted          | Issuing Authority                          | Registration No. / License No. | Date of Issue     | Validity  |
|----|--------------------------------|--|--------------------------------|-------------------|-----------|
| 1. | Permanent Account Number (PAN) | Income Tax Department, Government of India | AABCD9133H                     | December 24, 2003 | Perpetual |

| SN | Authorisation Granted  | Issuing Authority  | Registration No. / License No. | Date of Issue    | Validity  |
|----|--|--|--------------------------------|------------------|-----------|
| 2. | Tax Deduction Account Number (TAN)   | Income Tax Department through National Securities Depository Limited (NSDL), Ministry of Finance, Government of India  | MUML06080E                     | *Not available   | Perpetual |
| 3. | Goods and Service Tax Identification Number  | Government Of India<br>Principal Place of Business: 1, B1 104D, Boomerang, Chandivali Farm Road, Chandivali, Andheri East, Mumbai Maharashtra - 400072                                     | 27AABCD9133H1ZO                | October 20, 2020 | Perpetual |
| 4. | Goods and Service Tax Identification Number  | Government of India<br>Principal place of Business:<br>Survey No.159/Pi, Unit No.18, Shivalik Reality, Opp. Hanumanji Temple, N.H.No.8, Bhilad, Saigram, Umbergaon, Valsad, Gujarat 396150 | 24AABCD9133H1ZU                | July 27, 2020    | Perpetual |
| 5. | Certificate of Registration under sub-section (1) of Section 5 of The Maharashtra State Tax on Professions, Trades, Callings and Employment Act,1975 | Profession Tax Officer, Mumbai Govt of India   | PTR No.27780240370P 318141     | July 03, 2010    | Perpetual |

\* Our company had made an application for obtaining a duplicate copy of TAN Certificate & yet to receive the same.

**INDUSTRIAL AND LABOUR RELATED APPROVALS / REGISTRATIONS:**

| SN | Description  | Authority  | Registration No. / License No.                    | Date  |
|----|--|--|---|---|
| 1. | Employees Provident Fund Registration (under Employees' Provident Funds and Miscellaneous Provisions Act, 1952)  | Employees Provident Fund Organisation, Ministry of Labour, Government of India   | PF No.10000745609THA                              | September 04, 2021  |
| 2. | Registration under Employees' State Insurance Act, 1948  | Employees State Insurance Corporation  | Code No.35000592870001099                         | September 04, 2021  |
| 3. | Factory License for production of Soot Girni by Le Merite Exports Limited for Rokdeswar Sahakari Soot Girni Ltd, Basmat*   | Rokdeswar Sahakari Soot Girni Ltd, Basmat  | Application made for renewal on January 19, 2022. |   |
| 4. | Fire Certificate under Maharashtra Fire Prevention and Life Safety Measures Act,2006 for unit namely LE MERITE EXPORTS LTD for Rokdeswar Sahakari Sootgirani Ltd, Basmath    | Municipal Council, Basmath   | Nil   | Certificate Valid upto 16 <sup>th</sup> July,2021 to 16 <sup>th</sup> July,2022 |
| 5. | Memorandum for manufacture of Cotton yarn at Rokdeswar Sahakari Sootgirani Ltd, Basmath for LE MERITE EXPORTS LTD Quantity 2500.00 spindles                                  | Govt of India, Ministry of Industry Secretariat for Industrial Assistance Entrepreneurial Assistance Unit                  | NA  | NA  |
| 6. | Certificate of Registration under Section 9 (1) of the Maharashtra Co-operative Societies Act, 1960 for Rokdeswar Sahakari Sootgirani Ltd, Basmath for LE MERITE EXPORTS LTD | Joint Director of Handlooms, Powerlooms and Textiles & Joint Registrar, Co-operative Societies, Maharashtra state, Nagpur. | Registration No. PBN/PRG/(A)-5                    | December 01,1991  |

*\*Our Company has taken Factory from the Maharashtra Co-operative bank on lease basis for production of Soot Girni at Unit 2 hence the Factory License required to applied by the Company for which application has been made to respective authority for obtaining license.*

**OTHER REGISTRATION AND CERTIFICATES:**

NIL

***Intellectual property approval obtained by Our Company***

**As on date of the Prospectus our company has applied for the following trademarks:**

| Sr. No. | Authority Granting Approval                | Application No. Trade Mark No. | Temporary Reference No./Registration No. | Trademark | Status     |
|---------|--|--------------------------------|--|-----------|------------|
| 1.      | Trade Marks Registry Under Trade Marks Act | 3054261                        | under class 24                           | FALTAM*   | Registered |
| 2.      |  | 3298392                        | under class 24                           | LAXON     | Registered |
| 3.      |  | 2986181                        | Under class 24                           | LE MERITE | Registered |

*\*TM "FALTAM" is registered in name of LE MERITE EXPORTS PRIVATE LIMITED. Our Company is yet to make any application for the name change of the user pursuant to the conversion of the Company from of "LE MERITE EXPORTS PRIVATE LIMITED" to "LE MERITE EXPORTS LIMITED"*

## OTHER REGULATORY AND STATUTORY DISCLOSURES

### AUTHORITY FOR THE ISSUE

Our Board of Directors have vide resolution dated January 25, 2022 authorized the Issue, subject to the approval by the shareholders of our Company under Section 62(1)(c) of the Companies Act, 2013

Further, our shareholders of our Company have approved by passing a special resolution under section 62(1)(c) of the Companies Act, 2013 at the Extra Ordinary General Meeting of our Company held on January 25, 2022.

Our Board have approved this Prospectus by way of resolutions passed dated February 01, 2022.

We have received In- Principle Approval from National Stock Exchange of India Limited vide their letter dated March 25, 2022 to use the name of National Stock Exchange of India Limited for listing of our Equity Shares on EMERGE Platform of National Stock Exchange of India Limited. For the purpose of this Issue, National Stock Exchange of India Limited (NSE) is the Designated Stock Exchange.

### PROHIBITION BY SEBI OR OTHER GOVERNMENTAL AUTHORITIES

Further, our company, promoters, members of the promoter group, directors are not debarred or prohibited from accessing the capital markets or debarred from buying, selling or dealing in securities under any order or direction passed by the Board or any securities market regulator in any other jurisdiction or any other authority/court as on the date of this Prospectus.

The listing of any securities of our Company has never been refused at any time by any of the stock exchanges in India.

Our Directors and Promoters are not directors or promoters of any other company which is debarred from accessing the capital markets by SEBI.

Our Company, Promoters, or Directors have not been declared as Wilful Defaulters by any bank or financial institution or consortium thereof in accordance with the guidelines on willful defaulters issued by the RBI

Our Promoters or Directors have not been declared as Fugitive Economic Offenders.

There are no outstanding warrants, options or rights to convert debentures, loans or other instruments convertible into, or any other right which would entitle any person any option to receive Equity Shares, as on the date of this Prospectus. For further information see "*Capital Structure*" beginning on page 60 of this Prospectus.

Further, none of our Company, Promoters or Directors have been declared as a fraudulent borrower by any bank, financial institution or lending consortium, in accordance with the 'Master Directions on Frauds Classification and Reporting by commercial banks and select FIs' dated July 1, 2016, as updated, issued by the RBI.

The Equity Shares of our Company held by our Promoters are in the dematerialised form.

The Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of filing of this Prospectus.

### DIRECTORS ASSOCIATED WITH THE SECURITIES MARKET

None of our Directors are associated with the securities market. There have been no actions initiated by SEBI against any of our Directors in the five years preceding the date of this Prospectus.

### COMPLIANCE WITH THE COMPANIES (SIGNIFICANT BENEFICIAL OWNERS) RULES, 2018

Our Company, Promoters and member of the Promoter Group are in compliance with the Companies (Significant Beneficial Ownership) Rules, 2018 as amended ("SBO Rules") to the extent applicable to each of them as on the date of this Prospectus.

### ELIGIBILITY FOR THE ISSUE

Our company is an “Unlisted Issuer” in terms of the SEBI (ICDR) Regulations, 2018; and this Issue is an “Initial Public Offer” (“IPO”) in terms of the SEBI (ICDR) Regulations, 2018.

Our company is eligible for the Issue in accordance with Regulation 229(2) of Chapter IX of SEBI (ICDR) Regulations, 2018, as amended from time to time, whereby, an issuer whose post issue paid up capital is more than ten crore rupees and up to twenty-five 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 Emerge Platform of National Stock Exchange of India Limited.

Our Company also complies with eligibility conditions laid by Emerge Platform of National Stock Exchange of India Limited for listing of Equity Shares.

**We confirm that:**

1. In accordance with Regulation 246 the SEBI (ICDR) Regulations, 2018, the lead manager shall ensure that the issuer shall file copy of the Draft Prospectus / Prospectus with SEBI along with Due Diligence Certificate including additional confirmations as required at the time of filing the Draft Prospectus / Prospectus to SEBI.
2. In accordance with Regulation 260 of the SEBI (ICDR) Regulations, 2018, this issue has been one hundred percent (100%) underwritten and that the Lead Manager to the Issue has underwritten at least 15% of the Total Issue Size. For further details, pertaining to said underwriting please see “General Information” beginning on page 53 of this Prospectus.
3. In accordance with Regulation 268 of the SEBI (ICDR) Regulations, 2018, we shall ensure that the total number of proposed allottees in the Issue is greater than or equal to fifty (50), otherwise, the entire application money will be unblocked forthwith. If such money is not unblocked within eight (8) working days from the date our Company becomes liable to unblock it, then our Company and every officer in default shall, on and from expiry of eight (8) day, be liable to unblock such application money with interest as prescribed under the SEBI Regulations, the Companies Act 2013 and applicable laws.
4. In accordance with Regulation 261 of the SEBI (ICDR) Regulations, we shall enter into an agreement with the Lead Manager and Market Maker to ensure compulsory Market Making for a minimum period of three (3) years from the date of listing of equity shares offered in this issue. For further details of the arrangement of market making please see “General Information” beginning on page 53 of this Prospectus.

We further confirm that we shall be complying with all the other requirements as laid down for such an issue under Chapter IX of SEBI (ICDR) Regulations, 2018, as amended from time to time and subsequent circulars and guidelines issued by SEBI and the Stock Exchange.

**A. The issuer should be a Company incorporated Under Companies Act, 1956**

Our Company is incorporated under the Companies Act, 1956.

**B. The post issue paid up capital of the company (face value) shall not be more than ₹ 25 crores.**

The post issue paid up capital of the Company (face value) will be ₹ 23.48 crores, which is less than ₹ 25 crores

**C. Track Record**

**a. The Company should have a (combined) track record of at least 3 years**

Our Company satisfies the criteria of Track Record

(₹ in lakhs)

| Particulars                     | Nine months period ended December 31, 2021 | Year ended March 31, 2021 | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---------------------------------|--|---------------------------|---------------------------|---------------------------|
| Net Profit as per P & L Account | 1586.91                                    | 705.65                    | 314.62                    | 112.83                    |

- b. The company should have combined positive cash accruals (earnings before interest, depreciation and tax) from operations for at least 2 financial years preceding the application and its net worth should be positive.

(₹ in lakhs)

| Particulars   | Nine months period ended December 31, 2021 | Year ended March 31, 2021 | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|--|---------------------------|---------------------------|---------------------------|
| Cash Accruals as per restated Financial Statements <sup>1</sup> | 2,312.72                                   | 1,039.41                  | 599.80                    | 392.62                    |
| Net Worth as per Restated Financial Statements                  | 4021.18                                    | 2,434.26                  | 1,728.62                  | 1,413.99                  |

(1) Restated profit/loss before tax + Depreciation expense + Finance cost – Other Income

- D. The company shall mandatorily facilitate trading in demat securities and enter into an agreement with both the depositories.

To enable all shareholders of the Company to have their shareholding in electronic form, the Company had signed the tripartite agreements with the both Depositories and the Registrar to the Agreement.

The Company's shares bear an ISIN No: INE0G1L01017

- E. Company shall mandatorily have a website.

Our Company has a live and operational website: [www.lemeriteexports.com](http://www.lemeriteexports.com)

**Certificate from the applicant company stating the following:**

- Our Company has not been referred to the Board for Industrial and Financial Reconstruction (BIFR).
- There is no winding up petition against the company that has been admitted by the Court and accepted by a court or a Liquidator has not been appointed.
- There has been no change in the promoter/s of the Company in preceding one (1) year from the date of filing application to National Stock Exchange of India Limited for listing on SME segment.
- There is no material regulatory or disciplinary action taken by a stock exchange or regulatory authority in the past one year in respect of promoters/promoting company (ies), group companies, companies promoted by the promoters/promoting companies of the Company.

We further confirm that we shall be complying with all the other requirements as laid down for such an Issue under Chapter IX of SEBI (ICDR) Regulations and subsequent circulars and guidelines issued by SEBI and the National Stock Exchange of India Limited.

#### **DISCLAIMER CLAUSE OF SECURITIES AND EXCHANGE BOARD OF INDIA**

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF OFFER DOCUMENTS 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 DOCUMENTS. THE LEAD MANAGER, FEDEX SECURITIES PRIVATE LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENTS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE REGULATIONS. 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 OUR COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS OFFER DOCUMENTS AND THE

**LEAD MANAGER ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGE THEIR RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED FEBRURAY 01, 2022 IN THE FORMAT PRESCRIBED UNDER SCHEDULE V(A) OF THE SEBI ICDR REGULATIONS..**

**THE FILING OF THE OFFER DOCUMENTS DOES NOT, HOWEVER, ABSOLVE OUR COMPANY FROM ANY LIABILITIES 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 LEAD MANAGER, ANY IRREGULARITIES OR LAPSES IN THE OFFER DOCUMENTS.**

**ALL LEGAL REQUIREMENTS PERTAINING TO THIS ISSUE WILL BE COMPLIED WITH AT THE TIME OF FILING OF THE PROSPECTUS WITH THE REGISTRAR OF COMPANIES, MUMBAI, MAHARASHTRA IN TERMS OF SECTION 26 OF THE COMPANIES ACT, 2013**

**DISCLAIMER CLAUSE OF THE EMERGE PLATFORM OF NATIONAL STOCK EXCHANGE OF INDIA LIIMITED (NSE EMERGE)**

As required, a copy of this Offer Document has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). National Stock Exchange of India Limited has given vide its letter Ref: NSE/LIST/1514 date March 25, 2022 permission to the Issuer to use the Exchange's name in this Offer Document as one of the stock exchanges on which this Issuer's securities are proposed to be listed. The Exchange has scrutinized this 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 National Stock Exchange of India Limited should not in any way be deemed or construed that the offer document has been cleared or approved by National Stock Exchange of India Limited; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

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 FROM OUR COMPANY, OUR DIRECTORS AND LEAD MANAGER**

Our Company, our Directors and the LM accept no responsibility for statements made otherwise than in this Prospectus or in the advertisements or any other material issued by or at our instance and anyone placing reliance on any other source of information, including our Company's website [www.lemerteexports.com](http://www.lemerteexports.com) would be doing so at his or her own risk.

The LM accept no responsibility, save to the limited extent as provided in the Issue Agreement and the Underwriting Agreement entered into between the Underwriters and our Company. All information shall be made available by our Company and the LM to the investors and the public at large and no selective or additional information would be made available for a section of the investors in any manner whatsoever.

None amongst our Company or any member of the Syndicate shall be liable for any failure in (i) uploading the Applications due to faults in any software/ hardware system or otherwise or (ii) the blocking of Bid Amount in the ASBA Account on receipt of instructions from the Sponsor Bank on account of any errors, omissions or non-compliance by various parties involved in, or any other fault, malfunctioning or breakdown in, or otherwise, in the UPI Mechanism. Applicants will be required to confirm and will be deemed to have represented to our Company, 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 the Equity Shares and will not issue, sell, pledge, or transfer the Equity Shares to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares.

The Lead Manager and their respective associates and affiliates may engage in transactions with, and perform services for our Company, our Group Entities and our respective affiliates and associates in the ordinary course of business, and have engaged, or may in the future engage in commercial banking and investment banking transactions with our Company or our Group Entities or their respective affiliates or associates for which they have received, and may in future receive compensation

**CAUTION- DISCLAIMER FROM OUR COMPANY AND THE LEAD MANAGER**

The Company, and the Lead Manager accept no responsibility for statements made otherwise than in this Prospectus or in the advertisements or any other material issued by or at instance of the issuer and that anyone placing reliance on any other source of information, including our website: [www.lemeriteexports.com](http://www.lemeriteexports.com), [www.fedsec.in](http://www.fedsec.in) would be doing so at their own risk.

**DISCLAIMER IN RESPECT OF JURISDICTION**

This issue is being made in India to persons resident in India including Indian Nationals Resident in India who are not Minors, HUFs, Companies, Corporate Bodies and Societies registered under the applicable laws in India and authorized to invest in shares, Indian Mutual Funds registered with SEBI, Indian Financial Institutions, Commercial Banks, Regional Rural Banks, Co-Operative Banks (subject to RBI permission), or Trusts under the applicable trust law and who are authorized under their constitution to hold and invest in shares, any FIIs sub-account registered with SEBI which is a foreign corporate or foreign individual, permitted insurance companies and pension funds and to FIIs and Eligible NRIs. This Draft Prospectus / Prospectus does not, however, constitute an invitation to subscribe to Equity Shares offered hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession the Draft Prospectus/ Prospectus comes is required to inform him or herself about and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Mumbai only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose except that this Prospectus has been filed with National Stock Exchange of India Limited for its observations and National Stock Exchange of India Limited shall give its observations in due course. Accordingly, the Equity Shares represented hereby may not be offered or sold, directly or indirectly, and this Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

Accordingly, our Company's Equity Shares, represented thereby may not be offered or sold, directly or indirectly, and Draft Prospectus / Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of Draft Prospectus / Prospectus nor any sale here under shall, under any circumstances, create any implication that there has been any change in our Company's affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

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.

**DISCLAIMER CLAUSE UNDER RULE 144A OF THE U.S. SECURITIES ACT, 1993**

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 of 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 (i) in the United States only to “qualified institutional buyers”, as defined in Rule 144A of the Securities Act, and (ii) outside the United States in offshore transactions in reliance on Regulation S under the Securities Act and in compliance with the applicable laws of the jurisdiction where those offers and sales occur.

The Equity Shares have not been, and will not be, registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction. Further, each applicant, wherever requires, agrees that such applicant will not sell or transfer any Equity Share 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.

## **LISTING**

Our company has obtained In-Principle approval from National Stock Exchange of India Limited vide letter dated March 25, 2022 to use name of National Stock Exchange of India Limited in this offer document for listing of equity shares on EMERGE Platform of National Stock Exchange of India Limited, with which Basis of Allotment will be finalized.

In terms of Chapter IX of the SEBI (ICDR) Regulations, 2018, there is requirement of obtaining In-principle approval from EMERGE Platform of National Stock Exchange of India Limited. Application will be made to the EMERGE Platform of National Stock Exchange of India Limited for obtaining permission to deal in and for an official quotation of our Equity Shares. National Stock Exchange of India Limited is the Designated Stock Exchange, with which the Basis of Allotment will be finalized for the issue.

If the permissions to deal in and for an official quotation of our Equity Shares are not granted by the EMERGE Platform of National Stock Exchange of India Limited, the Company shall forthwith unblock, without interest, all moneys received from the applicants in pursuance of the Prospectus. If such money is not repaid within 8 days after our Company becomes liable to repay it (i.e., from the date of refusal or within 15 working days from the Issue Closing Date), then our Company and every Director of our Company who is an officer in default shall, on and from such expiry of 8 working days, be liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under section 40 of the Companies Act, 2013 and SEBI (ICDR) Regulations.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the EMERGE Platform of the National Stock Exchange of India Limited mentioned above are taken within Six (6) Working Days from 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 –*

- 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 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”*

**The liability prescribed under Section 447 of the Companies Act, 2013–**

Any person who is found to be guilty of fraud involving an amount of at least ten lakh rupees or one per cent. of the turnover of the company, whichever is lower shall be punishable with imprisonment for a term which shall not be less than six months but which may extend to ten years (provided that where the fraud involves public interest, such term

shall not be less than three years) and shall also be liable to fine which shall not be less than the amount involved in the fraud, but which may extend to three times the amount involved in the fraud.

Provided that where the fraud in question involves public interest, the terms of imprisonment shall not be less than three years.

Provided further that where the fraud involves an amount less than ten lakh rupees or one per cent. of the turnover of the company, whichever is lower, and does not involve public interest, any person guilty of such fraud shall be punishable with imprisonment for a term which may extend to five years or with fine which may extend to fifty lakh rupees or with both.

## **CONSENTS**

The written consents of Promoter, Directors, Company Secretary and Compliance Officer, Chief Financial Officer, Statutory Auditor and Peer Review Auditor, Bankers to the Company, Legal Advisor to the Issue, the Lead Manager to the Issue, Underwriter(s), Registrar to the Issue, Market Makers, Banker to Issue and Sponsor Bank to act in their respective capacities have been obtained and shall be filed along with a copy of the Prospectus with the RoC, as required under Sections 32 of the Companies Act, 2013 and such consents shall not be withdrawn up to the time of delivery of the Prospectus for registration with the RoC. Our Auditors have given their written consent to the inclusion of their report in the form and context in which it appears in this Draft Prospectus/Prospectus and such consent and report shall not be withdrawn up to the time of delivery of the Prospectus and Prospectus for filing with the RoC.

In accordance with the Companies Act and the SEBI (ICDR) Regulations, 2018

1) Nagori Nuwal & Co., Chartered Accountants, have provided their written consent for the inclusion of their report dated April 12, 2022 regarding restated financial statements; and

2) Nagori Nuwal & Co Chartered Accountant, have provided their written consent for the inclusion of Statement of Tax Benefits dated January 13, 2022 which may be available to the Company and its shareholders included in this Prospectus in the form and context in which they appear therein and such consent and reports have not been withdrawn up to the time of delivery of the Prospectus with ROC.

## **EXPERT OPINION**

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

Report of the Auditor on Statement of Tax Benefits

Report of the Auditor on Restated Financial Statements for the nine months period ended December 31, 2021 and financial year ended March 31, 2021, 2020 and 2019 of our company.

However, the term “expert” shall not be construed to mean an “expert” as defined under the Securities Act.

## **PREVIOUS PUBLIC OR RIGHTS ISSUE**

Company has not made any previous Public or Right issue during last five (5) years.

## **COMMISSION OR BROKERAGE**

We have not made any public issue in last five (5) years. Hence, no sums have been paid or payable as Commission or Brokerage.

## **CAPITAL ISSUE DURING THE LAST THREE YEARS BY ISSUER, LISTED GROUP COMPANIES AND SUBSIDIARIES OF OUR COMPANY**

Except as disclosed in Section titled “*Capital Structure*” beginning on page 60 of this Prospectus and below, our Company has not made any capital issue during the previous three years. Our Company do not have any listed group Companies/ Subsidiaries / Associates.

**PERFORMANCE VIS-À-VIS objects;**

Except as stated in the section titled “*Capital Structure*” beginning on page 60 of this Prospectus, we have not made any previous rights and / or public issues during the last five (5) years and are an “Unlisted Issuer” in terms of SEBI (ICDR) Regulations and this Issue is an “Initial Public Offering” in terms of the SEBI (ICDR) Regulations, the relevant data regarding performance vis-à-vis objects is not available with the Company.

None of our Group Companies and Promoter Group Companies have their equity shares listed on any stock exchange.

**PRICE INFORMATION AND THE TRACK RECORD OF THE PAST ISSUES HANDLED BY THE LEAD MANAGER**

For details regarding the price information and track record of the past issue handled by Fedex Securities Private Limited, as specified in the circular reference CIR/CFD/DIL/7/2015 dated October 30, 2015, issued by SEBI, please refer Annexure "A" and the website of Lead Manager at [www.fedsec.in](http://www.fedsec.in)

## ANNEXURE A

## DISCLOSURE OF PRICE INFORMATION OF PAST ISSUES HANDLED BY FEDEX SECURITIES PRIVATE LIMITED

| Sr. No. | Issue Name                             | Issue Size (Cr) | Issue Price (₹) | Listing date       | Opening price on listing date | +/- % change in closing price, [+/- % change in closing benchmark]- 30 <sup>th</sup> calendar days from listing | +/- % change in closing price, [+/- % change in closing benchmark]- 90 <sup>th</sup> calendar days from listing | +/- % change in closing price, [+/- % change in closing benchmark]- 180 <sup>th</sup> calendar days from listing |
|---------|--|-----------------|-----------------|--------------------|-------------------------------|---|---|--|
| 1.      | Sona hi Sona                           | 4.50            | 10              | October 15, 2019   | 11.15                         | 9.00%<br>(3.61%)  | 6.00%<br>(7.89%)  | 35.00%<br>(-21.30%)  |
| 2.      | DC Infotech and Communications Limited | 10.80           | 45              | December 27, 2019  | 45.50                         | 0.44%<br>(-1.04%)   | 0.44%<br>(-32.08%)  | (1.11%)<br>(-14.49%)   |
| 3.      | Atam Valves Limited                    | 4.50            | 40              | October 06, 2020   | 40.00                         | (0.12%)<br>(2.63%)  | (1.75)%<br>21.74%   | (0.12%)<br>(24.22%)  |
| 4.      | Rangoli Tradecomm Limited              | 45.14           | 207             | March 22, 2021     | 211.00                        | 14.49%<br>(-4.15%)  | 255.07%<br>5.63%  | 377.78%<br>18.57%  |
| 5.      | Rajeshwari Cans Limited                | 4.03            | 20              | April 15, 2021     | 20.75                         | (10.00%)<br>(-0.15%)  | 7.00 %<br>8.13%   | 2.50%<br>23.06%  |
| 6.      | Kuberan Global Edu Solutions Limited   | 1.16            | 20              | May 05, 2021       | 21.00                         | (7.50%)<br>7.30%  | (10.25% )<br>8.78%  | (30.00)<br>24.95%  |
| 7.      | Aashka Hospitals Limited               | 101.64          | 121             | September 01, 2021 | 121.1                         | (58.68%)<br>3.12%   | 64.34%<br>(-0.14%)  | (62.89%)<br>(1.90%)  |
| 8.      | Euro Panel Products Limited            | 45.15           | 70              | December 24, 2021  | 70.00                         | 54.29%<br>0.85%   | 39.29%<br>1.42  | NA   |
| 9.      | Wherrelz IT Solutions Limited          | 2.011           | 171             | December 29, 2021  | 173.05                        | 19.88%<br>(-0.92%)  | 2.95%<br>(0.37%)  | NA   |
| 10.     | Sunrise Efficient Marketing Limited    | 16.69           | 121             | April 12, 2021     | 121.25                        | NA  | NA  | NA   |

Sources: All share price data is from [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com)

**Note:**

1. The BSE Sensex and CNX Nifty are considered as the Benchmark Index
  2. Prices on BSE/NSE are considered for all of the above calculations
  3. In case 30th/90th/180th day is not a trading day, closing price on BSE/NSE of the next trading day has been considered
  4. In case 30th/90th/180th days, scrips are not traded then last trading price has been considered.
- As per SEBI Circular No. CIR/CFD/DIL/7/2015 dated October 30, 2015, the above table should reflect maximum 10 issues (Initial Public Offers) managed by the lead manager. Hence, disclosures pertaining to recent 10 issues handled by the lead manager are provided.

**SUMMARY STATEMENT OF DISCLOSURE**

| Financial year | Total no. of IPO | Total funds Raised (₹. Cr) | Nos of IPOs trading at discount on 30th Calendar Day from listing date |                |               | Nos of IPOs trading at premium on 30th Calendar Day from listing date |                |               | Nos of IPOs trading at discount on 180th Calendar Day from listing date |                |               | Nos of IPOs trading at premium on 180th Calendar Day from listing date |                |               |
|----------------|------------------|----------------------------|--|----------------|---------------|---|----------------|---------------|---|----------------|---------------|--|----------------|---------------|
|                |                  |                            | Over 50%   | Between 25-50% | Less than 25% | Over 50%  | Between 25-50% | Less than 25% | Over 50%  | Between 25-50% | Less than 25% | Over 50%   | Between 25-50% | Less Than 25% |
| 2019-20        | *4               | 95.22                      |  |                | 1             | 1   |                | 2             | 1   |                | 1             | 1  | 1              |               |
| 2020-21        | **2              | 49.65                      |  |                | 1             |   |                | 1             |   |                | 1             | 1  |                |               |
| 2021-22        | ***5             | 153.99                     | 1  |                | 2             | 1   |                | 1             | 1   | 1              |               |  |                | 1             |
| 2022-23        | ****1            | 16.98                      |  |                |               |   |                |               |   |                |               |  |                |               |

\*The script of Artemis Electricals Ltd, Cian Healthcare Ltd, Sona Hi Sona Jewellers (Gujarat) Limited and DC Infotech and Communication Limited were listed on Tuesday, May 14, 2019, Thursday, May 23, 2019, Tuesday, October 15, 2019 and Friday, December 27, 2019 respectively

\*\*The script of Atam Valves Limited and Rangoli Tradecomm Limited were listed on October 06, 2020 and March 22, 2021 respectively.

\*\*\* The script of Rajeshwari Cans Limited, Kuberan Global Edu Solutions Limited and Aashka Hospitals Limited Euro Panel Products Limited and Wherrelz IT Solutions Limited were listed on April 15, 2021, May 05, 2021, September 01, 2021, December 24, 2021 and December 29, 2021 respectively. The script of Aashka Hospitals Limited, Euro Panel Products Limited and Wherrelz IT Solutions Limited have not completed 180 calendar days.

\*\*\*\* The script of Sunrise Efficient Marketing Limited have not completed 30 calendar days

## **TRACK RECORD OF PAST ISSUES HANDLED BY FEDEX SECURITIES PRIVATE LIMITED**

For details regarding track record of the Lead Manager 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 Lead Manager at: [www.fedsec.in](http://www.fedsec.in)

## **STOCK MARKET DATA FOR OUR EQUITY SHARES**

This being an Initial Public Offering of the Equity Shares of our Company, the Equity Shares are not listed on any stock exchange.

## **MECHANISM FOR REDRESSAL OF INVESTOR 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 and the bank branch or collection centre where the application was submitted.

All grievances relating to the ASBA process and UPI may be addressed to the Registrar to the Issue with a copy to the relevant SCSB or the member of the Syndicate (in Specified Cities), as the case may be, where the Application Form was submitted by the ASBA Applicants, giving full details such as name, address of the applicant, application number, number of Equity Shares applied for, amount blocked on application and designated branch or the collection centre of the SCSBs or the member of the Syndicate (in Specified Cities) or Sponsor Bank, as the case may be, where the Application Form was submitted by the ASBA Applicants.

Further, none of our subsidiary companies or Group Companies are listed on any stock exchange, so disclosure regarding mechanism for redressal of investor grievances for our subsidiary companies are not applicable

## **DISPOSAL OF INVESTOR GRIEVANCES BY OUR COMPANY**

The Company has appointed Registrar to the Issue, to handle the investor grievances in co-ordination with our Company.

All grievances relating to the present Issue may be addressed to the Registrar with a copy to the Compliance Officer, giving full details such as name, address of the Applicant, number of Equity Shares applied for, amount paid on application and name of bank and branch. The Company would monitor the work of the Registrar to the Issue to ensure that the investor grievances are settled expeditiously and satisfactorily. The Registrar to the Issue will handle investor's grievances pertaining to the Issue. A fortnightly status report of the complaints received and redressed by them would be forwarded to the Company. The Company would also be coordinating with the Registrar to the Issue in attending to the grievances to the investor.

All grievances relating to the ASBA process and UPI 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 Designated Branch of the SCSB where the Application Form was submitted by the ASBA Applicant. We estimate that the average time required by us or the Registrar to the Issue or the SCSBs for the redressal of routine investor grievances will be seven (7) business days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

The Registrar to the Issue shall obtain the required information from the SCSBs for addressing any clarifications or grievances of ASBA applicants or UPI Payment Mechanism Applicants. Our Company, the Lead Manager and the Registrar to the Issue accept no responsibility for errors, omissions, commission or any acts of SCSBs / Sponsor Bank including any defaults in complying with its obligations under applicable SEBI ICDR Regulations.

The Company has applied for obtaining authentication on the SCORES and shall comply with the SEBI circular (CIR/OIAE/1/2013) dated April 17, 2013 in relation to redressal of investor grievances through SCORES.

Our Company has constituted a Stakeholders Relationship Committee of the Board vide resolution passed on December 20, 2021. For further details, please refer the section titled *"Our Management"* beginning on page 156 of this Prospectus.

Our Company has also appointed Sarita Mishra as the Company Secretary and Compliance Officer of our company, for this Issue she may be contacted in case of any pre-issue or post-issue related problems at the following address:

**Le Merite Exports Limited**

B1-104D, Boomerang, Chandivali Farm Road,

Powai, Andheri (East),

Mumbai - 400072

Maharashtra, India

**Tel No:** 022 28579209

**Email:** [compliance@lemeriteexports.com](mailto:compliance@lemeriteexports.com)

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

## SECTION VIII –ISSUE INFORMATION

### TERMS OF ISSUE

*The Equity Shares being issued are subject to the provisions of the Companies Act, SEBI (ICDR) Regulations, 2018, SCRA, SCRR, our Memorandum and Articles of Association, SEBI Listing Regulation, the terms of this Prospectus, the Application Form, the Revision Form, the Confirmation of Allocation Note and other terms and conditions as may be incorporated in the allotment advices and other documents/certificates that may be executed in respect of this Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, rules, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchange, the RBI, ROC and/or other authorities, as in force on the date of the Issue and to the extent applicable or such other conditions as may be prescribed by SEBI, the RBI, the Government of India, the FIPB, the Stock Exchange, the RoC and any other authorities while granting their approval for the Issue.*

*Please note that, in terms of Regulation 256 of the SEBI ICDR Regulations 2018 read with SEBI Circular No. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015, all the applicants have to compulsorily apply through the ASBA Process and further in terms of SEBI through its circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018, and as modified through its circular SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 and circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019 (together, the “**UPI Circular**”) in relation to clarifications on streamlining the process of public issue of equity shares and convertibles it has proposed to introduce an alternate payment mechanism using Unified Payments Interface (“**UPI**”) and consequent reduction in timelines for listing in a phased manner. Currently, for application by RIs through Designated Intermediaries, the existing process of physical movement of forms from Designated Intermediaries to SCSBs for blocking of funds is discontinued and RIs submitting their Application Forms through Designated Intermediaries (other than SCSBs) can only use the UPI mechanism with existing timeline of T+6 days until March 31, 2020 (“**UPI Phase II**”). Further SEBI through its circular no SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020 has decided to continue with the Phase II of the UPI ASBA till further notice.*

*Further vide the said circular Registrar to the Issue and Depository Participants have been also authorized to collect the Application forms. Investor may visit the official website of the concerned for any information on operationalization of this facility of form collection by the Registrar to the Issue and Depository Participants as and when the same is made available.*

#### **Authority for the Present Issue**

This Issue has been authorized by a resolution of our Board passed at their meeting held on January 25, 2022 subject to the approval of shareholders through a special resolution to be passed pursuant to Section 62(1)(c) of the Companies Act, 2013. The shareholders have authorized the Issue by a special resolution in accordance with Section 62(1)(c) of the Companies Act, 2013 passed at the Extra Ordinary General Meeting of the Company held on January 25, 2022.

#### **Ranking of Equity Shares**

The Equity Shares being issued shall be subject to the provisions of the Companies Act 2013, our Memorandum and Articles of Association and shall rank pari-passu in all respects with the existing Equity Shares including in respect of the rights to receive dividends and other corporate benefits, if any, declared by us after the date of Allotment. For further details, please see the section titled “*Main Provisions of the Articles of Association*” beginning on page 301 of this Prospectus.

#### **Mode of Payment of Dividend**

The declaration and payment of dividend will be as per the provisions of Companies Act, the Articles of Association, the provision of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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 the Board of Directors and approved by the Shareholders at their discretion and will depend on

a number of factors, including but not limited to earnings, capital requirements and overall financial condition of our Company.

We shall pay dividends in cash and as per provisions of the Companies Act and our Articles of Association. Further Interim Dividend (if any declared) will be approved by the Board of Directors. For further details, please refer to section titled "*Dividend Policy*" and "*Main Provisions of Articles of Association*" beginning on page 179 and 301 respectively of this Prospectus.

#### **Face Value and Issue Price**

The face value of the Equity Shares is ₹ 10.00/- each and the Issue Price is ₹ 75/- per Equity Share (including premium of ₹ 65/- per Equity Share).

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 82 of this Prospectus.

At any given point of time there shall be only one denomination for the Equity Shares.

#### **Compliance with SEBI ICDR Regulations, 2018**

Our Company shall comply with all requirements of the SEBI (ICDR) Regulations, 2018. Our Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

#### **Rights of the Equity Shareholders**

Subject to applicable laws, rules, regulations and guidelines and the Articles of Association, the Equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to receive Annual Reports and 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 in accordance with the provisions of the Companies Act, 2013;
- Right to receive offer/ issue for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation subject to any statutory and other preferential claim being satisfied;
- Right of free transferability subject to applicable law, including any RBI rules and regulations; and
- Such other rights, as may be available to a shareholder of a listed public limited company under the Companies Act, 2013, the terms of the SEBI Listing Regulations, and the Memorandum and Articles of Association of our Company.

For a detailed description of the main provisions of the Articles of Association relating to voting rights, dividend, forfeiture and lien and/or consolidation/splitting, please refer to the section titled "*Main Provisions of Articles of Association*" beginning on page 301 of this Prospectus.

#### **Minimum Application Value; Market Lot and Trading Lot**

Pursuant to Section 29 of the Companies Act, 2013 the Equity Shares shall be allotted only in dematerialised form. As per the SEBI ICDR Regulations, the trading of the Equity Shares shall only be in dematerialised form. In this context, two agreements have been signed amongst our Company, the respective Depositories and the Registrar to the Issue:

- Agreement dated January 25, 2022 amongst NSDL, our Company and the Registrar to the Issue; and
- Agreement dated January 12, 2022 amongst CDSL, our Company and the Registrar to the Issue.

Since trading of the Equity Shares is in dematerialised form, the tradable lot is 1600 Equity Share. Allotment in this Issue will be only in electronic form in multiples of one Equity Share subject to a minimum Allotment of 1600 Equity

Shares to the successful applicants in terms of the SEBI circular No. CIR/MRD/DSA/06/2012 dated February 21, 2012. In this context, two agreements have been signed amongst our Company, the respective Depositories and the Registrar to the Offer:

The trading of the Equity Shares will happen in the minimum contract size of 1600 Equity Shares and the same may be modified by EMERGE Platform of National Stock Exchange of India Limited from time to time by giving prior notice to investors at large.

Allocation and allotment of Equity Shares through this Issue will be done in multiples of 1600 Equity Share subject to a minimum allotment of 1600 Equity Shares to the successful applicants in terms of the SEBI circular No. CIR/MRD/DSA/06/2012 dated February 21, 2012.

In accordance with Regulation 267(2) of the SEBI (ICDR) Regulations 2018 the minimum application size in terms of number of specified securities shall not be less than Rupees One Lakh per application.

#### **Minimum Number of Allottees**

The minimum number of allottees in this Issue shall be fifty (50) shareholders. In case the minimum number of prospective allottees is less than 50, no allotment will be made pursuant to this Issue and all the monies blocked by the SCSBs shall be unblocked within Four (4) working days of closure of issue.

Allocation and allotment of Equity Shares through this issue will be done in multiples of 1600 Equity Share subject to a minimum allotment of 1600 Equity Shares to the successful applicants

#### **Jurisdiction**

Exclusive jurisdiction for the purpose of this Issue is with the competent courts/authorities in Mumbai, Maharashtra, India.

**The Equity Shares have not been and will not be registered under the U.S Securities Act or any other applicable law of 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 U.S Securities Act and applicable state securities laws. Accordingly, the Equity Shares are only being offered and sold (i) within the United States only to persons reasonably believed to be “qualified institutional buyers” (as defined in Rule 144A under the U.S Securities Act and referred to in this Prospectus as “U.S. QIBs”, 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 Prospectus as “QIBs”) in transactions exempt from, or not subject to, the registration requirements of the U.S Securities Act, and (ii) outside the United States in offshore transactions in reliance on Regulation S under the U.S Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.**

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

#### **Joint Holders**

Where two 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 read with Companies (Share Capital and Debentures) Rules, 2014, the sole or first applicant, along with other joint applicant, may nominate any one (1) person in whom, in the event of the death of sole applicant or in case of Joint Applicants, death of all the Applicants, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make

a nomination to appoint, in accordance to Section 72 (4) of the Companies Act, 2013, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office of our Company or to the Registrar and Transfer Agents of our Company.

In accordance with Articles of Association of the Company, any Person who becomes a nominee by virtue of Section 72 of the Companies Act, 2013, shall upon the production of such evidence as may be required by the Board, elect either:

- a) to register himself or herself as the holder of the Equity Shares; or
- b) to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety (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 is in dematerialized form, there is no need to make a separate nomination with us. Nominations registered with the respective depository participant of the applicant would prevail. If the investors 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>MONDAY, APRIL 25, 2022</b>              |
| <b>ISSUE CLOSES ON <sup>(1)</sup></b>  | <b>THURSDAY, APRIL 28, 2022</b>            |
| <b>FINALISATION OF BASIS OF ALLOTMENT WITH THE DESIGNATED STOCK EXCHANGE</b> | <b>WEDNESDAY, MAY 04, 2022</b>             |
| <b>INITIATION OF REFUNDS / UNBLOCKING OF FUNDS FROM ASBA ACCOUNT</b>         | <b>ON OR BEFORE THURSDAY, MAY 05, 2022</b> |
| <b>CREDIT OF EQUITY SHARES TO DEMAT ACCOUNTS OF ALLOTTEES</b>                | <b>ON OR BEFORE FRIDAY, MAY 06, 2022</b>   |
| <b>COMMENCEMENT OF TRADING OF THE EQUITY SHARES ON THE STOCK EXCHANGE</b>    | <b>ON OR BEFORE MONDAY, MAY 09, 2022</b>   |

(1) UPI mandate end time and date shall be at 12.00pm on April 29, 2022.

- In terms of Regulation 265 of ICDR Regulations, the issue shall be open after at least three (3) working days from the date of filing the Prospectus with the Registrar of Companies.
- In terms of Regulation 266 (3) of ICDR Regulations, in case of force majeure, banking strike or similar circumstances, our Company may, for reasons to be recorded in writing, extend the Issue Period disclosed in the Prospectus, for a minimum period of three (3) working days, subject to subject to the Issue Period not exceeding ten (10) working days

Whilst our Company shall ensure that all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Equity Shares on NSE EMERGE are taken within six (6) Working Days of the Issue Closing Date, the timetable may change due to various factors, such as extension of the Issue Period by our Company, or any delays in receiving the final listing and trading approval from NSE EMERGE. The Commencement of trading of the Equity Shares will be entirely at the discretion of NSE EMERGE and in accordance with the applicable laws.

#### Submission of Application Forms:

|   |  |
|---|--|
| <b>Issue period (except the Issue Closing Date)</b> |  |
| Submission and Revision of Application Form         | Only between 10.00 a.m. to 5.00 p.m. IST |
| <b>Issue Closing Date</b>                           |  |
| Submission and Revision of Application Form         | Only between 10.00 a.m. to 3.00 p.m. IST |

*On the Issue Closing Date, for uploading the Application Forms:*

1. Until 4.00 p.m. IST in case of application by QIBs and Non – Institutional Investors and
2. Until 5.00 p.m. IST or such extended time as permitted by the Stock Exchange, in case of Retail Individual Investors which may be extended up to such time as deemed fit by the Stock Exchange after taking into account the total number of applications received up to the closure of timings and reported by LM to the Stock Exchange.

Due to limitation of time available for uploading the application forms on the Issue Closing Date, Applicants are advised to submit their applications one (1) day prior to the Issue Closing Date and, in any case, not later than 3.00 p.m. (IST) on the Issue Closing Date. Any time mentioned in the Prospectus is IST. Applicants are cautioned that, in the event a large number of Application Forms are received on the Issue Closing Date, as is typically experienced in public issues, some Application Forms may not get uploaded due to the lack of sufficient time. Such Application Forms 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 holidays). Neither our Company nor the LM is liable for any failure in uploading the Application Forms due to faults in any software/hardware system or otherwise.

**It is clarified that applications not uploaded on the electronic bidding system or in respect of which the full application Amount is not blocked by SCSBs or under the UPI Mechanism, as the case may be, would be rejected.**

In case of force majeure, banking strike or similar circumstances, the issuer may, for reasons to be recorded in writing, extend the (Issue) period disclosed in the prospectus, for a minimum period of three (3) working days, subject to the Issue Period not exceeding ten (10) working days.

In accordance with SEBI ICDR Regulations, QIBs and Non-Institutional Applicants are not allowed to withdraw or lower the size of their application (in terms of the quantity of the Equity Shares or the Application amount) at any stage. Retail Individual Applicants can revise or withdraw their Application Forms prior to the Issue Closing Date. Allocation to Retail Individual Applicants, in this Issue will be on a proportionate basis.

In case of discrepancy in the data entered in the electronic book vis-à-vis the data contained in the physical Application Form, for a particular Applicant, the details as per the file received from NSE EMERGE may be taken as the final data for the purpose of Allotment.

#### **Minimum Subscription**

This Issue is not restricted to any minimum subscription level. This Issue is 100% underwritten as per Regulation 260(1) of SEBI ICDR Regulation.

If the issuer does not receive the subscription of hundred per cent (100%) of the Issue through Prospectus on the date of closure of the issue including devolvement of underwriters, if any, or if the subscription level falls below hundred per cent (100%) after the closure of issue on account of withdrawal of applications, or after technical rejections, or if the listing or trading permission is not obtained from the stock exchange for the securities so offered under the Prospectus, the issuer shall forthwith refund the entire subscription amount received. If there is a delay beyond Four (4) days after the issuer becomes liable to pay the amount, the issuer and every director of the issuer who are officers in default, shall pay interest at the rate of fifteen per cent per annum (15% p.a)

The minimum number of allottees in this Issue shall be 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 monies blocked by the SCSBs shall be unblocked within Four (4) working days of closure of issue.

#### **Arrangements for Disposal of Odd Lots**

The trading of the equity shares will happen in the minimum contract size of 1600 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 EMERGE Platform of National Stock Exchange of India Limited.

#### **Withdrawal of the Issue**

Our Company in consultation with the Lead Manager, reserve the right to not to proceed with the Issue after the Issue Opening Date but before the Allotment. In such an event, our Company would issue a public notice in the newspapers in which the pre-issue advertisements were published, within two (2) days of the Issue Closing Date or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Issue. The Lead Manager through, the Registrar to the Issue, shall notify the SCSBs or the Sponsor Bank to unblock the bank accounts of the ASBA Bidders within one (1) working day from the date of receipt of such notification. Our Company shall also inform the same to the Stock Exchange on which Equity Shares are proposed to be listed. If the Issue is withdrawn after the designated Date, amounts that have been credited to the Public Issue Account shall be transferred to the Refund Account.

The Lead Manager, through the Registrar to the Issue, shall notify the SCSBs to unblock the bank accounts of the ASBA Applicants within (1) one day of receipt of such notification. Our Company shall also promptly inform EMERGE Platform of National Stock Exchange of India Limited on which the Equity Shares were proposed to be listed. Notwithstanding the foregoing, the Issue is also subject to obtaining the final listing and trading approvals from EMERGE Platform of National Stock Exchange of India Limited, which our Company shall apply for after Allotment. If our Company withdraws the Issue after the Issue Closing Date and thereafter determines that it will proceed with an IPO, our Company shall be required to file a fresh Prospectus with the stock exchange where the Equity Shares may be proposed to be listed.

#### **Restrictions, if any on Transfer and Transmission of Equity Shares**

Except for lock-in of the Pre-Issue Equity Shares in the Issue as detailed in the section “*Capital Structure*” beginning on page 60 of this Prospectus, and except as provided in the Articles of Association, there are no restrictions on transfers of Equity Shares. There are no restrictions on transmission of shares and on their consolidation / splitting except as provided in the Articles of Association. For details, please refer to the section titled “*Main Provisions of the Articles of Association*” beginning on page 301 of this Prospectus.

*The above information is given for the benefit of the Applicants. The Applicants are advised to make their own enquiries about the limits applicable to them. Our Company and the Lead Manager do not accept any responsibility for the completeness and accuracy of the information stated hereinabove. Our Company and the Lead Manager are not liable to inform the investors of any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Prospectus. Applicants are advised to make their independent investigations and ensure that the number of Equity Shares Applied for do not exceed the applicable limits under laws or regulations.*

#### **Migration to Main Board**

The Company may be migrated to Main Board pursuant to Regulation 277 of the SEBI (ICDR) Regulation and in accordance to that Securities Exchange Board of India (SEBI) vide Circular Nos. CIR/MRD/DSA/17/2010 dated May 18, 2010 has stipulated the requirements for migration from SME platform to main board. The migration eligibility of NSE is notified on <https://www.nseindia.com/companies-listing/raising-capital-public-issues-emerge-selecting-a-migration-to-main-board> and as amended time to time.

#### **Market Making**

The shares offered through this issue is proposed to be listed on the EMERGE Platform of National Stock Exchange of India Limited, wherein the Lead Manager to this Issue shall ensure compulsory Market Making through the registered Market Makers of the EMERGE Platform of National Stock Exchange of India Limited for a minimum period of three (3) years from the date of listing of shares offered through this Prospectus.

For further details of the agreement entered into between the Company, the Lead Manager and the Market Maker please see “*General Information*” beginning on page 53 of this Prospectus.

### **New Financial Instruments**

As on the date of this Prospectus, there are no outstanding warrants, new financial instruments or any rights, which would entitle the shareholders of our Company, including our Promoters, to acquire or receive any Equity Shares after the Issue. Further, our Company is not issuing any new financial instruments through this Issue.

Application by eligible NRIs, FPIs Registered with SEBI, VCFs, AIFs registered with SEBI and QFIs is to be understood that there is no reservation for Eligible NRIs or FPIs or QFIs or VCFs or AIFs registered with SEBI. Such Eligible NRIs, QFIs, FPIs, VCFs or AIFs registered with SEBI will be treated on the same basis with other categories for the purpose of Allocation.

### **Allotment only in Dematerialised Form**

In accordance with the SEBI ICDR Regulations, Allotment of Equity Shares to successful applicants will only be in the dematerialized form. Applicants will not have the option of Allotment of the Equity Shares in physical form. The Equity Shares on Allotment will be traded only on the dematerialized segment of the Stock Exchange. Allottees shall have the option to re-materialize the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

### **Application by Eligible NRIs, FIIs registered with SEBI, VCFs registered with SEBI and QFIs**

It is to be understood that there is no reservation for Eligible NRIs or FIIs registered with SEBI or VCFs or QFIs. Such Eligible NRIs, QFIs, 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. The current provisions of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, provides a general permission for the NRIs, FIIs and foreign venture capital investors registered with SEBI to invest in shares of Indian companies by way of subscription in an IPO. However, such investments would be subject to other investment restrictions under the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, RBI and/or SEBI regulations as may be applicable to such investors. The Allotment of the Equity Shares to Non-Residents shall be subject to the conditions, if any, as may be prescribed by the Government of India/RBI while granting such approvals

## ISSUE STRUCTURE

This Issue is being made in terms of Regulation 229 of Chapter IX of SEBI (ICDR) Regulations, 2018, as amended from time to time, whereby, an issuer whose post issue paid up capital more than ₹ 10 crores but does not exceed ₹ 25 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 EMERGE Platform of National Stock Exchange of India Limited ("NSE EMERGE")). For further details regarding the salient features and terms of such an issue please refer section titled "Terms of the Issue" and "Issue Procedure" beginning on pages 257 and 267 respectively of this Prospectus.

The present Issue is of 64,00,000 Equity Shares of face value of ₹ 10.00/- each ("Equity Shares") for cash at a price of ₹ 75 /- per equity share including a share premium of ₹ 65 /- per equity share (the "Issue Price") aggregating to ₹ 4800.00 Lakhs ("the Issue") of which 3,36,000 equity shares of face value of ₹ 10.00/- each for cash at a price of ₹ 75 /- per equity share including a share premium of ₹ 65 /- per equity share aggregating to ₹ 252.00 Lakhs will be reserved for subscription by Market Maker to the Issue (the "Market Maker Reservation Portion").

The Issue less the Market Maker Reservation Portion i.e., Net Issue of 60,64,000 equity shares of face value of ₹. 10.00/- each at a price of ₹ 75 /- per equity share including a share premium of ₹ 65 /- per equity share aggregating to ₹. 4548.00 Lakhs (the "Net Issue"). The Issue and the Net Issue will constitute 27.26 % and 25.83 % respectively of the post issue paid up equity share capital of our company. For further details, please refer to section titled "Terms of the Issue" beginning on page no 257 of this Prospectus.

| PARTICULARS OF THE ISSUE  | NET ISSUE   | MARKET MAKER RESERVATION PORTION                                      |
|---|---|---|
| <b>Number of Equity Shares</b>  | 60,64,000 Equity Shares*  | 3,36,000 Equity Shares  |
| <b>Percentage of Issue Size available for allocation</b>                      | 94.75 % of the Issue Size.<br>25.83 % of the Post Issue Paid up Capital   | 5.25 % of the Issue Size.<br>1.43 % of the Post Issue Paid up Capital |
| <b>Basis of Allotment/Allocation if respective category is oversubscribed</b> | Proportionate subject to minimum allotment of 1600 Equity Shares and Further allotment in multiples of 1600 Equity Shares each.   | Firm Allotment  |
| <b>Mode of Application</b>  | Retail Individual Investors may apply through UPI Payment Mechanism.<br><br>All other applicants and Retail Individual Investors (whose bank do not provide UPI Payment facility) shall apply through ASBA Only.  | Through ASBA mode Only.   |
| <b>Minimum Application Size</b>   | <b><u>For QIB and NII:</u></b><br>Such number of Equity Shares in multiples of 1600 Equity Shares such that the Application Value exceeds ₹ 2,00,000<br><br><b><u>For Retail Individuals:</u></b><br>Such number of equity shares where application size is of at least 1600 Equity Shares. | 1600 Equity Shares  |

| PARTICULARS OF THE ISSUE | NET ISSUE   | MARKET PORTION   | MAKER RESERVATION |
|--------------------------|---|--|-------------------|
| <b>Maximum Bid</b>       | <p><b><u>For QIB and NII:</u></b></p> <p>Such number of Equity Shares in multiples of 1600 Equity Shares such that the Application size does not exceed the Net Issue</p> <p><b><u>For Retail Individuals:</u></b></p> <p>Such number of Equity Shares so that the Application Value does not exceed ₹ 2,00,000</p> | 3,36,000 Equity Shares   |                   |
| <b>Mode of Allotment</b> | Compulsorily in dematerialized mode   | Compulsorily in dematerialized mode  |                   |
| <b>Trading Lot</b>       | 1600 Equity Shares  | 1600 Equity Shares, However the Market Maker may accept odd lots if any in the market as required under the SEBI (ICDR) Regulations, 2018. |                   |
| <b>Terms of payment</b>  | In case of ASBA, the entire application amount shall be blocked at the time of submission of Application Form to the SCSBs and in case of UPI as an alternate mechanism, application amount shall be blocked at the confirmation of mandate collection request by the Applicant.                                    |  |                   |

*\*50 % of the shares offered in the Net Issue to Public portion are reserved for applications whose value is below ₹2,00,000 and the balance 50% of the shares are available for applications whose value is above ₹2,00,000.*

**Note:**

- 1. In case of joint application, the Application Form should contain only the name of First Applicant whose name should also appear as the first holder of beneficiary account held in joint names. The signature of only such First Applicant would be Required in the Application Form and such First Applicant would be deemed to have signed on behalf of joint holders.*
- 2. Applicants will be required to confirm and will be deemed to have represented to our Company, the LM, their respective directors, officers, agents, affiliates and representatives that they are eligible under applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares in this Issue.*
- 3. SCSBs applying in the Issue must apply through an ASBA Account maintained with any other SCSB.*

*In case of any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) exceeding four Working Days from the Offer Closing Date, the Applicant shall be compensated in accordance with the applicable law by the intermediary responsible for causing such delay in unblocking. The Lead Managers shall, in their sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking. The Applicant shall be compensated in the manner specified in the SEBI circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021 and SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, as amended pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021, which for the avoidance of doubt, shall be deemed to be incorporated in the deemed agreement of our Company with the SCSBs, to the extent applicable.*

This Issue is being made in terms of Chapter IX of the SEBI (ICDR) Regulations, 2018. For further details, please refer section titled "*Issue Procedure*" beginning on page 267 of this Prospectus.

## ISSUE PROCEDURE

All Applicants should read the General Information Document for Investing in Public Issue ("**GID**"), prepared and issued in accordance with the SEBI circular no SEBI/HO/CFD/DIL1/CIR/P/2020/37 dated March 17, 2020 notified by SEBI and updated pursuant to the circular SEBI/HO/CFD/DIL2/CIR/P/2 dated March 30, 2020 (the "General Information Document") which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, the SCRA, the SCRR and the SEBI ICDR Regulations. The General Information Document is available on the website of Stock Exchange, the Company and the Lead Manager. Please refer to the relevant provisions of the General Information Document which are applicable to the Issue, especially in relation to the process for Application by RII through UPI Mechanism. The Applicants should note that the details and process provided in the General information documents should be read along with this section.

Additionally, all Applicants may refer to the General Information Document for information in relation to (i) category of investors eligible to participate in the Issue; (ii) maximum and minimum application size; (iii) price discovery and allocation; (iv) payment Instructions for ASBA Applicants; (v) issuance of Confirmation of Allocation Note ("**CAN**") and Allotment in the Issue; (vi) general instructions (limited to instructions for completing the Application Form); (vii) designated date; (viii) disposal of applications; (ix) submission of Application Form; (x) other instructions (limited to joint bids in cases of individual, multiple bids and instances when an application would be rejected on technical grounds); (xi) applicable provisions of Companies Act, 2013 relating to punishment for fictitious applications; (xii) mode of making refunds; and (xiii) interest in case of delay in Allotment or refund.

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 Lead Manager do not accept any responsibility for the completeness and accuracy of the information stated in this section and the General Information Document. Our Company and Lead Manager would not be liable for any amendment, modification or change in applicable law, which may occur after the date of this Prospectus. Applicants are advised to make their independent investigations and ensure that their applications are submitted in accordance with the applicable laws and 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 the Draft Prospectus and this Prospectus.

SEBI through its circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018, and as modified through its circular SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 and circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019 and the circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020 (collectively the "**UPI Circulars**") has proposed to introduce an alternate payment mechanism using Unified Payments Interface ("**UPI**") and consequent reduction in timelines for listing in a phased manner. From January 1, 2019, the UPI mechanisms for RIIs applying through Designated Intermediaries have been made effective along with the existing process and existing timeline of T+6 days. The same was applicable until June 30, 2019 ("**UPI Phase I**").

With effect from July 1, 2019, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, read with circular bearing number SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 with respect to Applications by RIIs through Designated Intermediaries (other than SCSBs), the existing process of physical movement of forms from such Designated Intermediaries to SCSBs for blocking of funds has been discontinued and only the UPI Mechanism for such Applications with existing timeline of T+6 days will continue for a period of three months or launch of five main board public issues, whichever is later ("**UPI Phase II**"). Further pursuant to SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020 extended the timeline for implementation of UPI Phase II till further notice. However, given the prevailing uncertainty due to the COVID-19 pandemic, SEBI vide its circular no. The final reduced timeline of T+3 days be made effective using the UPI Mechanism for applications by RIIs ("**UPI Phase III**"), as may be prescribed by SEBI. The Issue will be undertaken pursuant to the processes and procedures under UPI Phase II, subject to any circulars, clarification or notification issued by SEBI from time to time. Further, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 as amended pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021, has introduced certain additional measures for streamlining the process of initial public offers and redressing investor grievances. This circular shall come into force

*for initial public offers opening on/or after May 01, 2021, except as amended pursuant to SEBI circular SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021, and the provisions of this circular, are deemed to form part of this Prospectus.*

The revisions of the circular dated June 02, 2021 are elaborated as under: -

- SCSB's shall continue to send SMS alerts during the actual block/debit/unblock of UPI mandate in the prescribed format, the details of total number of shares applied/allotted/non-allotted etc. shall be included in SMS for Public Issues opening on/after January 01, 2022.
- The automated web portal shall be live and operational after due testing and mock trials with the CUG entities for Public Issues opening on or after October 01, 2021. The requisite information on this automated portal shall be updated periodically in intervals not exceeding two hours.
- In the interim, for the Public Issues opening from the date of this circular and till the automated web portal is live and operational, the Sponsor Banks shall send the details to the e-mail address of CUG entities periodically in intervals not exceeding three hours. In case of exceptional events viz., technical issues with UPI handles/PSPs/TPAPS/SCSB's etc., the same shall be intimated immediately to the CUG entities so as to facilitate the flow of information in the Public Issue process.
- The Stock Exchanges and Book Running Lead Managers shall facilitate providing the requisite data of CUG entities to Sponsor Bank for the development of automated web portal. Such information shall be provided to the Sponsor Bank before opening of the Public Issue.
- The Registrar to the Issue shall provide the allotment/ revoke files to the Sponsor Bank by 8:00 PM on T+3 i.e., the day when the Basis of Allotment (BOA) has to be finalized.
- The Sponsor Bank shall execute the online mandate revoke file for Non-Allottees/ Partial Allottees and provide pending applications for unblock, if any, to the Registrar to the Issue, not later than 5:00 PM on BOA+1.
- Subsequent to the receipt of the pending applications for unblock from the Sponsor Bank, the Registrar to the Issue shall submit the bank-wise pending UPI applications for unblock to the SCSBs, not later than 6:30 PM on BOA+1 and ensure that the unblocking is completed on T+4.

*In case of any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) exceeding Four (4) Working Days from the Issue Closing Date, the Applicant shall be compensated at a uniform rate of ₹100 per day for the entire duration of delay exceeding Four (4) Working Days from the Issue Closing Date by the intermediary responsible for causing such delay in unblocking. The LM shall, in their sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking. Further, SEBI vide its circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021, has reduced the timelines for refund of Applications money to four days. Applicant are advised to make their independent investigations and ensure that their applications are submitted in accordance with applicable laws and do not exceed the investment limits or maximum number of the Equity Shares that can be held by them under applicable law or as specified in this Prospectus.*

*Further, our Company and the Syndicate are not liable for any adverse occurrence's consequent to the implementation of the UPI Mechanism for application in this Issue.*

*Further the processing fees for applications made by Retail Individual Bidders using the UPI Mechanism may be released to the remitter banks (SCSBs) only after such banks provide a written confirmation on compliance with SEBI Circular No: SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 02, 2021 read with SEBI Circular No: SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021.*

ASBA Applicants are required to submit ASBA Applications to the selected branches / offices of the RTAs, DPs, Designated Bank Branches of SCSBs. The lists of banks that have been notified by SEBI to act as SCSBs (Self-Certified Syndicate Banks) for the ASBA Process are provided on [www.sebi.gov.in](http://www.sebi.gov.in). For details on designated branches of SCSB collecting the Application Form, please refer the above-mentioned SEBI link. The list of Stock Brokers, Depository

Participants (“DP”), Registrar to an Issue and Share Transfer Agent (“RTA”) that have been notified by Stock Exchange to act as intermediaries for submitting Application Forms are provided on the website of the Stock Exchange. For details on their designated branches for submitting Application Forms, please refer the above-mentioned Stock Exchange website.

#### **PHASED IMPLEMENTATION OF UNIFIED PAYMENTS INTERFACE**

SEBI has issued circular bearing number SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018, circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 08, 2019 and circular SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020 (collectively the “UPI Circulars”) in relation to streamlining the process of public issue of equity shares and convertibles. Pursuant to the UPI Circulars, the UPI Mechanism has been introduced in a phased manner as a payment mechanism (in addition to mechanism of blocking funds in the account maintained with SCSBs under the ASBA) for applications by RIBs through intermediaries with the objective to reduce the time duration from public issue closure to listing from six working days to up to three working days. Considering the time required for making necessary changes to the systems and to ensure complete and smooth transition to the UPI payment mechanism, the UPI Circular proposes to introduce and implement the UPI payment mechanism in three phases in the following manner:

##### ***Phase I:***

This phase has become applicable from January 1, 2019 and will continue till June 30, 2019. Under this phase, a Retail Individual Applicant would also have the option to submit the Application Form with any of the intermediary and use his / her UPI ID for the purpose of blocking of funds. The time duration from public issue closure to listing would continue to be six working days.

##### ***Phase II:***

This phase commenced on completion of Phase I i.e., with effect from July 1, 2019 and was to be continued for a period of three months or launch of five main board public issues, whichever is later. Further, as per the SEBI circular SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019, the UPI Phase II has been extended until March 31, 2020. Further still, as per SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020, the current Phase II of Unified Payments Interface with Application Supported by Blocked Amount be continued till further notice. Under this phase, submission of the Application Form by a Retail Individual Applicant through intermediaries to SCSBs for blocking of funds will be discontinued and will be replaced by the UPI Mechanism. However, the time duration from public issue closure to listing would continue to be six working days during this phase.

##### ***Phase III:***

The commencement period of Phase III is yet to be notified. In this phase, the time duration from public issue closure to listing is proposed to be reduced to three working days.

All SCSBs offering facility of making application in public issues shall also provide facility to make application using the UPI Mechanism. The Issuers will be required to appoint one of the SCSBs as a sponsor bank to act as a conduit between the Stock Exchanges and NPCI in order to facilitate collection of requests and / or payment instructions of the Retail Individual Applicants into the UPI payment mechanism.

For further details, refer to the General Information Document available on the websites of the Company, the Stock Exchange and the Lead Manager

#### **FIXED PRICE ISSUE PROCEDURE**

The Issue is being made under Chapter IX of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 through a Fixed Price Process. Wherein a minimum 50% of the Net Issue is allocated for Retail Individual Applicants and the balance shall be offered to individual applicants other than Retail Individual Applicants and other investors including Corporate Bodies or Institutions, QIBs and Non-Institutional Applicants. However, if the aggregate demand

from the Retail Individual Applicants is less than 50%, then the balance Equity Shares in that portion will be added to the non-retail portion offered to the remaining investors including QIBs and NIIs and vice-versa subject to valid Applications being received from them at or above the Issue Price.

Additionally, if the Retail Individual Applicants category is entitled to more than fifty per cent on proportionate basis, the Retail Individual Applicants shall be allocated that higher percentage. However, the Application by an Applicant should not exceed the investment limits prescribed under the relevant regulations/statutory guidelines.

Subject to the valid Applications being received at the Issue Price, allocation to all categories in the Net Issue, shall be made on a proportionate basis, except for the Retail Portion where Allotment to each Retail Individual Applicants shall not be less than the minimum lot, subject to availability of Equity Shares in Retail Portion, and the remaining available Equity Shares, if any, shall be allotted on a proportionate basis. Under subscription if any, in any category, except in the QIB Portion, would be allowed to be met with spill over from any other category or a combination of categories at the discretion of our Company in consultation with the LM and the Stock Exchange are required to submit their Applications to the Application Collecting Intermediaries i.e. SCSB or Registered Brokers of Stock Exchanges or Registrar to the Issue and Share Transfer Agents (RTAs) or Depository Participants (DPs) registered with SEBI. In case of QIB Applicants, the Company in consultation with the Lead Manager may reject Applications at the time of acceptance of Application Form provided that the reasons for such rejection shall be provided to such Applicant in writing.

In case of Non-Institutional Applicants and Retail Individual Applicants, the Company would have a right to reject the Applications only on technical grounds. In case DP ID, Client ID and PAN mentioned in the Application Form and entered into the electronic system of the stock exchange, do not match with the DP ID, Client ID and PAN available in the depository database, the application is liable to be rejected.

**Investors should note that Equity Shares will be allotted to successful Applicants in dematerialized form only. The Equity Shares on Allotment shall be traded only in the dematerialize segment of the Stock Exchange, as mandated by SEBI. Applicants will not have the option of getting allotment of the Equity Shares in physical form.** However, the Investors may get the Equity Shares rematerialized subsequent to the allotment.

#### **ELECTRONIC REGISTRATION OF APPLICATIONS**

- a) The Designated Intermediary may register the Application using the online facilities of the Stock Exchange. The Designated Intermediaries can also set up facilities for off-line electronic registration of Applications, subject to the condition that they may subsequently upload the off-line data file into the online facilities for Fixed Process on a regular basis before the closure of the Issuer.
- b) On the Application/Issuer Closing Date, the Designated Intermediaries may upload the Applications till such time as may be permitted by the Stock Exchange and as disclosed in the Prospectus.

Only Applications that are uploaded on the Stock Exchanges Platform are considered for allocation/Allotment. The Designated Intermediaries are given till 1:00 p.m. IST on the next Working Day following the Application/Issuer Closing Date to modify select fields uploaded in the Stock Exchange Platform during the Application/Issuer Period after which the Stock Exchange send the information to the Registrar to the Issue for further processing.

#### **AVAILABILITY OF PROSPECTUS AND APPLICATION FORMS**

Copies of the Application Form and the Draft Prospectus / Prospectus will be available at the offices of the LM, the Designated Intermediaries at Bidding Centers, and Registered Office of our Company. An electronic copy of the Application Form will also be available for download on the websites of the Stock Exchange(s), the SCSBs, the Registered Brokers, the RTAs and the CDPs at least one (1) day prior to the Issue Opening Date.

Applicants shall only use the specified Application Form for the purpose of making an Application in terms of the Draft Prospectus / Prospectus. All the Applicants (other than Anchor Investor and Retail Individual Investor using UPI Payment Mechanism) shall mandatorily participate in the Issue only through the ASBA process for application. ASBA applicants must provide bank account details and authorization to block funds in the relevant space provided in the Application Form and the Application Forms that do not contain such details are liable to be rejected.

Retail Individual Investors submitting their application form to any Designated Intermediaries (other than SCSBs) shall be required to bid using the UPI Mechanism and must provide the UPI ID in the relevant space provided in the Application Form. Retail Individual Investors submitting their application form to any Designated Intermediaries (other than SCSBs) failed to mention UPI ID are liable to be rejected. Retail Individual Investors may also apply through the SCSBs and mobile applications using the UPI handles as provided on the website of the SEBI.

ASBA Applicants shall ensure that the applications are made on Application Forms bearing the stamp of the Designated Intermediary, submitted at the Collection Centres only (except in case of electronic Bid cum Application Forms) and the Bid cum Application Forms not bearing such specified stamp are liable to be rejected

The prescribed colour of the Application Form for various categories is as follows:

| Category   | Colour of Application Form |
|--|----------------------------|
| Resident Indians / Eligible NRIs applying on a non-repatriation basis (ASBA)** | White*                     |
| Non-Residents and Eligible NRIs applying on a repatriation basis (ASBA)**      | Blue*                      |

*\*Excluding electronic Application Form.* In case of ASBA Forms, Designated Intermediaries shall upload the relevant Application details in the electronic Bidding system of the Stock Exchanges. Subsequently, for ASBA Forms (other than RIIs using UPI mechanism) Designated Intermediaries (other than SCSBs) shall submit/deliver the Application Form (except the Application Form from a RIIs using the UPI mechanism) to the respective SCSBs, where the Applicant has a bank account and shall not submit it to any non-SCSB bank or any Escrow Bank. For RIIs using UPI mechanism, the Stock Exchange shall share the Application details (including UPI ID) with the Sponsor Bank on a continuous basis to enable the Sponsor Bank to initiate UPI Mandate Request to RIIs for blocking of funds.

Application Forms will also be available on the website of the NSE ([www.nseindia.com](http://www.nseindia.com)). Same Application Form applies to all ASBA Applicants/ Retail Individual Investors applying through UPI mechanism, irrespective of whether they are submitted to the SCSBs, to the Registered Brokers, to Registrars to an Issue and Share Transfer Agents, Depository Participants or to the Syndicate (in Specified Cities).

#### Submission and Acceptance of Application Form

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.     | 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 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.

Designated Intermediaries shall submit Application Forms to SCSBs only

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 exchanges(s) and may by |
|---|---|

|   |  |
|---|--|
|   | blocking funds available in the bank account specified in the form, to the extent of the application money specified.  |
| <b>For Applications submitted by investors to intermediaries other than SCSBs without use of UPI for payment:</b> | After accepting the application form, respective intermediary shall capture and upload the relevant details in the electronic bidding system of stock exchange(s). Post uploading, they shall forward a schedule as per prescribed format along with the application forms to designated branches of the respective SCSBs for blocking of funds within one day of closure of Issue.  |
| <b>For applications submitted by investors to intermediaries other than SCSBs with use of UPI for payment:</b>    | After accepting the application form, respective intermediary shall capture and upload the relevant bid details, including UPI ID, in the electronic bidding system of stock exchange(s).<br>Stock Exchange shall share bid details including the UPI ID with Sponsor Bank on a continuous basis, to enable Sponsor Bank to initiate mandate request on investors for blocking of funds. Sponsor Bank shall initiate request for blocking of funds through NPCI to investor. Investor to accept mandate request for blocking of funds, on his / her mobile application, associated with UPI ID linked bank account |

Stock exchange(s) shall validate the electronic bid details with depository's records for DP ID/ClientID and PAN, on a real time basis and bring the inconsistencies to the notice of intermediaries concerned, for rectification and re-submission within the time specified by stock exchange.

Upon completion and submission of the Application Form to Application Collecting intermediaries, the Application are deemed to have authorised our Company to make the necessary changes in the prospectus, without prior or subsequent notice of such changes to the Applicants.

#### **Who can apply?**

In addition to the category of Applicants set forth under General Information Document, the following persons are also eligible to invest in the Equity Shares under all applicable laws, regulations and guidelines, including:

1. FPIs other than Category III foreign portfolio investor;
2. Category III foreign portfolio investors, which are foreign corporates or foreign individuals only under the Non-Institutional Investors (NIIs) category;
3. Mutual Funds registered with SEBI;
4. VCFs registered with SEBI;
5. FVCIs registered with SEBI;
6. Multilateral and bilateral development financial institutions;
7. State Industrial Development Corporations;
8. Insurance companies registered with Insurance Regulatory and Development Authority;
9. Provident Funds with a minimum corpus of ₹ 250 million and who are authorised under their constitution to hold and invest in equity shares;
10. Pension Funds with a minimum corpus of ₹ 250 million and who are authorised under their constitution to hold and invest in equity shares;
11. National Investment Fund set up by resolution no. F.NO.2/3/2005-DDII dated November 23, 2005 of the GoI, published in the Gazette of India;
12. Insurance funds set up and managed by the army, navy or air force of the Union of India and by the Department of Posts, India;
13. Nominated Investor and Market Maker

14. Scientific and/or industrial research organisations authorised in India to invest in the Equity Shares.
15. Any other person eligible to apply in this Issue, under the laws, rules, regulations, guidelines and polices applicable to them.

**Applications not to be made by:**

1. Minors (except under guardianship)
2. Partnership firms or their nominees
3. Foreign Nationals (except NRI)
4. Overseas Corporate Bodies

As per the existing regulations, OCBs are not eligible to participate in this Issue. The RBI has however clarified in its circular, A.P. (DIR Series) Circular No. 44, dated December 8, 2003 that OCBs which are incorporated and are not under the adverse notice of the RBI are permitted to undertake fresh investments as 138 incorporated non-resident entities in terms of Regulation 5(1) of RBI Notification No.20/2000-RB dated May 3, 2000 under FDI Scheme with the prior approval of Government if the investment is through Government Route and with the prior approval of RBI if the investment is through Automatic Route on case by case basis. OCBs may invest in this Issue provided it obtains a prior approval from the RBI. On submission of such approval along with the Application Form, the OCB shall be eligible to be considered for share allocation

**The Equity Shares have not been and will not be registered under the U.S Securities Act or any other applicable law of the United States and, unless so registered, and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S Securities Act and applicable state securities laws. Accordingly, the Equity Shares are only being offered and sold (i) within the United States only to persons reasonably believed to be “qualified institutional buyers” (as defined in Rule 144A under the U.S Securities Act and referred to in this Prospectus as “U.S. QIBs”, 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 Prospectus as “QIBs”) in transactions exempt from, or not subject to, the registration requirements of the U.S Securities Act, and (ii) outside the United States in offshore transactions in reliance on Regulations S under the U.S Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.**

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

***For Retail Individual Applicants***

The Application must be for a minimum of 1600 Equity Shares and in multiples of 1600 Equity Shares thereafter, so as to ensure that the Application Price payable by the Applicant does not exceed ₹2,00,000. In case of revision of Applications, the Retail Individual Investors have to ensure that the Application Price does not exceed ₹2,00,000.

***For Other than Retail Individual Investors (Non-Institutional Investors and QIBs):***

The Application must be for a minimum of such number of Equity Shares that the Application Amount exceeds ₹2,00,000 and in multiples of 1600 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 and Non-Institutional Investor cannot withdraw its Application after the Issue Closing Date and is required to pay 100% Bid Amount upon submission of Bid.

In case of revision in Applications, the Non-Institutional Applicants, who are individuals, have to ensure that the Application Amount is greater than ₹ 2,00,000 for being considered for allocation in the Non-Institutional Portion.

**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 Prospectus.**

#### **Participation by associates/affiliates of Lead Manager**

The Lead Manager shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the Lead Manager may subscribe to Equity Shares in the Issue, either in the QIB Portion and Non-Institutional Category where the allotment is on a proportionate basis and such subscription may be on their own account or on behalf of their clients. All categories of investors, including associates or affiliates of the LM, shall be treated equally for the purpose of allocation to be made on a proportionate basis.

#### **Option to Subscribe to the Issue**

1. Our Company shall allot the specified securities in dematerialised form only. Investors opting for allotment in dematerialised form may get the specified securities rematerialized subsequent to allotment.
2. The equity shares, on allotment, shall be traded on stock exchange in demat segment only.
3. A single application from any investor shall not exceed the investment limit/minimum number of specified securities that can be held by him/her/it under the relevant regulations/statutory guidelines.

#### **Application By HUF**

Hindu Undivided Families or HUFs, in the individual name of the Karta. The Applicant should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form/Application Form as follows: "Name of sole or first Bidder/Applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Bids/Applications by HUFs may be considered at par with Bids/Applications from individuals

#### **Application by Mutual Funds**

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

Application made by asset management companies or custodians of Mutual Funds shall specifically state names of the concerned schemes for which such Applications are made. 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 (1) 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.

With respect to Applications by Mutual Funds, a certified copy of their SEBI registration certificate must be attached with the Application Form. Failing this, our Company reserves the right to reject their application in whole or in part, in either case, without assigning any reason thereof.

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

#### **Application by Indian Public including eligible NRIs applying on non-Repatriation**

Application must be made only in the names of individuals, Limited Companies or Statutory Corporations/institutions and not in the names of Minors (other than minor having valid depository accounts as per demographic details provided by the depository), Foreign Nationals, Non Residents (except for those applying on non-repatriation), trusts, (unless the trust is registered under the Societies Registration Act, 1860 or any other applicable trust laws and is authorized under its constitution to hold shares and debentures in a Company), Hindu Undivided Families (HUF), partnership firms or their nominees. In case of HUFs, application shall be made by the Karta of the HUF.

Eligible NRIs applying on a non-repatriation basis may make payments by inward remittance in foreign exchange through normal banking channels or by debits to NRE / FCNR accounts as well as NRO accounts.

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.

#### **Application by Eligible NRIs/FII's on Repatriation Basis**

Eligible NRIs may obtain copies of Application Form from the Designated Intermediaries. Eligible NRI Applicants applying on a repatriation basis by using the Non-Resident Forms should authorize their SCSB to block their Non-Resident External ("NRE") accounts, or Foreign Currency Non-Resident ("FCNR") ASBA Accounts, and eligible NRI Applicants applying on a non-repatriation basis by using Resident Forms should authorize their SCSB to block their Non-Resident Ordinary ("NRO") accounts for the full Application Amount, at the time of the submission of the Application Form.

Eligible NRIs applying on a repatriation basis are advised to use the Application Form meant for Non-Residents (blue in colour).

Eligible NRIs applying on non-repatriation basis are advised to use the Application Form for residents (white in colour).

Pursuant to the provisions of the FEMA regulations, investments by NRIs under the Portfolio Investment Scheme ("PIS") is subject to certain limits, i.e., 10.00% of the paid-up equity share capital of the company. Such limit for NRI investment under the PIS route can be increased by passing a board resolution, followed by a special resolution by the shareholders, subject to prior intimation to the RBI. Our Company has not passed any resolution to increase this limit and hence investments by NRIs under the PIS will be subject to a limit of 10% of the paid-up equity capital of the Company.

#### **Application by FPIs**

In terms of the FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) is not permitted to exceed 10% of our post-Issue Equity Share capital. Further, in terms of the FEMA Regulations, the total holding by each FPI shall be below 10% of the total paid-up Equity Share capital of our Company and the total holdings of all FPIs put together shall not exceed 24% of the paid-up Equity Share capital of our Company. The aggregate limit of 24% may be increased upto the sectoral cap by way of a resolution passed by our Board followed by a special resolution passed by the shareholders of our Company and subject to prior intimation to the RBI.

In case the total holding of an FPI increases beyond 10% of the total paid-up Equity Share capital of our Company, on a fully diluted basis or 10% or more of the paid-up value of any series of debentures or preference shares or share warrants issued that may be issued by our Company, the total investment made by the FPI will be re-classified as FDI subject to the conditions as specified by SEBI and the RBI in this regard and our Company and the investor will be required to comply with applicable reporting requirements.

FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 22 of the FPI Regulations, an FPI, by virtue of their investment manager being appropriately regulated, may issue or otherwise deal in offshore derivative instruments (as defined under the FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it that are listed or proposed to be listed on any recognized stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with 'know your client' norms. An FPI is also required to ensure that no further issue or transfer of any offshore derivative instrument is made by or on behalf of it to any persons that are not regulated by an appropriate foreign regulatory authority. In case of Applications made by FPIs, a verified true copy of the certificate of registration issued by the designated

Depository Participant under the FPI Regulations is required to be attached along with the Application form, failing which our Company reserves the right to reject the Application without assigning any reasons thereof.

#### **Application by SEBI registered VCFs, AIFs and FVCIs**

SEBI VCF Regulations and SEBI FVCI Regulations inter alia prescribe the investment restrictions on the VCFs and FVCIs registered with SEBI. Further, SEBI AIF Regulations prescribe, among others, the investment restrictions on AIFs.

Accordingly, the holding by any individual VCF registered with SEBI in one (1) venture capital undertaking should not exceed 25% of the corpus of the VCF. Further, VCFs and FVCIs can invest only up to 33.33% of the investible funds, in the aggregate, in certain specified instruments, which includes subscription to an initial public offering.

Category I and II AIFs cannot invest more than 25% of their corpus in one (1) investee company. A category III AIF cannot invest more than 10% of their investible funds in one (1) investee company. A venture capital fund registered as a category I AIF, as defined in SEBI AIF Regulations, cannot invest more than 1/3<sup>rd</sup> 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 SEBI AIF Regulations shall continue to be regulated by SEBI VCF Regulations until the existing fund or scheme managed by the fund is wound up and such funds shall not launch any new scheme after the notification of SEBI AIF Regulations.

Further, according to SEBI ICDR Regulations, the shareholding of VCFs and category I AIFs or FVCI held in a company prior to making an initial public offering would be exempt from lock-in requirements provided that such equity shares held are locked in for a period of at least one (1) year from the date of purchase by such VCF or category I AIFs or FVCI.

All non-resident investors should note that refunds (in case of Anchor Investors), dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and commission.

**Our Company or the LM will not be responsible for loss, if any, incurred by the Applicant on account of conversion of foreign currency. There is no reservation for Eligible NRIs, FPIs and FVCIs and all Applicants will be treated on the same basis with other categories for the purpose of allocation.**

#### **Application by provident funds/ pension funds**

In case of Applications made by provident funds/pension funds, subject to applicable laws, with minimum corpus of ₹2,500 Lakhs, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be attached to the Application Form. Failing this, our Company reserves the right to reject their application, without assigning any reason thereof

#### **Application by limited liability partnerships**

In case of Applications made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Application Form. Failing this, our Company reserves the right to reject their application without assigning any reason thereof.

#### **Application by Banking Companies**

In case of Application made by banking companies registered with the RBI, certified copies of: (i) the certificate of registration issued by the RBI, and (ii) the approval of such banking company's investment committee are required to be attached to the Application Form, failing which our Company reserves the right to reject any Application by a banking company, without assigning any reason therefor.

The investment limit for banking companies in non-financial services companies as per the Banking Regulation Act, 1949, as amended ("Banking Regulation Act"), and the Reserve Bank of India ("Financial Services provided by Banks") Directions, 2016, is 10% of the paid-up share capital of the investee company not being its subsidiary engaged in non-financial services or 10% of the banks own paid-up share capital and reserves, whichever is lower. However, a banking company would be permitted to invest in excess of 10% but not exceeding 30% of the paid up share capital

of such investee company if (i) the investee company is engaged in non-financial activities permitted for banks in terms of Section 6(1) of the Banking Regulation Act, or (ii) the additional acquisition is through restructuring of debt / corporate debt restructuring / strategic debt restructuring, or to protect the banks' interest on loans / investments made to a company. The bank is required to submit a time bound action plan for disposal of such shares within a specified period to RBI. A banking company would require a prior approval of RBI to make (i) investment in a subsidiary and a financial services company that is not a subsidiary (with certain exception prescribed), and (ii) investment in a non-financial services company in excess of 10% of such investee company's paid up share capital as stated in 5(a)(v)(c)(i) of the Reserve Bank of India (Financial Services provided by Banks) Directions, 2016.

#### **Application by Insurance Companies**

In case of Application made by insurance companies registered with the IRDA, a certified copy of certificate of registration issued by IRDA must be attached to the Application Form. Failing this, our Company reserves the right to reject their application without assigning any reason thereof.

Insurance companies participating in this Issue, shall comply with all applicable regulations, guidelines and circulars issued by IRDAI from time to time including the Insurance Regulatory and Development Authority of India (Investment) Regulations, 2016 ("IRDA Investment Regulations").

- i. Equity shares of a company: the lower of 10% (1) of the investee company's outstanding equity shares (face value) or 10% of the respective fund in case of a life insurer/investment assets in case of a general insurer or a reinsurer;
- ii. The entire group of the investee company: not more than 15% of the respective fund in case of a life insurer or 15% of investment assets in case of a general insurer or a reinsurer or 15% of the investment assets in all companies belonging to the group, whichever is lower; and
- iii. The industry sector in which the investee company operates: not more than 15% of the respective fund of a life insurer or general insurance or 15% of the investment assets, whichever is lower.

The maximum exposure limit, in the case of an investment in equity shares, cannot exceed the lower of an amount of 10% of the investment assets of a life insurer or general insurer and the amount calculated under points (i), (ii) or (iii) above, as the case may be.

The above limit of 10% shall stand substituted as 15% of outstanding equity shares (face value) for insurance companies with investment assets of Rs. 2,500,000 million or more and 12% of outstanding equity shares (face value) for insurers with investment assets of Rs. 500,000 million or more but less than Rs. 2,500,000 million.

Insurer companies participating in this Issue shall comply with all applicable regulations, guidelines and circulars issued by the IRDA from time to time including the Insurance Regulatory and Development Authority (Investment) Regulations, 2016 ("IRDA Investment Regulations").

#### **Application by SCSBs**

SCSBs participating in the Issue are required to comply with the terms of SEBI circulars dated September 13, 2012 and January 2, 2013. Such SCSBs are required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for ASBA applications.

#### **Application by Systemically Important Non-Banking Financial Companies**

In case of Application made by systemically important non-banking financial companies, a certified copy of the certificate of registration issued by the RBI, a certified copy of its last audited financial statements on a standalone basis and a net worth certificate from its statutory auditor(s), must be attached to the Application Form. Failing this, our Company reserves the right to reject any Application, without assigning any reason thereof. Systemically important non-banking financial companies participating in the Issue shall comply with all applicable regulations, guidelines and circulars issued by RBI from time to time.

### **Application under Power of Attorney**

In case of Application made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, FII, FPIs, Mutual Funds, Eligible QFIs, insurance companies, insurance funds set up by the army, navy or air force of the Union of India, insurance funds set up by the Department of Posts, India or the National Investment Fund, provident funds with a minimum corpus of ₹ 2,500 Lakhs and pension funds with a minimum corpus of ₹ 2,500 Lakhs (in each case, subject to applicable law and in accordance with their respective constitutional documents), 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, as applicable must be lodged along with the Application Form. Failing this, our Company reserves the right to accept or reject their application in whole or in part, in either case, without assigning any reasons thereof. In addition to the above, certain additional documents are required to be submitted by the following entities:

- With respect to Applications by FII and Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Application Form.
- With respect to Applications by insurance companies registered with the Insurance Regulatory and Development Authority, in addition to the above, a certified copy of the certificate of registration issued by the Insurance Regulatory and Development Authority must be lodged along with the Application Form.
- With respect to Applications made by provident funds with a minimum corpus of ₹ 2500 Lakhs (subject to applicable law) and pension funds with a minimum corpus of ₹ 2500 Lakhs, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Application Form.
- With respect to Applications made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Application Form.
- Our Company in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Application form, subject to such terms and conditions that our Company and the Lead Manager may deem fit.

The Company, in its absolute discretion, reserves the right to permit the holder of the power of attorney to request the Registrar to the Issue that, for the purpose of printing particulars on the refund order and mailing of the Allotment Advice / CANs / letters notifying the unblocking of the bank accounts of ASBA applicants, the Demographic Details given on the Application Form should be used (and not those obtained from the Depository of the application). In such cases, the Registrar to the Issue shall use Demographic Details as given on the Application Form instead of those obtained from the Depositories

### **Application by OCBs**

In accordance with RBI regulations, OCBs cannot participate in this Issue.

### **ISSUE PROCEDURE FOR ASBA (APPLICATION SUPPORTED BY BLOCKED ACCOUNT) APPLICANTS**

**In accordance with the SEBI circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 all the Applicants have to compulsorily apply through the ASBA Process. Our Company and the Lead Manager are not liable for any amendments, modifications, or changes in applicable laws or regulations, which may occur after the date of this Prospectus. ASBA Applicants are advised to make their independent investigations and to ensure that the ASBA Application Form is correctly filled up, as described in this section.**

Lists of banks that have been notified by SEBI to act as SCSB (Self-Certified Syndicate Banks) for the ASBA Process are provided on <http://www.sebi.gov.in>. For details on designated branches of SCSB collecting the Application Form, please refer the above-mentioned SEBI link.

### **ASBA Process and Electronic Registration of Application**

Resident Retail Individual Investor shall submit his Application through an Application Form, either in physical or electronic mode, to the SCSB with whom the bank account of the ASBA Applicant or bank account utilized by the ASBA Applicant ("ASBA Account") is maintained. The SCSB shall block an amount equal to the Application Amount in the bank account specified in the ASBA Application Form, physical or electronic, on the basis of an authorization to this effect given by the account holder at the time of submitting the Application.

The Application Amount shall remain blocked in the aforesaid ASBA Account until finalization of the Basis of Allotment in the Issue and consequent transfer of the Application Amount against the allocated shares to the ASBA Public Issue Account, or until withdrawal/failure of the Issue or until withdrawal/rejection of the ASBA Application, as the case may be.

The ASBA data shall thereafter be uploaded by the SCSB in the electronic IPO system of the Stock Exchange. 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 bank accounts and for transferring the amount allocable to the successful ASBA Applicants to the ASBA Public Issue Account. In case of withdrawal/failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the Lead Manager.

ASBA Applicants are required to submit their applications, either in physical or electronic mode. In case of application in physical mode, the ASBA Applicant shall submit the ASBA Application Form at the Designated Branch of the SCSB or Registered Brokers or Registered RTA's or DPs registered with SEBI. In case of application in electronic form, the ASBA Applicant shall submit the Application Form either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for applying and blocking funds in the ASBA account held with SCSB, and accordingly registering such Applications.

**APPLICATION FORM SHALL BEAR THE STAMP OF THE SYNDICATE MEMBER/SCSBS/REGISTRAR AND SHARE TRANSFER AGENTS/DEPOSITORY PARTICIPANTS/STOCK BROKERS AND IF NOT, THE SAME SHALL BE REJECTED.**

#### **Who can apply?**

In accordance with the SEBI circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 all the Applicants have to compulsorily apply through the ASBA Process.

#### **Mode of Payment**

Upon submission of an Application Form with the SCSB, whether in physical or electronic mode, each ASBA Applicant shall be deemed to have agreed to block the entire Application Amount and authorized the Designated Branch of the SCSB to block the Application Amount, in the bank account maintained with the SCSB.

**Application Amount paid in cash, by money order or by postal order or by stock invest, or ASBA Application Form accompanied by cash, draft, money order, postal order or any mode of payment other than blocked amounts in the SCSB bank accounts, shall not be accepted.**

After verifying that sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Application Amount mentioned in the ASBA Application Form till the Designated Date.

On the Designated Date, the SCSBs shall transfer the amounts allocable to the ASBA Applicants from the respective ASBA Account, in terms of the SEBI Regulations, into the ASBA Public Issue Account. The balance amount, if any against the said Application in the ASBA Accounts shall then be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Issue.

The entire Application Amount, as per the Application Form submitted by the respective ASBA Applicants, would be required to be blocked in the respective ASBA Accounts until finalization of the Basis of Allotment in the Issue and consequent transfer of the Application Amount against allocated shares to the ASBA Public Issue Account, or until withdrawal/failure of the Issue or until rejection of the ASBA Application, as the case may be.

#### **Unblocking of ASBA Account**

On the basis of instructions from the Registrar to the Issue, the SCSBs shall transfer the requisite amount against each successful ASBA Applicant to the ASBA Public Issue Account as per section 40(3) of the Companies Act, 2013 and shall unblock excess amount, if any in the ASBA Account.

However, the Application Amount may be unblocked in the ASBA Account prior to receipt of intimation from the Registrar to the Issue by the Controlling Branch of the SCSB regarding finalization of the Basis of Allotment in the Issue, in the event of withdrawal/failure of the Issue or rejection of the ASBA Application, as the case may be.

#### **Terms of payment**

The entire Issue price of Rs 75/- 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**

The Applicants shall specify the bank account number in their Application Form and the SCSBs shall block an amount equivalent to the bid Amount (issue price) in the bank account specified in the Application Form. The SCSB shall keep the bid Amount in the relevant bank account blocked until withdrawal/ rejection of the Application or receipt of instructions from the Registrar to unblock the bid Amount. However, Non-Retail Investors 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 Bid Amount shall remain blocked in the ASBA Account until finalization of the Basis of Allotment in the Issue and consequent transfer of the Bid Amount to the Public Issue Account, or until withdrawal/ failure of the Issue or until rejection of the Bid by the ASBA Bidder, as the case may be.

#### **PROCEDURE FOR UNIFIED PAYMENT INTERFACE (UPI)**

**In accordance to the SEBI Circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, to stream line the process of public issue of Equity Shares and convertibles, Phase II shall become effective from July 01, 2019, thereafter for applications by Retail Individual Investors through intermediaries, where the existing process of investor submitting application form with any intermediaries along with bank account details and movement of such application forms from intermediaries to self-certified Syndicate Banks (SCSBs) for blocking of funds, will be discontinued. For such applications only the UPI mechanism would be permissible mode.**

#### **Who can apply through UPI Mode:**

Only Retail Individual Investors are allowed to use UPI for the payment in public issues. Qualified Institutional Buyers and High-Net worth Investors shall continue to apply as per the existing process.

#### **Process**

**Applications through UPI in IPOs (Public Issue) can be made only through the SCSBs/mobile applications whose name appears on the SEBI website: [www.sebi.gov.in](http://www.sebi.gov.in).**

#### **Blocking of Funds:**

- a) Investors shall create UPI ID
- b) Investors shall submit their IPO applications through intermediaries and the investors shall enter UPI ID in the application form
- c) Thereafter, intermediary shall upload the bid details and UPI ID in the electronic bidding system of the Stock Exchange

- d) Stock Exchange shall validate the bid details on the real time basis with depository's records and shall bring the inconsistencies to the notice of intermediaries for rectification and re-submission
- e) Stock Exchange shall share the details including UPI ID with Sponsor Bank, to enable the Sponsor Bank to initiate the request for the blocking of funds
- f) Thereafter the investor shall receive notification and shall confirm the request by entering valid UPI PIN and upon such acceptance of request, funds would get blocked and intimation shall be given to the investor regarding blocking of funds

#### **UNBLOCKING OF FUNDS:**

- a) After the issue close day, the RTA on the basis of bidding and blocking received from stock exchange undertake a reconciliation and shall prepare Basis of Allotment.
- b) Upon approval of such basis, instructions would be sent to the Sponsor Bank to initiate process for credit of funds in the public issue escrow account and unblocking of excess funds
- c) Based on authorization given by the investor using UPI PIN at the time of blocking of funds, equivalent to the allotment, would be debited from investors account and excess funds, if any, would be unblocked.

**Further, RIIs would continue to have an option to modify or withdraw the bid till the closure of the issue period. For each such modification of application, RIIs shall submit a revised application and shall receive a mandate request from the Sponsor Bank to be validated as per the process indicated above. Hence, applications made through UPI ID for payment the same shall be revised by using UPI ID only.**

#### **REJECTION GROUNDS UNDER UPI PAYMENT MECHANISM**

An investor making application using any of channels under UPI Payments Mechanism, shall use only his/ her own bank account or only his/ her own bank account linked UPI ID to make an application in public issues. Applications made using third party bank account or using third party linked bank account UPI ID are liable for rejection. Sponsor Bank shall provide the investors UPI linked bank account details to RTA for purpose of reconciliation. RTA shall undertake technical rejection of all applications to reject applications made using third party bank account

#### **LIST OF BANKS PROVIDING UPI FACILITY**

An investor shall ensure that when applying in the IPO using UPI facility, the name of his Bank shall appear in the list of SCSBs as displayed on the SEBI website.

A list of SCSBs and mobile application which are live for applying in public issues using UPI mechanism is provided on the SEBI Website at the following path:

*Home >> Intermediaries/Market Infrastructure Institutions >> Recognised Intermediaries >>Self Certified Syndicate Banks eligible as Issuer Banks for UPI*

Investors whose Bank is not live on UPI as on the date of the aforesaid circular, may use the other alternate channels available to them viz. submission of application form with SCSBs or using the facility of linked online trading, demat and bank account (Channel I or II at para 5.1 SEBI circular bearing no. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 01, 2018.

#### **ELECTRONIC REGISTRATION OF APPLICATIONS**

1. The Designated Intermediary will register the Applications using the on-line facilities of the Stock Exchanges. There will be at least one on-line connectivity facility in each city, where a stock exchange is located in India and where Applications are being accepted. The Lead Manager, our Company and the Registrar are not responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the Applications accepted by the Designated Intermediary, (ii) the Applications uploaded by the Designated Intermediary, (iii) the Applications accepted but not uploaded by the Designated Intermediary or (iv) Applications accepted and uploaded without blocking funds.

2. The Designated Intermediary shall be responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the Applications accepted by the Designated Intermediary, (ii) the Applications uploaded by the Designated Intermediary, (iii) the Applications accepted but not uploaded by the Designated Intermediary and (iv) Applications accepted and uploaded without blocking funds. It shall be presumed that for Applications uploaded by the Designated Intermediary, the full Application Amount has been blocked.
3. In case of apparent data entry error either by the Designated Intermediary in entering the Application Form number in their respective schedules other things remaining unchanged, the Application Form may be considered as valid and such exceptions may be recorded in minutes of the meeting submitted to Stock Exchange.
4. The Designated Intermediary will undertake modification of selected fields in the Application details already uploaded within before 1.00 p.m. of the next Working Day from the Issue Closing Date.
5. The Stock Exchanges will offer an electronic facility for registering Applications for the Issue. This facility will be available with the Designated Intermediary and their authorized agents during the Issue Period. The Designated Branches or the Agents of the Designated Intermediary 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 on-line facilities on a regular basis. On the Issue Closing Date, the Designated Intermediary shall upload the Applications till such time as may be permitted by the Stock Exchanges. This information will be available with the Lead Manager on a regular basis. Applicants are cautioned that a high inflow of high volumes on the last day of the Issue Period may lead to some Applications received on the last day not being uploaded and such Applications will not be considered for allocation.
6. At the time of registering each Application submitted by an Applicant, Designated Intermediary shall enter the following details of the investor in the on-line system, as applicable:
  1. Name of the Applicant;
  2. IPO Name;
  3. Application Form number;
  4. Investor Category;
  5. PAN (of First Applicant, if more than one Applicant);
  6. DP ID of the demat account of the Applicant;
  7. Client Identification Number of the demat account of the Applicant;
  8. UPI ID (RIIs applying through UPI Mechanism)
  9. Numbers of Equity Shares Applied for;
  10. Location of the Banker to the Issue or Designated Branch, as applicable, and bank code of the SCSB branch where the ASBA Account is maintained; and
  11. Bank account number
  12. In case of submission of the Application by an Applicant through the Electronic Mode, the Applicant shall complete the above-mentioned details and mention the bank account number, except the Electronic Application Form number which shall be system generated.
7. The Designated intermediaries shall, at the time of receipt of application, give an acknowledgement to investor, by giving the counter foil or specifying the application number to the investor, as a proof of having accepted the application form, in physical or electronic mode, respectively. The registration of the Application by the Designated Intermediary does not guarantee that the Equity Shares shall be allocated / allotted either by our Company.
8. Such acknowledgement will be non-negotiable and by itself will not create any obligation of any kind.

9. In case of QIB Applicants, the Lead Manager has the right to accept the Application or reject it. However, the rejection should be made at the time of receiving the Application and only after assigning a reason for such rejection in writing. In case on Non-Institutional Applicants and Retail Individual Applicants, Applications would be rejected on the technical grounds.
10. The permission given by the Stock Exchanges to use their network and software of the Online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company and/or the Lead Manager are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, our Promoter, our management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.
11. Only Applications that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation/Allotment. The Designated Intermediary will be given time till 1.00 p.m. on the next working day after the Issue Closing Date to verify the PAN, DP ID and Client ID uploaded in the online IPO system during the Issue Period, after which the Registrar will receive this data from the Stock Exchanges 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.

#### **WITHDRAWAL OF APPLICATIONS**

RILs can withdraw their applications until Issue Closing Date. In case a RILs wishes to withdraw the applications during the Issue Period, the same can be done by submitting a request for the same to the concerned Designated Intermediary who shall do the requisite, including unblocking of the funds by the SCSB or Sponsor Bank in the ASBA Account.

The Registrar to the Issue shall give instruction to the SCSB for unblocking the ASBA Account on the Designated Date. QIBs and NILs can neither withdraw nor lower the size of their Bids at any stage.

#### **SIGNING OF UNDERWRITING AGREEMENT**

The issue is 100% Underwritten. For further details please refer to Section titled "*General Information*" on page 53 of this Prospectus.

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

For filing details, please refer Section titled "*General Information*" beginning on page 53 of this Prospectus.

#### **PRE-ISSUE ADVERTISEMENT**

Subject to Section 30 of the Companies Act, 2013, the Company shall, after filing the Prospectus with the RoC, publish a pre-Issue advertisement, in the form prescribed by the SEBI Regulations, in one widely circulated English language national daily newspaper; one widely circulated Hindi language national daily newspaper and one regional newspaper with wide circulation where registered office of the Company is situated

#### **PRICE DISCOVERY AND ALLOCATION OF EQUITY SHARES**

- a) The Issue is being made through the Fixed Price Process where in up to Equity Shares shall be reserved for Market Maker. Equity shares will be allocated on a proportionate basis to Retail Individual Applicants, subject to valid Application 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.
- b) Under-subscription if any, in any category, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company in consultation with the Book Running Lead Manager and the Stock Exchange.

- c) 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.
- d) In terms of SEBI Regulations, Non-Retail Investors shall not be allowed to either withdraw or lower the size of their applications at any stage.
- e) Allotment status details shall be available on the website of the Registrar to the Issue.

#### **ISSUANCE OF ALLOTMENT ADVICE**

Upon approval of the Basis of Allotment by the Designated stock exchange, the Registrar shall upload on its website. On the basis of 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 Participants 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.

1. The dispatch of allotment advice shall be deemed a valid, binding and irrevocable contract.
2. **Issuer will that:** (i) the allotment of the equity shares; and (ii) initiate corporate action for credit of shares to the successful applicant's Depository Account within 4 working days of the Issue Closing date. The Issuer also ensures the credit of shares to the successful Applicants Depository Account is completed within one working Day from the date of allotment, after the funds are transferred from ASBA Public Issue Account to Public Issue account of the issuer.
3. The Company will issue and dispatch letters of allotment/ or letters of regret along with refund order or credit the allotted securities to the respective beneficiary accounts, if any within a period of 4 working days of the Issue Closing Date. The Company will intimate the details of allotment of securities to Depository immediately on allotment of securities under Section 56 of the Companies Act, 2013 or other applicable provisions, if any.

#### **ISSUANCE OF CONFIRMATION ALLOCATION NOTE ("CAN")**

- a) A physical book is prepared by the Registrar on the basis of the Application Forms received from Investors. Based on the physical book and at the discretion of the Company in consultation with the LM, selected Investors will be sent a CAN and if required, a revised CAN.
- b) In the event that the Issue Price is higher than the Investor Allocation Price: Investors will be sent a revised CAN within 1 (one) day of the Pricing Date indicating the number of Equity Shares allocated to such Investor and the pay-in date for payment of the balance amount. Investors are then required to pay any additional amounts, being the difference between the Issue Price and the Investor Allocation Price, as indicated in the revised CAN within the pay-in date referred to in the revised CAN. Thereafter, the Allotment Advice will be issued to such Investors.
- c) In the event the Issue Price is lower than the Investor Allocation Price: Investors who have been Allotted Equity Shares will directly receive Allotment Advice.

#### **DESIGNATED DATE**

On the Designated date, the SCSBs shall transfers the funds represented by allocations of the Equity Shares into Public Issue Account with the Bankers to the Issue.

#### **GENERAL INSTRUCTIONS**

Applicants are requested to note the additional instructions provided below.

##### **Do's:**

1. Check if you are eligible to apply as per the terms of the Prospectus and under applicable law, rules, regulations, guidelines and approvals;
2. Read all the instructions carefully and complete the Application Form;

3. Ensure that the details about the PAN, UPI ID (if applicable), DP ID and Client ID are correct and the Applicants depository account is active, as Allotment of the Equity Shares will be in the dematerialised form only;
4. Ensure that your Application Form, bearing the stamp of a Designated Intermediary is submitted to the Designated Intermediary at the Collection Centre within the prescribed time, except in case of electronic forms. Retail Individual Investors using UPI mechanism, may submit their ASBA forms with Designated Intermediary and ensure that it contains the stamp of such Designated Intermediary;
5. Ensure that the signature of the First Applicant in case of joint Applications, is included in the Application Forms;
6. If the first applicant is not the ASBA account holder (or the UPI- linked bank account holder as the case may be), ensure that the Application Form is signed by the ASBA account holder (or the UPI- linked bank account holder as the case may be). Ensure that you have mentioned the correct bank account number and UPI ID in the Application Form;
7. All Applicants (other than Anchor Investors and RII using UPI Mechanism) should apply through the ASBA process only. RII not using UPI mechanism, should submit their application form directly with SCSB's and not with any designated intermediary.
8. With respect to Applications by SCSBs, ensure that you have a separate account in your own name with any other SCSB having clear demarcated funds for applying under the ASBA process and that such separate account (with any other SCSB) is used as the ASBA Account with respect to your application;
9. Ensure that you request for and receive a stamped acknowledgement of your application;
10. Ensure that you have funds equal to the Application Amount in the ASBA Account maintained with the SCSB before submitting the ASBA Form to any of the Designated Intermediaries;
11. Instruct your respective banks to not release the funds blocked in the ASBA Account under the ASBA process. Retail Individual Investors using the UPI Mechanism, should ensure that they approve the UPI Mandate Request generated by the Sponsor Bank to authorise blocking of funds equivalent to application amount and subsequent debit of funds in case of allotment, in a timely manner
12. Submit revised Applications to the same Designated Intermediary, as applicable, through whom the original Application was placed and obtain a revised TRS;
13. Except for Applications (i) on behalf of the central or state governments and the officials appointed by the courts, who, in terms of SEBI circular dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market and (ii) Applications by persons resident in the state of Sikkim, who, in terms of SEBI circular dated July 20, 2006, may be exempted from specifying their PAN for transacting in the securities market, all Applicants should mention their PAN allotted under the IT Act. The exemption for the central or the state government and officials appointed by the courts and for Applicants residing in the state of Sikkim is subject to (a) the demographic details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the demographic details evidencing the same. All other applications in which PAN is not mentioned will be rejected.
14. Ensure that the Demographic Details are updated, true and correct in all respects;
15. Ensure that thumb impressions and signatures other than in the languages specified in the eighth schedule to the Constitution of India are attested by a magistrate or a notary public or a special executive magistrate under official seal;
16. Ensure that the name(s) given in the Application Form is/are exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case of joint application, the Application Form

should contain only the name of the First Applicant whose name should also appear as the first holder of the beneficiary account held in joint names;

17. Ensure that the category and sub-category under which the Application is being submitted is clearly specified in the Application Form;
18. Ensure that in case of Applications under power of attorney or by limited companies, corporate, trust etc., relevant documents are submitted;
19. If you are resident outside India, ensure that Applications by you are in compliance with applicable foreign and Indian laws;
20. Applicants should note that in case the DP ID, the Client ID, UPI ID (where applicable) and the PAN mentioned in the Application Form and entered into the online IPO system of the Stock Exchange by the relevant Designated Intermediary, match with the DP ID, Client ID (where applicable) and PAN available in the Depository database otherwise liable to be rejected; Where the Application Form is submitted in joint names, ensure that the beneficiary account is also held in the same joint names and such names are in the same sequence in which they appear in the Application Form;
21. Ensure that the Application Forms are delivered by the Applicants within the time prescribed as per the Application Form and the Prospectus;
22. Ensure that you have correctly signed the authorisation/undertaking box in the Application Form, or have otherwise provided an authorisation to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Application Amount mentioned in the Application Form at the time of submission of the Application;
23. Ensure that you have mentioned the correct ASBA Account number (for all Bidders other than Retail Individual Investors Bidding using the UPI Mechanism) in the Bid cum Application Form and such ASBA account belongs to you and no one else. Further, Retail Individual Investors using the UPI Mechanism must also mention their UPI ID and shall use only his/her own bank account which is linked to his/her UPI ID;
24. Retail Individual Investors Bidding using the UPI Mechanism shall ensure that the bank, with which they have their bank account, where the funds equivalent to the application amount are available for blocking is UPI 2.0 certified by NPCI before submitting the ASBA Form to any of the Designated Intermediaries;
25. Retail Individual Investors Bidding using the UPI Mechanism through the SCSBs and mobile applications shall ensure that the name of the bank appears in the list of SCSBs which are live on UPI, as displayed on the SEBI website. Retail Individual Investors shall ensure that the name of the app and the UPI handle which is used for making the application appears on the list displayed on the SEBI website. An application made using incorrect UPI handle or using a bank account of an SCSB or bank which is not mentioned on the SEBI website is liable to be rejected;

**Don'ts:**

1. Do not apply for lower than the minimum Application size;
2. Do not apply at a Price different from the Price mentioned herein or in the Application Form;
3. Do not pay the Application Amount in cash, cheque, by money order or by postal order or by stock invest or any mode other than stated herein;
4. Do not send Application / ASBA Forms by post, instead submit the same to the Designated Intermediary only;
5. Do not submit the Application Forms with the Banker(s) to the Issue (assuming that such bank is not a SCSB), our Company, the BRLM or the Registrar to the Issue (assuming that the Registrar to the Issue is not one of the RTAs) or any non-SCSB bank;
6. Do not apply on an Application Form that does not have the stamp of the Designated Intermediary;

7. If you are a Retail Individual Applicant, do not apply for an exceeding ₹200,000;
8. 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 the Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations or under the terms of the Prospectus;
9. Do not submit the General Index Register number instead of the PAN;
10. As an ASBA Applicant, do not submit the Application without ensuring that funds equivalent to the entire Application Amount are available to be blocked in the relevant ASBA Account and as in the case of Retail Individual Investors using the UPI Mechanism shall ensure that funds equivalent to the entire application amount are available in the UPI linked bank account where funds for making the bids are available.
11. As an ASBA Applicant, do not instruct your respective banks to release the funds blocked in the ASBA Account;
12. Do not submit incorrect details of the DP ID, Client ID 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;
13. Do not submit Applications on plain paper or on incomplete or illegible Application Forms or on Application Forms in a colour prescribed for another category of Applicant;
14. If you are a QIB, do not submit your application after 3.00 pm on the Issue Closing Date for QIBs;
15. If you are a Non-Institutional Applicant or Retail Individual Applicant, do not submit your application after 3.00 pm on the Issue Closing Date;
16. Do not submit an application in case you are not eligible to acquire Equity Shares under applicable law or your relevant constitutional documents or otherwise;
17. Do not submit an application if you are not competent to contract under the Indian Contract Act, 1872, (other than minors having valid depository accounts as per Demographic Details provided by the Depositories);
18. If you are a QIB or a Non-Institutional Applicant, do not withdraw your application or lower the size of your Application (in terms of quantity of the Equity Shares or the Application Amount) at any stage;
19. Do not submit more than five (5) ASBA Forms per ASBA Account;
20. Do not submit ASBA Forms at a location other than the Specified Locations or to the brokers other than the Registered Brokers at a location other than the Broker Centres; and
21. Do not submit ASBA Forms to a Designated Intermediary at a Collection Centre unless the SCSB where the ASBA Account is maintained, as specified in the ASBA Form, has named at least one (1) branch in the relevant Collection Centre, for the Designated Intermediary to deposit ASBA Forms (a list of such branches is available on the website of SEBI at <http://www.sebi.gov.in>). The Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.
22. Do not submit an Application Form with third party UPI ID or using a third-party bank account (in case of Bids submitted by Retail Individual Investors using the UPI Mechanism)
23. Do not submit a Bid using UPI ID, if you are not a RIB
24. Do not Bid for Equity Shares more than what is specified by respective Stock Exchange for each category
25. Do not submit an Application Form with third party ASBA Bank Account or UPI ID (in case of Bids submitted by RIB Bidder using the UPI Mechanism)

26. Do not withdraw your Bid or lower the size of your Bid (in terms of quantity of the Equity Shares or the Bid Amount) at any stage, if you are a QIB or a Non-Institutional Bidder. RIB shall scan revise or withdraw their Bids on or before the Issue Closing Date
27. If you are an RILs which is submitting the ASBA Form with any of the Designated Intermediaries and using your UPI ID for the purpose of blocking of funds, do not use any third-party bank account or third party linked bank account UPI ID
28. Do not submit the Application Forms to any non-SCSB bank; and
29. Do not Bid if you are an OCB

**The Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.**

#### **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 submitted to the SCSBs should bear the stamp of respective intermediaries to whom the application form submitted. Application form submitted directly to the SCSBs should bear the stamp of the SCSBs and/or the Designated Branch. Application forms submitted by Applicants whose beneficiary account is inactive shall be rejected.

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 (“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 Stock Exchange.

#### **Applicant’s Depository Account and Bank Details**

**Please note that, providing bank account details in the space provided in the Application Form is mandatory and applications that do not contain such details are liable to be rejected.**

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, the Registrar to the Issue will obtain from the Depository the demographic details including address, Applicant’s bank account details, MICR code and occupation (hereinafter referred to as ‘Demographic Details’). These Bank Account details would be used for giving refunds to the Applicants. Hence, Applicants are advised to immediately update their Bank Account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in dispatch/ credit of refunds to Applicants at the Applicants’ sole risk and neither the Lead Manager nor the Registrar to the Issue or the Escrow Collection Banks or the SCSB nor the Company shall have any responsibility and undertake any liability for the same. Hence, Applicants should carefully fill in their Depository Account details in the Application Form. These Demographic Details would be used for all correspondence with the Applicants including mailing of the CANs / Allocation Advice and printing of Bank particulars on the refund orders or for refunds through electronic transfer of funds, as applicable. 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.

#### **Payment by Stock Invest**

In terms of the Reserve Bank of India Circular No. DBOD No. FSC BC 42/ 24.47.00/ 2003 04 dated November 5, 2003; the option to use the stock invest instrument in lieu of cheques or bank drafts for payment of Application money has been withdrawn. Hence, payment through stock invest would not be accepted in this Issue.

#### **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 Book Running 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:

- All Applications will be checked for common PAN. For Applicants other than Mutual Funds and FII subaccounts, Applications bearing the same PAN will be treated as multiple Applications and will be rejected.
- 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 ("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) which PAN is wrongly entered into by ASBA SCSB's in the ASBA system, without any fault on the part of Applicant.**

#### **RIGHT TO REJECT APPLICATIONS**

In case of QIB Applicants, the Company in consultation with the Lead Manager may reject Applications provided that the reasons for rejecting the same shall be provided to such Applicant in writing. In case of Non-Institutional Applicants, Retail Individual Applicants who applied, the Company has a right to reject Applications based on technical grounds. It should be noted that RIs using third party bank account for the payment in the public issue using UPI facility or using third party UPI ID linked bank account are liable to be rejected.

#### **GROUND FOR TECHNICAL REJECTIONS**

Applicants are requested to note that Application may be rejected on the following additional technical grounds.

- a. Amount paid does not tally with the amount payable for the highest value of Equity Shares applied for;
- b. In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
- c. Application by persons not competent to contract under the Indian Contract Act, 1872 including minors, insane persons;
- d. PAN not mentioned in the Application Form;
- e. GIR number furnished instead of PAN;
- f. Applications for lower number of Equity Shares than specified for that category of investors;
- g. Applications at a price other than the Fixed Price of the Issue;
- h. Applications for number of Equity Shares which are not in multiples as stated in the section titled "Issue Structure";
- i. Category not ticked;
- j. Multiple Applications as defined in the Prospectus;
- k. In case of Application under power of attorney or by limited companies, corporate, trust etc., where relevant documents are not submitted;
- l. Applications accompanied by Stock invest/ money order/ postal order/ cash;
- m. Signature of sole Applicant is missing;
- n. Application Forms are not delivered by the Applicant within the time prescribed as per the Application Forms, Issue Opening Date advertisement and the Prospectus and as per the instructions in the Prospectus and the Application Forms;
- o. In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Applicants (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's account number;
- p. Applications for amounts greater than the maximum permissible amounts prescribed by the regulations;
- q. Applications by OCBs;
- r. Applications by US persons other than in reliance on Regulations or "qualified institutional buyers" as defined in Rule 144A under the Securities Act;

- s. Applications not duly signed;
- t. Applications by any persons outside India if not in compliance with applicable foreign and Indian laws;
- u. Applications by any person that do not comply with the securities laws of their respective jurisdictions are liable to be rejected;
- v. Applications by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
- w. Applications by persons who are not eligible to acquire Equity Shares of the Company in terms of all applicable laws, rules, regulations, guidelines, and approvals;
- x. Applications or revisions thereof by QIB Applicants, Non-Institutional Applicants where the Application Amount is in excess of ₹ 2,00,000, received after 3.00 pm on the Issue Closing Date;
- y. Applications not containing the details of Bank Account and/or Depositories Account.
- z. Applications under the UPI Mechanism submitted by Retail Individual Investors using third party bank accounts or using a third party linked bank account UPI ID (subject to availability of information regarding third party account from Sponsor Bank);
- aa. Application submitted by Retail Individual Investors using the UPI Mechanism through an SCSB and/or using a Mobile App or UPI handle, not listed on the website of SEBI.

#### **EQUITY SHARES IN DEMATERIALIZED FORM WITH NSDL AND CDSL**

To enable all shareholders of the 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) a tripartite agreement dated January 25, 2022 with NSDL, our Company and Registrar to the Issue;
- b) a tripartite agreement dated January 12, 2022 with CDSL, our Company and Registrar to the Issue;  
The Company's shares bear an ISIN No: INE0G1L01017
- a) An applicant applying for Equity Shares in demat form must have at least one beneficiary account with the Depository Participants of either NSDL or CDSL prior to making the application.
- b) The applicant must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's Identification number) appearing in the Application Form or Revision Form.
- c) Equity Shares allotted to a successful applicant will be credited in electronic form directly to the Applicant's beneficiary account (with the Depository Participant).
- d) Names in the Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.
- e) If incomplete or incorrect details are given under the heading 'Applicants Depository Account Details' in the Application Form or Revision Form, it is liable to be rejected.
- f) The Applicant is responsible for the correctness of his or her demographic details given in the Application Form vis-à-vis those with their Depository Participant.
- g) It may be noted that Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchange where our Equity Shares are proposed to be listed has electronic connectivity with CDSL and NSDL.
- h) The trading of the Equity Shares of our Company would be only in dematerialized form.

#### **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 Banker to the Issue where the Application was submitted and a copy of the acknowledgement slip.

**Investors can 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 letters of allotment, credit of allotted shares in the respective beneficiary accounts, etc.**

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| <b>FEDEX SECURITIES PRIVATE LIMITED</b><br>B7, 3 <sup>rd</sup> Floor, Jay Chambers, Dayaldas Road, Vile Parle (East), Mumbai - 400 057, Maharashtra, India.<br><b>Tel No:</b> +91 81049 85249<br><b>Fax No.:</b> 022 2618 6966<br><b>E-mail:</b> <a href="mailto:mb@fedsec.in">mb@fedsec.in</a><br><b>Website:</b> <a href="http://www.fedsec.in">www.fedsec.in</a><br><b>Contact Person:</b> Yash Kadakia<br><b>SEBI Registration Number:</b> INM000010163<br><b>Investor Grievance E-mail:</b> <a href="mailto:mb@fedsec.in">mb@fedsec.in</a> | <b>BIGSHARE SERVICES PRIVATE LIMITED</b><br>1st Floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road, Marol, Andheri East, Mumbai – 400059, Maharashtra, India<br><b>Tel No.:</b> +91-022-62638200<br><b>Fax no:</b> +91 -022 62638280<br><b>Website:</b> <a href="http://www.bigshareonline.com">www.bigshareonline.com</a><br><b>Email:</b> <a href="mailto:ipo@bigshareonline.com">ipo@bigshareonline.com</a><br><b>Investor Grievance Email:</b> <a href="mailto:investor@bigshareonline.com">investor@bigshareonline.com</a><br><b>Contact Person:</b> Mr. Swapnil Kate<br><b>SEBI Registration No:</b> INR000001385<br><b>CIN:</b> U99999MH1994PTC076534 |
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#### **Disposal of Applications**

With respect to Investors, our Company shall ensure dispatch of Allotment Advice, refund orders (except for applicants who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account of Depository Participants of the Applicants and submit the documents pertaining to the Allocation to the Stock Exchange(s) on the Investor Bidding Date. In case of Applicants who receive refunds through NECS, NEFT, direct credit or RTGS, the refund instructions will be given to the clearing system within 6 Working Days from the Bid/ Issue Closing Date.

#### **IMPERSONATION**

Attention of the Applicant 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”.***

Without prejudice to any liability including repayment of any debt under this Act or any other law for the time being in force, any person who is found to be guilty of fraud involving an amount of at least ten lakh rupees or one percent of the turnover of the company, whichever is lower shall be punishable with imprisonment for a term which shall not be less than six months but which may extend to ten years and shall also be liable to fine which shall not be less than the amount involved in the fraud, but which may extend to three times the amount involved in the fraud:

Provided that where the fraud in question involves public interest, the term of imprisonment shall not be less than three years.

Provided further that where the fraud involves an amount less than ten lakh rupees or one per cent. of the turnover of the company, whichever is lower, and does not involve public interest, any person guilty of such fraud shall be punishable with imprisonment for a term which may extend to five years or with fine which may extend to fifty lakh rupees or with both.

#### **NAMES OF ENTITIES RESPONSIBLE FOR FINALISING THE BASIS OF ALLOTMENT IN A FAIR AND PROPER MANNER**

The authorised employees of the Stock Exchange, along with the Lead Manager and the Registrar, shall ensure that the Basis of Allotment is finalised in a fair and proper manner in accordance with the procedure specified in SEBI ICDR Regulations.

#### **BASIS OF ALLOTMENT**

Allotment will be made in consultation with the Stock Exchange. In the event of oversubscription, the allotment will be made on a proportionate basis in marketable lots as set forth here:

1. The total number of Shares to be allocated to each category as a whole shall be arrived at on a proportionate basis i.e., the total number of Shares applied for in that category multiplied by the inverse of the over subscription ratio (number of applicants in the category x number of Shares applied for).
2. The number of Shares to be allocated to the successful applicants will be arrived at on a proportionate basis in marketable lots (i.e., Total number of Shares applied for into the inverse of the over subscription ratio).
3. For applications where the proportionate allotment works out to less than 1600 equity shares the allotment will be made as follows:
  - a. Each successful applicant shall be allotted 1600 equity shares; and
  - b. The successful applicants out of the total applicants for that category shall be determined by the draw of lots in such a manner that the total number of Shares allotted in that category is equal to the number of Shares worked out as per (2) above.
4. If the proportionate allotment to an applicant works out to a number that is not a multiple of 1600 equity shares, the applicant would be allotted Shares by rounding off to the lower nearest multiple of 1600 equity shares subject to a minimum allotment of 1600 equity shares.
5. If the Shares allocated 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 1600 equity shares, results in the actual allotment being higher than the shares offered, the final allotment may be higher at the sole discretion of the Board of Directors, up to 110% of the size of the Issue specified under the Capital Structure mentioned in this Prospectus.
6. Since present issue is a fixed price issue, the allocation in the net offer to the public category in terms of Regulation 253 of the SEBI (ICDR) Regulations, 2018 shall be made as follows:
  - a. A minimum of 50% of the net Issue of shares to the Public shall initially be made available for allotment to retail individual investors as the case may be.
  - b. The balance net Issue of shares to the public shall be made available for allotment to a) individual applicants other than retails individual investors and b) other investors, including Corporate Bodies/ Institutions irrespective of number of shares applied for.
  - c. The unsubscribed portion of the net to any one of the categories specified in (a) or (b) shall/may be made

available for allocation to applicants in the other category, if so required.

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

Please note that the Allotment to each Retail Individual Investor shall not be less than the minimum application lot, subject to availability of Equity Shares in the Retail portion. The remaining available Equity Shares, if any in Retail portion shall be allotted on a proportionate basis to Retail individual Investor in the manner in this para titled 'Basis of Allotment' of Prospectus.

'Retail Individual Investor' means an investor who applies for shares of value of not more than ₹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 the Stock Exchange.

#### **Procedure And Time of Schedule for Allotment And Demat Credit**

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall upload the same on its website. On the basis of the approved Basis of Allotment, the Issuer shall pass necessary corporate action to facilitate the Allotment and credit of Equity Shares. Applicants are advised to instruct their Depository Participant to accept the Equity Shares that may be allotted to them pursuant to the Issue.

Pursuant to confirmation of such corporate actions, the Registrar will dispatch Allotment Advice to the Applicants who have been Allotted Equity Shares in the Issue.

(a) The dispatch of Allotment Advice shall be deemed a valid, binding and irrevocable contract.

(b) Issuer will ensure that: (i) the Allotment of Equity Shares; and (ii) initiate corporate action for credit of shares to the successful Bidders Depository Account which will be completed within 4 Working Days of the Issue Closing Date. The Issuer also ensures the credit of shares to the successful Bidder depository account is completed within one Working Day from the date of Allotment, after the funds are transferred from the Public Issue Account on the Designated Date.

#### **BASIS OF ALLOTMENT IN THE EVENT OF UNDER SUBSCRIPTION**

In the event of under subscription in the Issue, the obligations of the Underwriters shall get triggered in terms of the Underwriting Agreement. The Minimum subscription of 100% of the Issue size as specified shall be achieved before our company proceeds to get the basis of allotment approved by the Designated Stock Exchange.

The Executive Director/Managing Director of the 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, 2018.

**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.**

#### **AT PAR FACILITY**

Letters of Allotment or refund orders or instructions to Self-Certified Syndicate Banks in Application Supported by Blocked Amount process. The issuer shall ensure that "at par" facility is provided for encashment of refund orders for applications other than Application Supported by Blocked Amount process.

#### **GROUND FOR REFUND**

##### *Non-Receipt of Listing Permission*

An Issuer makes an Application to the Stock Exchange for permission to deal in/list and for an official quotation of the Equity Shares. All the Stock Exchange from where such permission is sought are disclosed in this Prospectus. The designated Stock Exchange may be as disclosed in the Prospectus with which the Basis of Allotment may be finalised.

If the permission to deal in and official quotation of the Equity Shares are not granted by Stock Exchange, the Issuer may forthwith repay, without interest, all money received from the Applicants in pursuance of the Prospectus.

In the event that the listing of the Equity Shares does not occur in the manner described in this Prospectus, the Lead Manager and Registrar to the Issue shall intimate Public Issue bank / Bankers to the Issue and Public Issue Bank/Bankers to the Issue shall transfer the funds from Public Issue account to Refund Account as per the written instruction from lead Manager and the Registrar for further payment to the beneficiary Applicants.

If such money is not repaid within Four days after the Issuer becomes liable to repay it, then the Issuer and every director of the Issuer who is an officer in default may, on and from such expiry of eight days, be liable to repay the money, with interest at such rate, as prescribed under Section 73 of the Companies Act, and as disclosed in this Prospectus.

#### *Minimum Subscription*

This Issue is not restricted to any minimum subscription level. This Issue is 100% underwritten. As per section 39 of the Companies Act, 2013, if the "Stated Minimum Amount" has not been subscribed and the sum payable on application money has to be returned within such period of 30 days from the date of the Prospectus, the application money has to be returned within such period as may be prescribed. If the Issuer does not receive the subscription of 100% of the Issue through this offer document including devolvement of underwriters within Sixty Days from the date of closure of the Issue, the Issuer shall Forthwith refund the entire subscription amount received. If there is a delay beyond eight days after the Issuer become liable to pay the amount, the Issuer shall pay interest prescribed under section 73 of the Companies Act, 1956 (or the Company shall follow any other substitutional or additional provisions as has been or may be notified under the Companies Act, 2013)

#### *Minimum Number of Allottees*

The Issuer may ensure that the number of Allottees to whom Equity Shares may be allotted may not be less than fifty (50), failing which the entire application monies may be refunded forthwith.

#### **MODE OF REFUNDS**

- a) **In case of ASBA Bids:** Within Four (4) Working Days of the Bid / Issue Closing Date, the Registrar to the Issue may give instructions to SCSBs for unblocking the amount in ASBA Account on unsuccessful Bid, for any excess amount blocked on Application, for any ASBA Bids withdrawn, rejected or unsuccessful or in the event of withdrawal or failure of the Issue
- b) In the case of Applicant from Eligible NRIs and FPIs, refunds, if any, may generally be payable in Indian Rupees only and net of bank charges and/ or commission. If so desired, such payments in Indian Rupees may be converted into U.S. Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and may be dispatched by registered post. The Company may not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.
- c) **In case of Investors:** Within Four (4) Working Days of the Bid/ Issue Closing Date, the Registrar to the Issue may dispatch the refund orders for all amounts payable to unsuccessful Investors. In case of Investors, the Registrar to the Issue may obtain from the depositories, the Bidders' bank account details, including the MICR code, on the basis of the DP ID, Client ID and PAN provided by the Investors in their Investor Application Forms for refunds. Accordingly, Investors are advised to immediately update their details as appearing on the records of their depositories. Failure to do so may result in delays in dispatch of refund orders or refunds through electronic transfer of funds, as applicable, and any such delay may be at the Investors' sole risk and neither the Issuer, the Registrar to the Issue, the Escrow Collection Banks, may be liable to compensate the Investors for any losses caused to them due to any such delay, or liable to pay any interest for such delay

#### **MODE OF MAKING REFUNDS FOR APPLICANTS OTHER THAN ASBA APPLICANTS**

The payment of refund, if any, may be done through various modes as mentioned below:

- (i) **NECS** - Payment of refund may be done through NECS for Applicants having an account at any of the centers specified by the RBI. This mode of payment of refunds may be subject to availability of complete bank account details including the nine-digit MICR code of the Bidder as obtained from the Depository;
- (ii) **NEFT** - Payment of refund may be undertaken through NEFT wherever the branch of the Applicants' bank is NEFT enabled and has been assigned the Indian Financial System Code ("**IFSC**"), which can be linked to the MICR of that particular branch. The IFSC Code may be obtained from the website of RBI as at a date prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Applicants have registered their nine-digit MICR number and their bank account number while opening and operating the demat account, the same may be duly mapped with the IFSC Code of that particular bank branch and the payment of refund may be made to the Applicants through this method. In the event NEFT is not operationally feasible, the payment of refunds may be made through any one of the other modes as discussed in this section;
- (iii) **Direct Credit** - Applicants having their bank account with the Refund Banker may be eligible to receive refunds, if any, through direct credit to such bank account;
- (iv) **RTGS** - Applicants having a bank account at any of the centres notified by SEBI where clearing houses are managed by the RBI, may have the option to receive refunds, if any, through RTGS. The IFSC code shall be obtained from the demographic details. Investors should note that on the basis of PAN of the bidder, DP ID and beneficiary account number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the demographic details including address, Applicant's account details, IFSC code, MICR code and occupation (hereinafter referred to as "Demographic Details"). The bank account details for would be used giving refunds. Hence, Applicants are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in dispatch/ credit of refunds to Applicants at their sole risk and neither the BRLM or the Registrar to the Issue or the Escrow Collection Banks nor the Company shall have any responsibility and undertake any liability for the same; and
- (v) Please note that refunds, on account of our Company not receiving the minimum subscription of 100% of the Issue, shall be credited only to the bank account from which the Applicant Amount was remitted to the Escrow Bank.

For details of levy of charges, if any, for any of the above methods, Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers etc. Applicants may refer to Prospectus.

#### **INTEREST IN CASE OF DELAY IN ALLOTMENT OR REFUND**

The issuer shall allot securities offered to the public shall be made within the period prescribed by the Board. The issuer shall also pay interest at the rate of fifteen per cent. per annum (15% p.a.) if the allotment letters or refund orders have not been despatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner within eight days from the date of the closure of the issue. However, applications received after the closure of issue in fulfilment of underwriting obligations to meet the minimum subscription requirement, shall not be entitled for the said interest.

#### **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 instruction for credit of Equity Shares to the beneficiary account with DPs, and dispatch the allotment Advise within 4 Working Days of the Issue Closing Date.

#### **UNDERTAKING BY OUR COMPANY**

Our Company undertakes the following:

1. That the complaints received in respect of this Issue shall be attended to by our Company 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 closure of the Issue;
3. 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;
4. that the instruction for electronic credit of Equity Shares/ refund orders/intimation about the refund to non-resident Indians shall be completed within specified time; and
5. that no further issue of Equity Shares shall be made till the Equity Shares offered through the Prospectus are listed or until the Application monies are refunded on account of non-listing, under subscription etc.
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 if our Company does not proceed with the Issue after the Issue Closing Date, the reason thereof shall be given as a public notice which will be issued by our Company within two (2) days of the Issue Closing Date. The public notice shall be issued in the same newspapers where the pre-Issue advertisements were published. Stock Exchange on which the Equity Shares are proposed to be listed shall also be informed promptly;
8. The Equity Shares proposed to be issued by it in the Issue shall be allotted and credited to the successful applicants within the specified time in accordance with the instruction of the Registrar to the Issue;
9. If the Allotment is not made, application monies will be refunded/unblocked in the ASBA Accounts within Four (4) Working days from the Issue Closing Date or such lesser time as specified by SEBI, failing which interest will be due to be paid to the Applicants at the rate of 15% per annum for the delayed period
10. That if our Company withdraws the Issue after the Issue Closing Date, our Company shall be required to file a fresh Prospectus with Stock Exchange/ RoC/ SEBI, in the event our Company subsequently decides to proceed with the Issue;
11. That the Promoters' contribution in full, if required, shall be brought in advance before the Issue opens for subscription and the balance, if any, shall be brought on a pro rata basis before the calls are made on Applicants in accordance with applicable provisions under SEBI ICDR Regulations;
12. 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 our Company;
13. That adequate arrangements shall be made to collect all Applications Supported by Blocked Amount and to consider them similar to non-ASBA applications while finalizing the basis of Allotment; and
14. That it shall comply with such disclosure and account norms specified by SEBI from time to time

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

Our Board 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 shall be disclosed and continue to be disclosed till any part of the issue proceeds remains unutilized under an appropriate separate head in the Company's balance sheet indicating the purpose for which such monies have been utilized;
- 3) Details of all unutilized monies out of the Issue, if any shall be disclosed under an appropriate head in the balance sheet indicating the form in which such unutilized monies have been invested. Our Company confirms and declares that all monies received out of the Issue shall be transferred to a separate bank account other

than the bank account referred to in sub section 3 of Section 40 of the Companies Act, 2013.

- 4) Our Company shall comply with the requirements of the SEBI Listing Regulations in relation to the disclosure and monitoring of the utilisation of the proceeds of the Issue.
- 5) Our Company shall not have recourse to the Issue Proceeds until the approval for listing and trading of the Equity Shares from all the Stock Exchange where listing is sought has been received.
- 6) The Lead Manager undertakes that the complaints or comments received in respect of the Issue shall be attended by our Company expeditiously and satisfactory.

## RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and Foreign Exchange Management Act, 1999 (**"FEMA"**). While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, 1991 unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The government bodies responsible for granting foreign investment approvals are the Reserve Bank of India (**"RBI"**) and Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India (**"DIPP"**).

The Government of India, from time to time, has made policy pronouncements on Foreign Direct Investment (**"FDI"**) through press notes and press releases. The DIPP, has issued consolidated FDI Policy DPIIT File Number 5(2)/2020-FDI Policy Dated the October 15, 2020 (**"FDI Policy 2020"**), which with effect from October 15, 2020, consolidates and supersedes all previous press notes, press releases and clarifications on FDI policy issued by the DIPP that were in force. The Government of India proposes to update the consolidated circular on FDI policy once every year and therefore, FDI Policy 2020 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 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.

For further details of the aggregate limit for investments by NRIs and FPIs in our Company, see "Issue Procedure – Application by Eligible NRIs" and "Issue Procedure – Application by FPIs" on pages 275 and 275, respectively of this Prospectus. As per the existing policy of the Government of India, OCBs cannot participate in this Issue. For further details, see "Issue Procedure" beginning on page 267 of this Prospectus.

Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020 issued by the DPIIT and the FEMA Rules, any investment, subscription, purchase or sale of equity instruments by entities, investments under the foreign direct investment route by entities of a country which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country will require prior approval of the Government of India, as prescribed in the Consolidated FDI Policy and the FEMA Rules. Further, in the event of transfer of ownership of any existing or future foreign direct investment in an entity in India, directly or indirectly, resulting in the beneficial ownership falling within the aforesaid restriction/ purview, such subsequent change in the beneficial ownership will also require approval of the Government of India.

In terms of the FEMA Rules and the Consolidated FDI Policy, up to 100% foreign investment is currently permitted in a company engaged in manufacturing activities in India (including contract manufacturing in India). With effect from April 1, 2020, the aggregate limits for FPI investments are the sectoral caps applicable to our Company. Each Application should seek independent legal advice about its ability to participate in the Offer and in our Company. In the event a prior approval of the Government of India is required, and such approval has been obtained, the Application shall intimate our Company and the Registrar in writing about such approval along with a copy thereof within the Offer Period.

Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020 issued by the DPIIT and the Foreign Exchange Management (Non-debt Instruments) Amendment Rules, 2020 which came into effect from April 22, 2020, any investment, subscription, purchase or sale of equity instruments by entities of a country which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country, will require prior approval of the Government, as prescribed in the Consolidated FDI Policy and the FEMA Rules. Further, in the event of transfer of ownership of any existing or future foreign direct investment in an entity in India, directly or indirectly,

resulting in the beneficial ownership falling within the aforesaid restriction/ purview, such subsequent change in the beneficial ownership will also require approval of the Government. Furthermore, on April 22, 2020, the Ministry of Finance, Government of India has also made a similar amendment to the FEMA Rules. Pursuant to the Foreign Exchange Management (Non-debt Instruments) (Fourth Amendment) Rules, 2020, a multilateral bank or fund, of which India is a member, shall not be treated as an entity of a particular country nor shall any country be treated as the beneficial owner of the investments of such bank of fund in India. Each Bidder should seek independent legal advice about its ability to participate in the Offer. In the event such prior approval of the Government of India is required, and such approval has been obtained, the Bidder shall intimate our Company and the Registrar to the Offer in writing about such approval along with a copy thereof within the Bid/Offer Period.

The Equity Shares have not been and will not be registered under the Securities Act, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold outside the United States in “offshore transactions”, as defined in, and in reliance on Regulation S.

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.

Our Company and the Lead Manager are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Prospectus. Applicants are advised to make their independent investigations and ensure that the number of Equity Shares Application for do not exceed the applicable limits under laws or regulations.

**SECTION IX – MAIN PROVISIONS OF ARTICLES OF ASSOCIATION**

**THE COMPANIES ACT, 2013**

**COMPANY LIMITED BY SHARES ARTICLES OF ASSOCIATION OF**

**LE MERITE EXPORTS LIMITED**

**TABLE F AS NOTIFIED UNDER SCHEDULE I OF THE COMPANIES ACT, 2013 IS APPLICABLE TO THE COMPANY ARTICLES OF ASSOCIATION OF LE MERITE EXPORTS LIMITED A COMPANY LIMITED BY SHARES**

**Interpretation**

I. (1) In these regulations --

- (a) "the Act" means the Companies Act, 2013,
- (b) "the seal" means the common seal of the company.
- (c) "Articles" means these Articles of Association of the Company as altered or added to from time to time by Special Resolution.
- (d) "Auditors" means and includes those persons appointed as such for the time being of the Company.
- (e) "Board" means the Board of Directors for the time being of the Company.
- (f) "Company" mean Le Merite Exports Limited.

(2) Unless the context otherwise requires, words or expressions contained in these regulations shall bear the same meaning as in the Act or any statutory modification thereof in force at the date at which these regulations become binding on the company.

(3) THE COMPANY IS A PUBLIC COMPANY WITHIN THE MEANING OF SECTION 2 clause 71 OF THE COMPANIES ACT, 2013 AND ACCORDINGLY:

"Public company" means a company which,

(a) is not a private company;

\*(b) has a minimum paid-up share capital of five lakh rupees or such higher paid-up capital, as may be prescribed:

Provided that a company which is a subsidiary of a company, not being a private company, shall be deemed to be public company for the purposes of this Act even where such subsidiary company continues to be a private company in its articles;

***\* Clause (71) of Section 2 of the Companies Act, 2013 the requirement of having minimum paid-up share capital shall not apply (Notification dated 5th June, 2015).***

**Share capital and variation of rights**

II. 1. Subject to the provisions of the Act and these Articles, the shares in the capital of the company shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par and at such time as they may from time to time think fit.

2. (i) Every person whose name is entered as a member in the register of members shall be entitled to receive within

two months after incorporation, in case of subscribers to the memorandum or after allotment or within one month after the application for the registration of transfer or transmission or within such other period as the conditions of issue shall be provided, --

(a) one certificate for all his shares without payment of any charges; or

(b) several certificates, each for one or more of his shares, upon payment of twenty rupees for each certificate after the first.

(ii) Every certificate shall be under the seal and shall specify the shares to which it relates and the amount paid-up thereon.

(iii) In respect of any share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders.

3. (i) If any share certificate be worn out, defaced, mutilated or torn or if there be no further space on the back for endorsement of transfer, then upon production and surrender thereof to the company, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, a new certificate in lieu thereof shall be given. Every certificate under this Article shall be issued on payment of twenty rupees for each certificate.

(ii) The provisions of Articles (2) and (3) shall mutatis mutandis apply to debentures of the company.

4. Except as required by law, no person shall be recognised by the company as holding any share upon any trust, and the company shall not be bound by, or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these regulations or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.

5. (i) The company may exercise the powers of paying commissions conferred by sub-section (6) of section 40, provided that the rate per cent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by that section and rules made thereunder.

(ii) The rate or amount of the commission shall not exceed the rate or amount prescribed in rules made under sub-section (6) of section 40.

(iii) The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in the one way and partly in the other.

6. (i) If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of section 48, and whether or not the company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class.

(ii) To every such separate meeting, the provisions of these regulations relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be at least two persons holding at least one-third of the issued shares of the class in question.

7. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.

8. Subject to the provisions of section 55, any preference shares may, with the sanction of an ordinary resolution, be issued on the terms that they are to be redeemed on such terms and in such manner as the company before the issue of the shares may, by special resolution, determine.

### **Lien**

9. (i) The company shall have a first and paramount lien --

(a) on every share (not being a fully paid share), for all monies (whether presently payable or not) called, or payable at a fixed time, in respect of that share; and

(b) on all shares (not being fully paid shares) standing registered in the name of a single person, for all monies presently payable by him or his estate to the company:

Provided that the Board of directors may at any time declare any share to be wholly or in part exempt from the provisions of this clause.

(ii) The company's lien, if any, on a share shall extend to all dividends payable and bonuses declared from time to time in respect of such shares.

10. The company may sell, in such manner as the Board thinks fit, any shares on which the company has a lien:

Provided that no sale shall be made --

(a) unless a sum in respect of which the lien exists is presently payable; or

(b) until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency.

11. (i) To give effect to any such sale, the Board may authorise some person to transfer the shares sold to the purchaser thereof.

(ii) The purchaser shall be registered as the holder of the shares comprised in any such transfer.

(iii) The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

12. (i) The proceeds of the sale shall be received by the company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable.

ii) The residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the shares before the sale, be paid to the person entitled to the shares at the date of the sale.

### **Calls on shares**

13. (i) The Board may, from time to time, make calls upon the members in respect of any monies unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times:

Provided that no call shall exceed one-fourth of the nominal value of the share or be payable at less than one month from the date fixed for the payment of the last preceding call.

(ii) Each member shall, subject to receiving at least fourteen days' notice specifying the time or times and place of payment, pay to the company, at the time or times and place so specified, the amount called on his shares.

(iii) A call may be revoked or postponed at the discretion of the Board.

14. A call shall be deemed to have been made at the time when the resolution of the Board authorizing the call was passed and may be required to be paid by instalments.

15. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

16. (i) If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest thereon from the day appointed for payment thereof to the time of actual payment at ten per cent per annum or at such lower rate, if any, as the Board may determine.

(ii) The Board shall be at liberty to waive payment of any such interest wholly or in part.

17. (i) Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall, for the purposes of these regulations, be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable.

(ii) In case of non-payment of such sum, all the relevant provisions of these regulations as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

18. The Board --

(a) may, if it thinks fit, receive from any member willing to advance the same, all or any part of the monies uncalled and unpaid upon any shares held by him; and

(b) upon all or any of the monies so advanced, may (until the same would, but for such advance, become presently payable) pay interest at such rate not exceeding, unless the company in general meeting shall otherwise direct, twelve per cent per annum, as may be agreed upon between the Board and the member paying the sum in advance.

### **Transfer of shares**

19. (i) The instrument of transfer of any share in the company shall be executed by or on behalf of both the transferor and transferee.

(ii) The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.

20. The Board may, subject to the right of appeal conferred by section 58 decline to register --

(a) the transfer of a share, not being a fully paid share, to a person of whom they do not approve; or

(b) any transfer of shares on which the company has a lien.

21. The Board may decline to recognise any instrument of transfer unless -

(a) the instrument of transfer is in the form as prescribed in rules made under sub-section (1) of section 56;

(b) the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and

(c) the instrument of transfer is in respect of only one class of shares.

22. On giving not less than seven days' previous notice in accordance with section 91 and rules made thereunder, the registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine:

Provided that such registration shall not be suspended for more than thirty days at any one time or for more than forty-five days in the aggregate in any year.

### **Transmission of shares**

23. (i) On the death of a member, the survivor or survivors where the member was a joint holder, and his nominee or nominees or legal representatives where he was a sole holder, shall be the only persons recognised by the company as having any title to his interest in the shares.

(ii) Nothing in clause (i) shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.

24. (i) 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 properly be required by the Board and subject as hereinafter provided, elect, either --

(a) to be registered himself as holder of the share; or

(b) to make such transfer of the share as the deceased or insolvent member could have made.

(ii) 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.

25. (i) If the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the company a notice in writing signed by him stating that he so elects.

(ii) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share.

(iii) 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 or transfer were a transfer signed by that member.

26. A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the company:

Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share, until the requirements of the notice have been complied with.

### **Forfeiture of shares**

27. If a member fails to pay any call, or instalment of a call, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the 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.

28. The notice aforesaid shall --

- (a) name a further day (not being earlier than the expiry 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
- (b) state that, in the event of non-payment on or before the day so named, the shares in respect of which the call was made shall be liable to be forfeited.

29. If the requirements of any such notice as aforesaid 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.

30. (i) A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit.

(ii) At any time before a sale or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit.

31. (i) A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay to the company all monies which, at the date of forfeiture, were presently payable by him to the company in respect of the shares.

(ii) The liability of such person shall cease if and when the company shall have received payment in full of all such monies in respect of the shares.

32. (i) A duly verified declaration in writing that the declarant is a director, the manager or the secretary, 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;

(ii) The company may receive the consideration, if any, given for the share on any sale or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of;

(iii) The transferee shall thereupon be registered as the holder of the share; and

(iv) The transferee 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.

33. The provisions of these regulations as to forfeiture shall apply in the case of nonpayment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

#### **Alteration of capital**

34. The company may, from time to time, by ordinary resolution increase the share capital by such sum, to be divided into shares of such amount, as may be specified in the resolution.

35. Subject to the provisions of section 61, the company may, by ordinary resolution, --

(a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;

(b) convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination;

- (c) sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum;
- (d) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.

36. Where shares are converted into stock, --

(a) 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.

(b) the holders of stock shall, according to the amount of 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 in the 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.

(c) such of the regulations of the company as are applicable to paid-up shares shall apply to stock and the words "share" and "shareholder" in those regulations shall include "stock" and "stock-holder" respectively.

37. The company may, by special resolution, reduce in any manner and with, and subject to, any incident authorised and consent required by law, --

- (a) its share capital;
- (b) any capital redemption reserve account; or
- (c) any share premium account.

### **Capitalisation of profits**

38. (i) The company in general meeting may, upon the recommendation of the Board, resolve --

(a) that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the company's reserve accounts, or to the credit of the, profit and loss account, or otherwise available for distribution; and

(b) that such sum be accordingly set free for distribution in the manner specified in clause (ii) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.

(ii) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in clause (iii), either in or towards --

(A) paying up any amounts for the time being unpaid on any shares held by such members respectively;

(B) paying up in full, unissued shares of the company to be allotted and distributed, credited as fully paid-up, to and amongst such members in the proportions aforesaid;

(C) partly in the way specified in sub-clause (A) and partly in that specified in sub-clause (B);

(D) A securities premium account and a capital redemption reserve account may, for the purposes of this regulation, be applied in the paying up of unissued shares to be issued to members of the company as fully paid bonus shares;

(E) The Board shall give effect to the resolution passed by the company in pursuance of this regulation.

39. (i) Whenever such a resolution as aforesaid shall have been passed, the Board shall --

(a) make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid shares if any; and

(b) generally, do all acts and things required to give effect thereto.

(ii) The Board shall have power --

(a) to make such provisions, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, for the case of shares becoming distributable in fractions; and

(b) to authorise any person to enter, on behalf of all the members entitled thereto, into an agreement with the company providing for the allotment to them respectively, credited as fully paid-up, of any further shares to which they may be entitled upon such 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 profits resolved to be capitalised, of the amount or any part of the amounts remaining unpaid on their existing shares;

(iii) Any agreement made under such authority shall be effective and binding on such members.

### **Buy-back of shares**

40. Notwithstanding anything contained in these articles but subject to the provisions of sections 68 to 70 and any other applicable provision of the Act or any other law for the time being in force, the company may purchase its own shares or other specified securities.

### **General meetings**

41. All general meetings other than annual general meeting shall be called extraordinary general meeting.

42. (i) The Board may, whenever it thinks fit, call an extraordinary general meeting.

(ii) If at any time directors capable of acting who are sufficient in number to form a quorum are not within India, any director or any two members of the company may call an extraordinary general meeting in the same manner, as nearly as possible, as that in which such a meeting may be called by the Board.

### **Proceedings at general meetings**

43. (i) No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business.

(ii) Save as otherwise provided herein, the quorum for the general meetings shall be as provided in section 103.

44. The chairperson, if any, of the Board shall preside as Chairperson at every general meeting of the company.

45. If there is no such Chairperson, or if he is not present within fifteen minutes after the time appointed for holding the meeting, or is unwilling to act as chairperson of the meeting, the directors present shall elect one of their members to be Chairperson of the meeting.

46. If at any meeting no director is willing to act as Chairperson or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall choose one of their members to be Chairperson of the meeting.

### **Adjournment of meeting**

47. (i) The Chairperson may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place.
- (ii) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
- (iii) 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.
- (iv) Save as aforesaid, and as provided in section 103 of the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

### **Voting rights**

48. Subject to any rights or restrictions for the time being attached to any class or classes of shares, --
- (a) on a show of hands, every member present in person shall have one vote; and
- (b) on a poll, the voting rights of members shall be in proportion to his share in the paid-up equity share capital of the company.
49. A member may exercise his vote at a meeting by electronic means in accordance with section 108 and shall vote only once.
50. (i) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.
- (ii) For this purpose, seniority shall be determined by the order in which the names stand in the register of members.
51. 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.
52. Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll.
53. No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the company have been paid
54. (i) No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes.
- (ii) Any such objection made in due time shall be referred to the Chairperson of the meeting, whose decision shall be final and conclusive.

### **Proxy**

55. The instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarised copy of that power or authority, shall be deposited at the registered office of the company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking

of the poll; and in default the instrument of proxy shall not be treated as valid.

56. An instrument appointing a proxy shall be in the form as prescribed in the rules made under section 105

57. A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given:

Provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.

### **Board of Directors**

58. The number of the directors and the names of the first directors shall be determined in writing by the subscribers of the memorandum or a majority of them.

Unless otherwise provided under the Companies Act, 2013, the number of Directors shall not be less than three and more than twelve. The First Directors of the Company are;

1. Prakashchandra Dwarkadas Didwaniya
2. Prashant Prakashchandra Didwaniya
3. Chandabai Prakashchandra Didwaniya

59. (i) The remuneration of the directors shall, in so far as it consists of a monthly payment, be deemed to accrue from day-to-day.

(ii) In addition to the remuneration payable to them in pursuance of the Act, the directors may be paid all travelling, hotel and other expenses properly incurred by them --

(a) in attending and returning from meetings of the Board of Directors or any committee thereof or general meetings of the company; or

(b) in connection with the business of the company.

60. The Board may pay all expenses incurred in getting up and registering the company.

61. The company may exercise the powers conferred on it by section 88 with regard to the keeping of a foreign register; and the Board may (subject to the provisions of that section) make and vary such regulations as it may think fit respecting the keeping of any such register.

62. All cheques, promissory notes, drafts, hundis, bills of exchange and other negotiable instruments, and all receipts for monies paid to the company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, by such person and in such manner as the Board shall from time to time by resolution determine.

63. Every director present at any meeting of the Board or of a committee thereof shall sign his name in a book to be kept for that purpose.

64. (i) Subject to the provisions of section 149, the Board shall have power at any time, and from time to time, to appoint a person as an additional director, provided the number of the directors and additional directors together shall not at any time exceed the maximum strength fixed for the Board by the articles.

(ii) Such person shall hold office only up to the date of the next annual general meeting of the company but shall be eligible for appointment by the company as a director at that meeting subject to the provisions of the Act.

### **Proceedings of the Board**

65. (i) The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it thinks fit.

(ii) A director may, and the manager or secretary on the requisition of a director shall, at any time, summon a meeting of the Board.

66. (i) Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of votes.

(ii) In case of an equality of votes, the Chairperson of the Board, if any, shall have a second or casting vote.

67. The continuing directors may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing directors or director may act for the purpose of increasing the number of directors to that fixed for the quorum, or of summoning a general meeting of the company, but for no other purpose.

68. (i) The Board may elect a Chairperson of its meetings and determine the period for which he is to hold office.

(ii) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the directors present may choose one of their members to be Chairperson of the meeting.

69. (i) The Board may, subject to the provisions of the Act, delegate any of its powers to committees consisting of such member or members of its body as it thinks fit.

(ii) Any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the Board.

70. (i) A committee may elect a Chairperson of its meetings.

(ii) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the members present may choose one of their members to be Chairperson of the meeting.

71. (i) A committee may meet and adjourn as it thinks fit.

(ii) Questions arising at any meeting of a committee shall be determined by a majority of votes of the members present, and in case of an equality of votes, the Chairperson shall have a second or casting vote.

72. All acts done in any meeting of the Board or of 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 of any person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such director or such person had been duly appointed and was qualified to be a director.

73. Save as otherwise expressly provided in the Act, a resolution in writing, signed by all the members of the Board

or of a committee thereof, for the time being entitled to receive notice of a meeting of the Board or committee, shall be valid and effective as if it had been passed at a meeting of the Board or committee, duly convened and held.

#### **Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer**

74. 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.

75. A provision of the Act or these regulations requiring or authorising a thing to be done by or to a director and chief executive officer, manager, company secretary or chief financial officer shall not be satisfied by its being done by or to the same person acting both as director and as, or in place of, chief executive officer, manager, company secretary or chief financial officer.

#### **The Seal**

76. (i) The Board shall provide for the safe custody of the seal.

(ii) The seal of the company shall not be affixed to any instrument except by the authority of a resolution of the Board or of a committee of the Board authorised by it in that behalf, and except in the presence of at least two directors and of the secretary or such other person as the Board may appoint for the purpose; and those two directors and the secretary or other person aforesaid shall sign every instrument to which the seal of the company is so affixed in their presence.

#### **Dividends and Reserve**

77. The company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board.

78. Subject to the provisions of section 123, the Board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the company.

79. (i) The Board may, before recommending any dividend, set aside out of the profits of the company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the company may be properly applied, including provision for meeting contingencies or for equalizing dividends; and pending such application, may, at the like discretion, either be employed in the business of the company or be invested in such investments (other than shares of the company) as the Board may, from time to time, think fit.

(ii) The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve

80. (i) Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall

be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the company, dividends may be declared and paid according to the amounts of the shares.

(ii) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this regulation as paid on the share.

(iii) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.

81. 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 or otherwise in relation to the shares of the company.

82. (i) Any dividend, interest or other monies payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members, or to such person and to such address as the holder or joint holders may in writing direct.

(ii) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.

83. Any one of two or more joint holders of a share may give effective receipts for any dividends, bonuses or other monies payable in respect of such share.

84. Notice of any dividend that may have been declared shall be given to the persons entitled to share therein in the manner mentioned in the Act.

85. No dividend shall bear interest against the company.

### **Accounts**

86. (i) The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books of the company, or any of them, shall be open to the inspection of members not being directors.

(ii) No member (not being a director) shall have any right of inspecting any account or book or document of the company except as conferred by law or authorised by the Board or by the company in general meeting.

### **Winding up**

87. Subject to the provisions of Chapter XX of the Act and rules made thereunder --

(i) If the company shall be wound up, the liquidator may, with the sanction of a special resolution of the company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the company, whether they shall consist of property of the same kind or not.

(ii) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.

(iii) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

### **Indemnity**

88. Every officer of the company shall be indemnified out of the assets of the company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in which relief is granted to him by the court or the Tribunal.

## **SECTION X – OTHER INFORMATION**

### **MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION**

The copies of the following documents and contracts which have been entered into or are to be entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of this Prospectus) which are or may be deemed material will be attached to the copy of the Prospectus which will be delivered to the RoC Mumbai, Maharashtra for filing. Copies of the contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company located at B1-104 D, Boomerang, Chandivali Farm Road, Powai, Mumbai - 400072, Maharashtra between 10.00 a.m. and 5.00 p.m. (IST) on all Working Days from the date of this Prospectus until the Issue Closing Date.

Any of the contracts or documents mentioned in this Prospectus may be amended or modified at any time if so, required in the interest of our Company or if required by the other parties, without reference to the shareholders, subject to compliance of the provisions contained in the Companies Act and other applicable law.

### **MATERIAL CONTRACTS FOR THE ISSUE**

1. Issue Agreement dated January 17, 2022 between our Company and the Lead Manager.
2. Registrar Agreement dated January 17, 2022 between our Company and the Registrar to the Issue.
3. Underwriting Agreement dated April 13, 2022 amongst our Company, the Underwriter(s) and the Lead Manager.
4. Market Making Agreement dated April 13, 2022 between the Company, Market Maker and the Lead Manager.
5. Bankers to the Issue Agreement dated April 13, 2022 amongst our Company, the Lead Manager, Banker(s) to the Issue and the Registrar to the Issue.
6. Tripartite Agreement dated January 12, 2022 between Company, Central Depository Services (India) Limited and Registrar to the Issue
7. Tripartite Agreement dated January 25, 2022 between Company, National Securities Depository Limited and Registrar to the Issue.

### **MATERIAL DOCUMENTS FOR THE ISSUE**

1. Certified true copy of Certificate of Incorporation, the Memorandum of Association and Articles of Association of our Company, as amended.
2. Resolutions of the Board of Directors dated January 25, 2022 in relation to the Issue and other related matters.
3. Shareholders' resolution dated January 25, 2022 in relation to the Issue and other related matters.
4. Consents of our Promoter, Directors, Company Secretary and Compliance Officer, Chief Financial Officer, Statutory and Peer Reviewed Auditor, Lead Manager, Legal Advisor to the Issue, the Registrar to the Issue, Underwriter to the Issue, Bankers to our Company, Market Maker, Banker to the Issue and Sponsor Bank to include their names in this Prospectus and to acting their respective capacities.
5. Peer Review Auditors Report dated April 12, 2021 on Restated Financial Statements of our Company for the period ended December 31, 2021 and financial years ended March 31, 2021, 2020 and 2019.
6. The Report dated January 13, 2022 from the Peer Reviewed Auditors of our Company, confirming the Statement of Possible Tax Benefits available to our Company and its Shareholders as disclosed in this Prospectus.
7. Copy of In-Principle Approval from National Stock Exchange of India Limited vide letter dated March 25, 2022 bearing the Ref No.: NSE/LIST/1514 to use the name of National Stock Exchange of India Limited in this offer document for listing of Equity Shares on EMERGE Platform of National Stock Exchange of India Limited.

8. Due diligence certificate from Lead Manager date February 01, 2022
9. Copies of the annual reports of our Company for the financial years ended as on March 31 of 2021, 2020, and 2019.

Any of the contracts or documents mentioned in this Prospectus may be amended or modified at any time, if so required, in the interest of our Company or if required by the other parties, without reference to the Equity Shareholders, subject to compliance with applicable law.

## DECLARATION

We hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the guidelines/regulations issued by the Government of India or the guidelines/regulations issued by the Securities and Exchange Board of India, established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities and Exchange Board of India Act, 1992 or the rules made or guidelines or regulations issued there under, as the case may be. We further certify that all statements in this Prospectus are true and correct.

### SIGNED BY ALL THE DIRECTORS OF OUR COMPANY

| NAME OF DIRECTOR AND DIN                   | DESIGNATION                    | SIGNATURE |
|--|--------------------------------|-----------|
| Umashankar Lath<br>DIN: 05135035           | Chairman and Managing Director | SD/-      |
| Abhishek Lath<br>DIN: 00331675             | Managing Director and CFO      | SD/-      |
| Sweta Lath<br>DIN: 07213314                | Executive Director             | SD/-      |
| Jaydeep Mehta<br>DIN: 06952808             | Independent Director           | SD/-      |
| Rohit Agarwal<br>DIN: 01924587             | Independent Director           | SD/-      |
| Narendra Kumar Srivastava<br>DIN: 09439120 | Independent Director           | SD/-      |

### SIGNED BY THE COMPANY SECRETARY OF OUR COMPANY

|               |                   |      |
|---------------|-------------------|------|
| Sarita Mishra | Company Secretary | SD/- |
|---------------|-------------------|------|

**Date:** April 13, 2022

**Place:** Mumbai