



**AFFINE FORMULATIONS LIMITED**

Our Company was originally incorporated as "Affine Formulations Private Limited" at Indore, Madhya Pradesh as a Private Limited Company under the provisions of the Companies Act, 1956 vide Certificate of Incorporation dated July 4, 2006 bearing Corporate Identification Number U24232MP2006PTC018755 issued by Registrar of Companies, Madhya Pradesh and Chhattisgarh. Subsequently, our Company was converted into Public Company pursuant to Shareholders resolution passed at the Annual General Meeting of our Company held on September 5, 2016 and the name of our Company was changed to "Affine Formulations Limited" and a fresh Certificate of Incorporation consequent upon conversion from Private Company to Public Company dated September 20, 2016 was issued by the Registrar of Companies, Gwalior. The Corporate Identification Number (CIN) of our Company is U24232MP2006PLC018755 For further details of Incorporation, Change of Name and Registered Office of our company, please refer to chapter titled "General Information" and "Our History and Certain Other Corporate Matters" beginning on page 71 and page 168 of this Draft Red Herring Prospectus.

**Registered Office:** 28/10 Talwali Dewas Naka, Indore, Madhya Pradesh 452010 India  
**Tel. No.:** 0731 4098747 / 0731 4239376; **Fax No.** 0731 4239376; **Email:** [cs@affineformulations.com](mailto:cs@affineformulations.com); **Website:** [www.affineformulations.com](http://www.affineformulations.com)  
**Contact Person:** Prachi Jain, Company Secretary and Compliance Officer

**PROMOTERS OF OUR COMPANY: SHAILENDRA BIYANI, PRADHYUMN NYATI AND VIJAY KUMAR NYATI**

**THE ISSUE**

**INITIAL PUBLIC OFFER CONSISTING OF FRESH ISSUE OF UPTO 25,68,000\* EQUITY SHARES OF FACE VALUE OF RS. 10/- EACH FULLY PAID FOR CASH AT A PRICE OF RS. [●] PER EQUITY SHARE (THE "ISSUE PRICE") (INCLUDING A SHARE PREMIUM OF RS. [●] PER EQUITY SHARE) AGGREGATING UP TO RS. [●]\*\* LAKHS (THE "ISSUE"), OF WHICH UPTO [●] EQUITY SHARES OF FACE VALUE OF RS. 10/- EACH FOR CASH AT A PRICE OF RS. [●] PER EQUITY SHARE, AGGREGATING RS. [●] LAKHS WILL BE RESERVED FOR SUBSCRIPTION BY THE MARKET MAKER TO THE ISSUE (THE "MARKET MAKER RESERVATION PORTION"). THE ISSUE LESS MARKET MAKER RESERVATION PORTION I.E. ISSUE OF UPTO [●] EQUITY SHARES OF FACE VALUE OF RS. 10/- EACH FOR CASH AT A PRICE OF RS. [●] PER EQUITY SHARE, AGGREGATING RS. [●] LAKHS IS HEREINAFTER REFERRED TO AS THE "NET ISSUE". THE ISSUE AND THE NET ISSUE WILL CONSTITUTE [●] % AND [●]% RESPECTIVELY OF THE FULLY DILUTED POST ISSUE PAID UP EQUITY SHARE CAPITAL OF OUR COMPANY.**

THE FACE VALUE OF THE EQUITY SHARES IS RS. 10 EACH. THE PRICE BAND AND THE MINIMUM BID LOT WILL BE DECIDED BY OUR COMPANY IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGER ("BRLM") AND WILL BE ADVERTISED IN ALL EDITIONS OF THE ENGLISH NATIONAL NEWSPAPER [●], [●] EDITIONS OF THE HINDI NATIONAL NEWSPAPER [●] AND [●] EDITIONS OF THE REGIONAL NEWSPAPER, EACH WITH WIDE CIRCULATION, AT LEAST 5 (FIVE) WORKING DAYS PRIOR TO THE BID/ISSUE OPENING DATE WITH THE RELEVANT FINANCIAL RATIOS CALCULATED AT THE FLOOR PRICE AND THE CAP PRICE AND SHALL BE MADE AVAILABLE TO THE EMERGE PLATFORM OF NATIONAL STOCK EXCHANGE OF INDIA LIMITED ("NSE EMERGE"), REFERRED TO AS THE "STOCK EXCHANGE") FOR THE PURPOSE OF UPLOADING ON THEIR WEBSITE.

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

In terms of SEBI Circular No. CIR/CFD/POLICYCELL/11/2015, all potential investors shall participate in the Issue only through an Application Supported by Blocked Amount ("ASBA") process providing details about the bank account which will be blocked by the Self Certified Syndicate Banks ("SCSBs") for the same. For details in this regard, specific attention is invited to the chapter titled "Issue Procedure" beginning on page 296 of this Draft Red Herring Prospectus. A copy of the Red Herring Prospectus/Prospectus will be delivered for registration to the Registrar of Companies as required under Section 32 and Section 26 of the Companies Act, 2013 respectively.

THE ISSUE IS BEING MADE IN ACCORDANCE WITH CHAPTER XB OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS AMENDED FROM TIME TO TIME ("SEBI (ICDR) REGULATIONS"). FOR FURTHER DETAILS PLEASE REFER THE SECTION TITLED 'ISSUE INFORMATION' BEGINNING ON PAGE 286 OF THIS DRAFT RED HERRING 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. The face value of the Equity Shares is Rs. 10 each. The Floor Price is [●] times the face value and the Cap Price is [●] times the face value. The Issue Price (determined and justified by our Company in consultation with the BRLM as stated in "Basis for Issue Price" on page 105 should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing

**GENERAL RISKS**

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue including the risks involved. The Equity Shares issued in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of the Draft Red Herring Prospectus. Specific attention of the investors is invited to the section "Risk Factors" beginning on page 20 of this Draft Red Herring Prospectus.

**COMPANY'S ABSOLUTE RESPONSIBILITY**

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

**LISTING**

The Equity Shares of our Company issued through this Draft Red Herring Prospectus are proposed to be listed on the EMERGE Platform of National Stock Exchange of India Limited ("NSE EMERGE"), in terms of the Chapter XB of the SEBI (ICDR) Regulations, 2009 as amended from time to time. Our Company has received an In-principle approval letter dated [●] from NSE EMERGE for using its name in the Issue document for listing of our shares on the EMERGE Platform of National Stock Exchange of India Limited. For the purpose of this Issue, National Stock Exchange of India Limited shall be the Designated Stock Exchange.

**BOOK RUNNING LEAD MANAGER**



**PANTOMATH CAPITAL ADVISORS PRIVATE LIMITED**  
 406-408, Keshava Premises, Behind Family Court, Bandra Kurla Complex, Bandra East, Mumbai - 400 051, Maharashtra  
 Tel: +91-22 6194 6700  
 Fax: +91-22 2659 8690  
 Website: [www.pantomathgroup.com](http://www.pantomathgroup.com)  
 Email: [ipo@pantomathgroup.com](mailto:ipo@pantomathgroup.com)  
 Investor Grievance Id: [ipo@pantomathgroup.com](mailto:ipo@pantomathgroup.com)  
 Contact Person: Hardik Bhuta  
 SEBI Registration No: INM000012110

**REGISTRAR TO THE ISSUE**



**BIGSHARE SERVICES PRIVATE LIMITED**  
 1st Floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road, Marol, Andheri East, Mumbai, Maharashtra 400059  
 Tel: +91 22 62638200  
 Fax: +91 22 62638299  
 Email: [ipo@bigshareonline.com](mailto:ipo@bigshareonline.com)  
 Website: [www.bigshareonline.com](http://www.bigshareonline.com)  
 Investor Grievance E-mail: [investor@bigshareonline.com](mailto:investor@bigshareonline.com)  
 Contact Person: Nilesh Chakle  
 SEBI Registration Number: INR000001385

**BID / ISSUE PROGRAMME**

**BID/ISSUE OPENS ON: [●]**

**BID/ISSUE CLOSES ON: [●]**

\*Number of Shares may need to be adjusted for lot size upon determination of Issue Price  
 \*\*Subject to Finalization of basis of allotment

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

**SECTION I – GENERAL**  
**DEFINITION AND ABBREVIATION**

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

<b>Term</b>	<b>Description</b>
“Affine Formulations Limited” or “Affine”, or “the Company”, or “our Company” or “we”, “us”, “our”, or “Issuer” or the “Issuer Company”	Unless the context otherwise requires, refers to Affine Formulations Limited, a public limited Company incorporated under the Companies Act, 1956 vide a Certificate of Incorporation dated July 04, 2006 issued by the Registrar of Companies, Madhya Pradesh and Chhattisgarh and having its registered office at 28/10, Talwali Dewas Naka, Indore, Madhya Pradesh – 452 010, India.
“We”, “Our”, “us” or “Group”	Unless the context otherwise indicates or implies, refers to our Company

**COMPANY/ISSUER RELATED TERMS**

“AOA” or “Articles” or “Articles of Association”	Articles of Association of Affine Formulations Limited, as amended from time to time
Audit Committee	The committee of the Board of Directors constituted as the Company’s Audit Committee in accordance with Section 177 of the Companies Act, 2013
Auditors or Statutory Auditors	M/s. V.K. Ladha & Associates, Chartered Accountants
Board of Directors/ the Board / our Board	The Board of Directors of Affine Formulations Limited, including all duly constituted Committee(s) thereof.
Bankers to the Company	Such banks which are disclosed as Bankers to the Company in the chapter titled “ <i>General Information</i> ” on page 71 of this Draft Red Herring Prospectus
Company Secretary and Compliance Officer	The Company Secretary & Compliance Officer of our Company being Prachi Jain
Chief Financial Officer	The Chief Financial Officer of our Company being Vivek Sharma
Board/Board of Directors/ Our Board	The Board of Director(s) of Affine Formulations Limited, unless otherwise specified
Equity Shares	Equity Shares of our Company of face value of Rs. 10/- each fully paid up
Equity Shareholders	Persons/ Entities holding Equity Shares of our Company
Group Companies	Such Companies as are included in the chapter titled ‘ <i>Our Group Companies</i> ’ beginning on page 184 of this Draft Red Herring Prospectus
ISIN	International Securities Identification Number. In this case being [●]
Key Managerial Personnel (KMP)	Key managerial personnel of our Company in terms of Regulation 2 (1) (s) of the SEBI Regulations and as disclosed in the chapter titled “ <i>Our Management</i> ” beginning on page 168 of this DRHP
“MOA” / “Memorandum / Memorandum of Association”	The Memorandum of Association of our Company, as amended from time to time
Materiality Policy	A policy for determination of materiality for disclosure of events or information to Stock Exchange as per SEBI LODR

Nomination and Remuneration Committee	The committee of the Board of Directors constituted as the Company's Nomination and Remuneration Committee in accordance with Section 178 of the Companies Act, 2013.
NRI/ Non-Resident Indian	A person resident outside India, as defined under FEMA and who is a citizen of India or a Person of Indian Origin as defined under FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000.
Person or Persons	Any Individual, Sole Proprietorship, Unincorporated Association, Unincorporated Organization, Body Corporate, Corporation, Company, Partnership Firm, Limited Liability Partnership Firm, Joint Venture, or Trust or any other Entity or Organization validly constituted and/or incorporated in the jurisdiction in which it exists and operates, as the context requires.
"Promoter", "Promoters" or "our Promoters"	Promoter of our Company being Vijay Kumar Nyati, Pradhyumn Nyati and Shailendra Biyani
Promoter Group	Includes such persons and entities are constituting our promoter group in terms of Regulation 2(1) (zb) of the SEBI (ICDR) Regulations and as enlisted in the chapter titled " <i>Our Promoter and Promoter Group</i> " beginning on page 180 of this Draft Red Herring Prospectus
Peer Reviewed Auditor	Independent Auditor having a valid Peer Reviewed Certificate in our case being M/S N.K. Aswani & Co.
Quarter	A period of 3 (three) continuous months.
Registered Office	The Registered office of our Company situated at 28/10 Talwali Dewas Naka, Indore, Madhya Pradesh 452010, India
RoC / Registrar of Companies	Office of Registrar of Companies, Madhya Pradesh, Gwalior 3rd Floor, 'A' Block, Sanjay Complex, Jayendra Ganj, Gwalior 474 009.
Shareholders	Shareholders of our Company
Stakeholders' Relationship Committee	The committee of the Board of Directors constituted as the Company's Stakeholders' Relationship Committee in accordance with Section 178 of the Companies Act, 2013.
"Statutory Auditor" / "Auditor"	The Statutory Auditor of our Company, being V.K. Ladha.& Associates, Chartered Accountants
"you", "your" or "yours"	Prospective investors in this Issue

#### ISSUE RELATED TERMS

Term	Description
Acknowledgement Slip	The slip or document issued by the Designated Intermediary to a Bidder as proof of registration of the Bid.
Allotment/ Allot/ Allotted	Issue and allotment of Equity Shares of our Company pursuant to the Issue of the Equity Shares to successful Bidders
Allottee(s)	Successful Bidders(s) to whom Equity Shares have been allotted/transferred.
Allotment Advice	Note or advice or intimation of Allotment sent to the successful Bidders who have been or are to be Allotted the Equity Shares after the Basis of Allotment has been approved by the Designated Stock Exchange.
ASBA / Application Supported by Blocked Amount	An application, whether physical or electronic, used by Bidders, to make a Bid authorizing an SCSB to block the Bid Amount in the ASBA Account
ASBA Account	An account maintained with an SCSB and specified in the Bid cum Application Form submitted by Bidders for blocking the Bid Amount mentioned in the Bid cum Application Form.

<b>Term</b>	<b>Description</b>
ASBA form	An application form, whether physical or electronic, used by Bidders which will be considered as the application for Allotment in terms of this Draft Red Herring Prospectus.
ASBA Application Location(s) / Specified Cities	Locations at which ASBA Applications can be uploaded by the SCSBs, namely Mumbai, New Delhi, Chennai, Kolkata, and Ahmedabad.
Banker(s) to the Issue	The banks which are clearing members and registered with SEBI as Banker to an Issue with whom the Public Issue Account will be opened and in this case being ICICI Bank Limited.
Basis of Allotment	The basis on which Equity Shares will be Allotted to the successful Bidders under the Issue and which is described under chapter titled “ <i>Issue Procedure</i> ” beginning on page 296 of this Draft Red Herring Prospectus.
Bid	An indication to make an issue during the Bid/Issue Period by a Bidder pursuant to submission of the Bid cum Application Form, to subscribe to or purchase the Equity Shares at a price within the Price Band, including all revisions and modifications thereto as permitted under the SEBI ICDR Regulations
Bidder(s)	A prospective investor in the Issue, and unless otherwise stated or implied, includes an ASBA Bidders and Anchor Investor.
Bidding	The process of making a Bid.
Bid Amount	The highest value of optional Bids indicated in the Bid cum Application Form and in the case of Retail Individual Bidders Bidding at Cut Off Price, the Cap Price multiplied by the number of Equity Shares Bid for by such Retail Individual Bidder and mentioned in the Bid cum Application Form and payable by the Retail Individual Bidder or blocked in the ASBA Account upon submission of the Bid in the Issue
Bid cum Application form	The form used by a Bidder, to make a Bid and which will be considered as the application for Allotment in terms of the Red Herring Prospectus
Bid Cum Application Collecting Intermediaries	<ol style="list-style-type: none"> <li>1. a SCSB with whom the bank account to be blocked, is maintained</li> <li>2. a syndicate member (or sub-syndicate member) If any</li> <li>3. a stock broker registered with a recognized stock exchange (and whose name is mentioned on the website of the stock exchange as eligible for this activity)(‘broker’) if any</li> <li>4. a depository participant (‘DP’) (whose name is mentioned on the website of the stock exchange as eligible for this activity)</li> <li>5. a registrar to an issue and share transfer agent (‘RTA’) (whose name is mentioned on the website of the stock exchange as eligible for this activity)</li> </ol>
Bid Lot	[●] Equity shares and in multiples of [●] Equity Shares thereafter
Bid/ Issue Closing Date	The date after which the Syndicate, the Designated Branches and the Registered Brokers will not accept any Bids, which shall be notified in all edition of the English national newspaper [●], [●] edition of the Hindi national newspaper [●], and [●] edition of the [●] newspaper [●], each with wide circulation and in case of any revision, the extended Bid/Issue Closing Date shall also be notified on the website and terminals of the Syndicate and SCSBs, as required under the SEBI ICDR Regulations
Bid/ Issue Opening Date	The date on which the Syndicate, the Designated Branches and the Registered Brokers shall start accepting Bids, which shall be

<b>Term</b>	<b>Description</b>
	notified in all edition of the English national newspaper [●], [●] edition of the Hindi national newspaper [●], and [●] edition of the [●] newspaper [●], each with wide circulation, and in case of any revision, the extended Bid/Issue Opening Date also to be notified on the website and terminals of the Syndicate and SCSBs, as required under the SEBI ICDR Regulations.
Bid/ Issue Period	The period between the Bid/ Issue Opening Date and the Bid/Issue Closing Date, inclusive of both days, during which Bidders can submit their Bids, including any revisions thereof.
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form and unless otherwise stated or implied, includes an ASBA Bidder
Bidding/collecting Centre	Centres at which the Designated Intermediaries shall accept the ASBA Forms, i.e, Designated SCSB Branch for SCSBs, Specified Locations for Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs
Book Building Process	Book building process, as provided in Schedule XI of the SEBI ICDR Regulations, in terms of which the Issue is being made
Book Running Lead Manager or BRLM	The book running lead manager to the Issue namely Pantomath Capital Advisors Private Limited
Broker Centres	Broker centres notified by the Stock Exchanges, where the Bidders can submit the Bid cum application forms to a Registered Broker. The details of such broker centres, along with the names and contact details of the Registered Brokers, are available on the website of National Stock Exchange of India Limited.
Cap Price	The higher end of the Price Band, above which the Issue Price will not be finalised and above which no Bids will be accepted
CAN or Confirmation of Allocation Note	Confirmation of Allotment notice i.e. a note or advice or intimation of Allotment of Equity Shares sent to the Bidders to whom Equity Shares have been Allotted. In the case of Anchor Investors CAN shall mean the note or advice or intimation of Allotment of Equity Shares sent to the Anchor Investors to whom Equity Shares have been Allotted.
Client ID	Client Identification Number maintained with one of the Depositories in relation to demat account.
Cut-off Price	Issue Price, which shall be any price within the Price Band finalised by our Company in consultation with the BRLM. Only Retail Individual Bidders are entitled to Bid at the Cut-off Price. QIBs and Non Institutional Bidders are not entitled to Bid at the Cut-off Price.
Collecting Depository Participant or CDP	A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Applications at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI
Controlling Branch/Designated Branch	Such branch of the SCSBs which coordinate Applications under this Issue by the ASBA Applicants with the Registrar to the Issue and the Stock Exchanges and a list of which is available at <a href="http://www.sebi.gov.in">http://www.sebi.gov.in</a> or at such other website as may be prescribed by SEBI from time to time
Demographic Details	The demographic details of the Bidders/Applicants such as their address, PAN, occupation and bank account details

<b>Term</b>	<b>Description</b>
Depositories	Depositories registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, as amended from time to time, being NSDL and CDSL
Depository Participant	A Depository Participant as defined under the Depositories Act, 1996
Designated Date	The date on which funds blocked by SCSB are transferred from the ASBA account to the Public Issue Account after filing of Draft Red Herring Prospectus with RoC.
Designated Intermediary(ies)	Syndicate, Sub-Syndicate Members/agents, SCSBs, Registered Brokers, CDPs and RTAs, who are authorized to collect ASBA Forms from the Bidders, in relation to the Issue
Designated RTA Locations	Such centres of the RTAs where Bidder can submit the Bid cum Application Forms. The details of such Designated RTA Locations, along with the names and contact details of the RTAs are available on the respective websites of the Stock Exchange ( <a href="http://www.nseindia.com">www.nseindia.com</a> ) and updated from time to time.
Designated Stock Exchange	National Stock Exchange of India Limited
Designated CDP Locations	Such centres of the CDPs where Bidders can submit the Bid Cum Application Forms. The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept Bid cum Application Forms are available on the website of the Stock Exchange ( <a href="http://www.nseindia.com">www.nseindia.com</a> ) and updated from time to time
Draft Red Herring Prospectus or DRHP	This Draft Red Herring Prospectus dated June 21, 2018 issued in accordance with the SEBI ICDR Regulations, which does not contain complete particulars of the price at which the Equity Shares will be Allotted and the size of the Issue
First/sole Bidder	Bidder whose name shall be mentioned in the Bid cum Application Form or the Revision Form and in case of joint Bids, whose name shall also appear as the first holder of the beneficiary account held in joint names
Floor Price	The lower end of the Price Band, subject to any revision thereto, at or above which the Issue Price will be finalized and below which no Bids will be accepted
FII/ Foreign Institutional Investors	Foreign Institutional Investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995, as amended) registered with SEBI under applicable laws in India.
General Information Document/GID	The General Information Document for investing in public issues prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013, notified by SEBI and included in "Issue Procedure" on page 296 of this Draft Red Herring Prospectus
Listing Agreement	The Equity Listing Agreement to be signed between our Company and National Stock Exchange of India Limited.
Market Making Agreement	Market Making Agreement dated [●] between our Company, Book Running Lead Manager and Market Maker.
Market Maker	Market Maker appointed by our Company from time to time, in this case being [●] who has agreed to receive or deliver the specified securities in the market making process for a period of three years from the date of listing of our Equity Shares or for any other period as may be notified by SEBI from time to time



<b>Term</b>	<b>Description</b>
Market Maker Reservation Portion	The Reserved Portion of Upto [●]. Equity Shares of face value of Rs. 10 each fully paid for cash at a price of Rs [●] per Equity Share aggregating Rs. [●] for the Market Maker in this Issue.
Mutual Fund(s)	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996, as amended from time to time
NIF	National Investment Fund set up by resolution F. No. 2/3/2005-DD-II dated November 23, 2005 of Government of India published in the Gazette of India
NSE Emerge of NSE/ SME Exchange	The EMERGE platform of National Stock Exchange of India Limited, approved by SEBI as an SME Exchange for listing of equity shares offered under Chapter XB of the SEBI ICDR Regulations
NSE	National Stock Exchange of India Limited
Net Issue	The Issue (excluding the Market Maker Reservation Portion) of Upto [●]. Equity Shares of face value of Rs. 10 each fully paid for cash at a price of Rs [●] per Equity Share aggregating Rs. [●] by our Company
Net Proceeds	Proceeds of the Fresh Issue less our Company's share of the Issue expenses. For further information about use of the Issue Proceeds and the Issue expenses, see "Objects of the Issue" on page 99
Non Institutional Bidders	All Bidders, including Category III FPIs that are not QIBs or Retail Individual Investors, who have apply for Equity Shares for an amount of more than Rs. 2,00,000 but not including NRIs other than Eligible NRIs
Non-Resident	A person resident outside India, as defined under FEMA and includes FIIs and FPIs
Issue	The Initial Public Issue of Upto 25,68,000 Equity Shares of face value of Rs.10 each for cash at a price of Rs. [●] each, aggregating up to Rs.[●] comprising the Fresh Issue.
Issue Agreement	The agreement dated December 29, 2017. between our Company and the BRLM, pursuant to which certain arrangements are agreed to in relation to the Issue
Issue Price	The final price at which Equity Shares will be Allotted in terms of the Draft Red Herring Prospectus The Issue Price will be decided by our Company in consultation with the BRLM on the Pricing Date in accordance with the Book-Building Process and the Draft Red Herring Prospectus
Issue Proceeds	The proceeds of the Issue that is available to our Company. For further information about use of Issue Proceeds, see "Objects of the Issue" on page 99 of this Draft Red Herring Prospectus
OCB/ Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs, including overseas trusts in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under the Foreign Exchange Management (Deposit) Regulations, 2000, as amended from time to time. OCBs are not allowed to invest in this Issue
Other Investors	Investors other than Retail Individual Investors. These include individual bidders/applicants other than retail individual investors and other investors including corporate bodies or institutions irrespective of the number of specified securities applied for.
Person/ Persons	Any individual, sole proprietorship, unincorporated association, unincorporated organization, body corporate, corporation, company, partnership, limited liability company, joint venture, or

<b>Term</b>	<b>Description</b>
	trust or any other entity or organization validly constituted and/or incorporated in the jurisdiction in which it exists and operates, as the context requires
Price Band	Price band of a minimum price of Rs.[●] per Equity Share (Floor Price) and the maximum price of Rs.[●] per Equity Share (Cap Price) including revisions thereof. The Price Band and the minimum Bid Lot size for the Issue will be decided by our Company in consultation with the BRLM and will be advertised at least five Working Days prior to the Bid/ Issue Opening Date, in all edition of the English national newspaper [●], [●] edition of the Hindi national newspaper [●] and [●] edition of the [●] newspaper [●], each with wide circulation
Pricing date	The date on which our Company in consultation with the BRLM, will finalise the Issue Price
Promoters Contribution	An aggregate of 20% of post-issue capital held by Promoters and locked-in for a period of three years from the date of allotment pursuant to Regulation 32 and 36 of SEBI ICDR.
Prospectus	The Prospectus to be filed with the RoC on or after the Pricing Date in accordance with Section 32 of the Companies Act, 2013, and the SEBI ICDR Regulations containing, inter alia, the Issue Price, the size of the Issue and certain other information
Public Issue Account	Account opened with the Banker to the Issue i.e. ICICI Bank Limited under Section 40 of the Companies Act, 2013 to receive monies from the SCSBs from the bank accounts of the bidders on the Designated Date.
Public Issue Account Agreement/ Banker to the Issue Agreement	Agreement entered on [●] amongst our Company, Book Running Lead Manager, the Registrar to the Issue and Public Issue Bank/Banker to the Issue for collection of the Bid Amount on the terms and conditions thereof.
Qualified Institutional Buyers or QIBs	Qualified Institutional Buyers as defined under Regulation 2(1)(zd) of the SEBI (ICDR) Regulations, 2009.
Red Herring Prospectus or RHP	The Red Herring Prospectus to be issued in accordance with Section 32 of the Companies Act, 2013, and the provisions of the SEBI ICDR Regulations, which will not have complete particulars of the price at which the Equity Shares will be offered and the size of the Issue, including any addenda or corrigenda thereto. The Red Herring Prospectus will be registered with the RoC at least three days before the Bid/ Issue Opening Date and will become the Prospectus upon filing with the RoC on or after the Pricing Date
Refund Account(s)	The account opened with the Refund Bank(s), from which refunds, if any, of the whole or part of the Bid Amount (excluding refund to Bidders) shall be made.
Refund Bank(s) / Refund Banker(s)	Bank which is / are clearing member(s) and registered with the SEBI as Bankers to the Issue at which the Refund Account will be opened, in this case being ICICI Bank Limited.
Refund through electronic transfer of funds	Refunds through NECS, direct credit, RTGS or NEFT, as applicable
Registered Broker	Individuals or companies registered with SEBI as “Trading Members” (except Syndicate/Sub-Syndicate Members) who hold valid membership of NSE having right to trade in stocks listed on Stock Exchanges, through which investors can buy or sell securities listed on stock exchanges, a list of which is available on <a href="http://www.nseindia.com/membership/dynaContent/find_a_broker.htm">http://www.nseindia.com/membership/dynaContent/find_a_broker.htm</a>

<b>Term</b>	<b>Description</b>
Registrar Agreement	Agreement dated December 29, 2017 entered into among our Company and the Registrar to the Issue in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to the Issue
Registrar /Registrar to the Issue	Registrar to the Issue, in this case being Bigshares Services Private Limited having registered office at E-3 Ansa Industrial Estate, Saki Vihar Road, Sakinaka, Mumbai, Maharashtra 400072, India
Registrar and Share Transfer Agents or RTAs	Registrar and share transfer agents registered with SEBI and eligible to procure Applications at the Designated RTA Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI
Resident Indian	A person resident in India, as defined under FEMA
Retail Individual Bidder(s)/Retail Individual Investor(s)/RII(s)/RIB(s)	Individual Bidders, or minors applying through their natural guardians, including HUFs (applying through their <i>Karta</i> ), who apply for an amount less than or equal to Rs 2,00,000
Revision Form	Form used by the Bidders, to modify the quantity of the Equity Shares or the Bid Amount in any of their Bid cum Application Forms or any previous Revision Form(s)
Reservation Portion	The portion of the Issue reserved for category of eligible Bidders as provided under the SEBI (ICDR) Regulations, 2009
Reserved Category / Categories	Categories of persons eligible for making Bids under reservation portion.
SCSB/ Self Certified Syndicate Banker	Shall mean a Banker to an Issue registered under SEBI (Bankers to an Issue) Regulations, 1994, as amended from time to time, and which Issue the service of making Bids/Application/s Supported by Blocked Amount including blocking of bank account and a list of which is available on <a href="http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/RecognisedIntermediaries">http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/RecognisedIntermediaries</a> or at such other website as may be prescribed by SEBI from time to time
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and includes the agreement to be entered into between our Company and the Stock Exchange in relation to listing of Equity Shares on such Stock Exchange.
SEBI (Foreign Portfolio Investor) Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014.
Specified Locations	Bidding centres where the Syndicate shall accept Bid cum Application Forms from Bidders, a list of which is available on the website of SEBI ( <a href="http://www.sebi.gov.in">www.sebi.gov.in</a> ) and updated from time to time
Sub-Syndicate members	A SEBI Registered member of NSE appointed by the BRLM and/or Syndicate Member to act as a Sub-Syndicate Member in the Issue
Syndicate Agreement	Agreement dated [●] entered into amongst the BRLM, the Syndicate Members, our Company in relation to the procurement of Bid cum Application Forms by Syndicate
Syndicate or Members of the Syndicate	Intermediaries registered with SEBI who are permitted to carry out activities as an underwriter, namely, [●]
TRS or Transaction Registration Slip	The slip or document issued by the Syndicate, or the SCSB (only on demand), as the case may be, to the Bidder as proof of registration of the Bid
Underwriter	[●]
Underwriting Agreement	The agreement dated [●] entered into between the Underwriter and our Company

<b>Term</b>	<b>Description</b>
Working Day	“Working Day” means all days, other than second and fourth Saturday of the month, Sunday or a public holiday, on which commercial banks in Mumbai are open for business; provided however, with reference to the time period between (a) announcement of Price Band; and (b) Bid/ Issue Period, “Working Day” shall mean all days, excluding all Saturdays, Sundays or a public holiday, on which commercial banks in Mumbai are open for business; and with reference to the time period between the Bid/ Issue Closing Date and the listing of the Equity Shares on the Stock Exchanges, “Working Day” shall mean all trading days of Stock Exchanges, excluding Sundays and bank holidays

#### **TECHNICAL AND INDUSTRY TERMS**

<b>Term</b>	<b>Description</b>
ACO	Accountable Care Organizations
AFA	Affordable Care Act
AIDS	Acquired Immuno Deficiency Syndrome
CEO	Centres of Excellence
CRAMS	Contract Research & Manufacturing Services industry
CSO	Central Statistics Office
EPFO	Employees’ Provident Fund Organisation
ESI	Employee State Insurance
FCNR	Foreign Currency Non-Resident
FCNR	Foreign Currency Non-Resident
FDI	Foreign Direct Investment
FY	Financial Year
GDP	Gross Domestic Product
GST	Goods and Services Tax
GVA	Gross Value Added
HVAC	Heating Ventilation And Air-Conditioning
IMF	International Monetary Fund
MLHW	Ministry of Labor Health and Welfare
M-SIPS	Modified Special Incentive Package Scheme
MYEA	Mid-Year Economic Analysis
NAS	New Active Substances
NLEM	National List of Essential Medicines
OTC	Over-The-Counter
PMGKY	Pradhan Mantri Garib Kalyan Yojana
QIP	Qualified Institutional Placement
RBI	Reserve Bank of India
TAF	TenofovirAlafenamide
UDAY	Ujwal DISCOM Assurance Yojana Scheme
UNIDO	United Nations Industrial Development Organization.
US/ U.S./ USA	United States of America
USFDA	US Food and Drug Administration
WPI	Wholesale Price Index

#### **CONVENTIONAL AND GENERAL TERMS/ABBREVIATIONS**

<b>Term</b>	<b>Description</b>
A/C	Account
AGM	Annual General Meeting
AIF	Alternative Investment Fund as defined in and registered with SEBI under the Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012
AS/Accounting Standard	Accounting Standards as issued by the Institute of Chartered Accountants of India
A.Y./AY	Assessment Year
AIF	Alternative Investments Fund as defined in and registered with SEBI under Securities and Exchange Board of India (Alternative Investments Fund) Regulations, 2012
AoA	Articles of Association
ASBA	Application Supported by Blocked Amount
BIFR	Board for Industrial and Financial Reconstruction
NSE	NSE Limited
CAGR	Compounded Annual Growth Rate
Category I Foreign Portfolio Investors	FPIs who are registered as – Category I foreign portfolio investors under the SEBI FPI Regulations
Category II Foreign Portfolio Investors	FPIs who are registered as – Category II foreign portfolio investors under the SEBI FPI Regulations
Category III Foreign Portfolio Investors	FPIs who are registered as – Category III foreign portfolio investors under the SEBI FPI Regulations
CC	Cash Credit
CDSL	Central Depository Services (India) Limited
CFO	Chief Financial Officer
CIN	Corporate Identification Number
CS	Company Secretary
CST	Central Sales Tax
Cm	Centimeter
CMD	Chairman and Managing Director
CENVAT	Central Value Added Tax
Companies Act, 1956	Companies Act, 1956 (without reference to the provisions thereof that have ceased to have effect upon notification of the Notified Sections) and the Companies Act, 2013.
Companies Act, 2013	The Companies Act, 2013, to the extent in force pursuant to the notification of the notified sections
Depositories	NSDL (National Securities Depository Limited) and CDSL (Central Depository Services Limited); Depositories registered with the SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, as amended from time to time
Depositories Act	The Depositories Act, 1996, as amended from time to time.
DGFT	Directorate General of Foreign Trade
DIN	Director Identification Number
DIPP	Department of Industrial Policy & Promotion
DP	Depository Participant
DP ID	Depository Participant's Identity
EBIDTA	Earnings before interest, depreciation, tax, amortization and extraordinary items
ECS	Electronic Clearing System
EGM	Extraordinary General Meeting
EPFA	The Employees' Provident Funds and Miscellaneous Provisions Act, 1952
ESIC	Employee State Insurance Corporation

<b>Term</b>	<b>Description</b>
ESOP	Employee Stock Option Plan
ESPS	Employee Stock Purchase Scheme
EPS	Earnings Per Share
EPF	Employees Provident Fund
FCNR Account	Foreign Currency Non Resident Account
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act 1999, as amended from time to time and the regulations framed there under
FII(s)	Foreign Institutional Investor, as defined under the FII Regulations and registered with the SEBI under applicable laws in India
FPI(s)	Foreign Portfolio Investor means a person who satisfies the eligibility criteria prescribed under regulation 4 and has been registered under Chapter II of Securities And Exchange Board Of India (Foreign Portfolio Investors) Regulations, 2014, which shall be deemed to be an intermediary in terms of the provisions of the SEBI Act, 1992
FII Regulations	Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended from time to time.
FIs	Financial Institutions
FIPB	The Foreign Investment Promotion Board, Ministry of Finance, Government of India
FVCI	Foreign Venture Capital Investor registered under the Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000
FV	Face Value
F.Y./FY	Financial Year
GAAP	Generally Accepted Accounting Principles
GDP	Gross Domestic Product
GIR Number	General Index Registry number
GoI/ Government	Government of India
HNI	High Networth Individual
HUF	Hindu Undivided Family
ICDR Regulations/ SEBI Regulations/ SEBI (ICDR) Regulations/Regulations	SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time
Indian GAAP	Generally Accepted Accounting Principles in India
ICAI	Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards
IPO	Initial Public Offering
IRDA	Insurance Regulatory and Development Authority
I. T. Act	The Income Tax Act, 1961, as amended.
IT Authorities	Income Tax Authorities
IT Rules	The Income Tax Rules, 1962, as amended from time to time
INR	Indian National Rupee
Key Managerial Personnel / KMP	The officers declared as a Key Managerial Personnel and as mentioned in the chapter titled “ <i>Our Management</i> ” beginning on page 168 of this Draft Red Herring Prospectus
KVA	Kilovolt-ampere
Ltd.	Limited
Mn	Million
MoA	Memorandum of Association
MoF	Ministry of Finance, Government of India
MoU	Memorandum of Understanding

<b>Term</b>	<b>Description</b>
MD	Managing Director
MICR	Magnetic Ink Character Recognition
N/A or N.A.	Not Applicable
NAV	Net Asset Value
NBFC	Non Banking Finance Company
Net Worth	The aggregate of the paid up share capital, share premium account, and reserves and surplus (excluding revaluation reserve) as reduced by the aggregate of miscellaneous expenditure (to the extent not adjusted or written off) and the debit balance of the profit and loss account
NOC	No Objection Certificate
NR	Non Resident
NRE Account	Non Resident (External) Account
NRI	Non Resident Indian, is a person resident outside India, who is a citizen of India or a person of Indian origin and shall have the same meaning as ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2000, as amended from time to time
NRO Account	Non Resident (Ordinary) Account
NSDL	National Securities Depository Limited
NI Act	Negotiable Instruments Act, 1881
OCB	Overseas Corporate Bodies
p.a.	per annum
PAN	Permanent Account Number
PAT	Profit After Tax
Pvt.	Private
PBT	Profit Before Tax
P/E Ratio	Price Earnings Ratio
QIB	Qualified Institutional Buyer
RBI	Reserve Bank of India
RBI Act	The Reserve Bank of India Act, 1934, as amended from time to time
RoC	Registrar of Companies
RoNW	Return on Net Worth
Rs. / INR	Indian Rupees
SCRA	Securities Contracts (Regulation) Act, 1956 as amended from time to time
SCRR	Securities Contracts (Regulation) Rules, 1957
SCSB	Self Certified Syndicate Bank
SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012
SEBI FII Regulations	Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
SEBI FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000
SEBI VCF Regulations	Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 as repealed pursuant to the SEBI AIF Regulations

<b>Term</b>	<b>Description</b>
SEBI Insider Trading Regulations	The SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time, including instructions and clarifications issued by SEBI from time to time
SEBI Takeover Regulations / Takeover Code	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
Listing Regulations / SEBI Listing Regulations/ SEBI (LODR) Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
Sub-Account	Sub-accounts registered with SEBI under the SEBI (Foreign Institutional Investor) Regulations, 1995, other than sub-accounts which are foreign corporate or foreign individuals.
SICA	Sick Industrial Companies (Special Provisions) Act, 1985, as amended from time to time
SME	Small Medium Enterprise
Sec	Section
SSI Undertaking	Small Scale Industrial Undertaking
Stock Exchange (s)	EMERGE Platform of National Stock Exchange of India Limited
STT	Securities Transaction Tax
TAN	Tax Deduction Account Number
TRS	Transaction Registration Slip
TIN	Taxpayers Identification Number
TNW	Total Net Worth
u/s	Under Section
UIN	Unique Identification Number
US/ U.S. / USA/ United States	United States of America
USD / US\$ / \$	United States Dollar, the official currency of the United States of America
U.S. GAAP	Generally accepted accounting principles in the United States of America
UOI	Union of India
UV	Ultraviolet
VAT	Value Added Tax
VCF / Venture Capital Fund	Foreign Venture Capital Funds (as defined under the Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996) registered with SEBI under applicable laws in India.
WDV	Written Down Value
WTD	Whole-time Director
w.e.f.	With effect from
YoY	Year over year

*Notwithstanding the following: -*

- i. In the section titled “*Main Provisions of the Articles of Association*” beginning on page 349 of this Draft Red Herring Prospectus, defined terms shall have the meaning given to such terms in that section;
- ii. In the section titled “*Financial Statements*” beginning on page 187 of this Draft Red Herring Prospectus, defined terms shall have the meaning given to such terms in that section;
- iii. In the section titled “*Risk Factors*” beginning on page 20 of this Draft Red Herring Prospectus, defined terms shall have the meaning given to such terms in that section;



- iv. In the chapter titled “*Statement of Possible Tax Benefits*” beginning on page 108 of this Draft Red Herring Prospectus, defined terms shall have the meaning given to such terms in that chapter; and
- v. In the chapter titled “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” beginning on page 238 of this Draft Red Herring Prospectus, defined terms shall have the meaning given to such terms in that chapter.

## PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

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

### FINANCIAL DATA

Unless stated otherwise, the financial data included in this Draft Red Herring Prospectus are extracted from the restated financial statements of our Company, prepared in accordance with the applicable provisions of the Companies Act, Indian GAAP and restated in accordance with SEBI (ICDR) Regulations, as stated in the report of our Peer Reviewed Auditor, set out in the section titled “*Financial Statements as Restated*” beginning on page 187 of this Draft Red Herring Prospectus. Our restated financial statements are derived from our audited financial statements prepared in accordance with Indian GAAP and the Companies Act, and have been restated in accordance with the SEBI (ICDR) Regulations.

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

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

Any percentage amounts, as set forth in “*Risk Factors*”, “*Our Business*”, “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” and elsewhere in this Draft Red Herring Prospectus unless otherwise indicated, have been calculated on the basis of the Company’s restated financial statements prepared in accordance with the applicable provisions of the Companies Act, Indian GAAP and restated in accordance with SEBI (ICDR) Regulations, as stated in the report of our Peer Reviewed Auditor, set out in the section titled “*Financial Statements as Restated*” beginning on page 187 of this Draft Red Herring Prospectus.

### CURRENCY OF PRESENTATION

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

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

### INDUSTRY AND MARKET DATA

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

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

Although we believe that industry data used in this Draft Red Herring Prospectus is reliable, it has not been independently verified by the Book Running Lead Manager or our Company or any of their affiliates or advisors. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in the section titled “*Risk Factors*” beginning on page 20 of this Draft Red Herring Prospectus. Accordingly, investment decisions should not be based solely on such information.

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

## FORWARD LOOKING STATEMENT

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

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

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

For a further discussion of factors that could cause our actual results to differ, refer to section titled “*Risk Factors*” and chapter titled “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” beginning on pages 20 and 238 respectively of this Draft Red Herring Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated.

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

## SECTION II – RISK FACTOR

*An investment in Equity Shares involves a high degree of risk. You should carefully consider all the information in this Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. In making an investment decision, prospective investors must rely on their own examination of our Company and the terms of this issue including the merits and risks involved. Any potential investor in, and subscriber of, the Equity Shares should also pay particular attention to the fact that we are governed in India by a legal and regulatory environment in which some material respects may be different from that which prevails in other countries. The risks and uncertainties described in this section are not the only risks and uncertainties we currently face. Additional risks and uncertainties not known to us or that we currently deem immaterial may also have an adverse effect on our business. If any of the following risks, or other risks that are not currently known or are now deemed immaterial, actually occur, our business, results of operations and financial condition could suffer, the price of our Equity Shares could decline, and you may lose all or any part of your investment. Additionally, our business operations could also be affected by additional factors that are not presently known to us or that we currently consider as immaterial to our operations.*

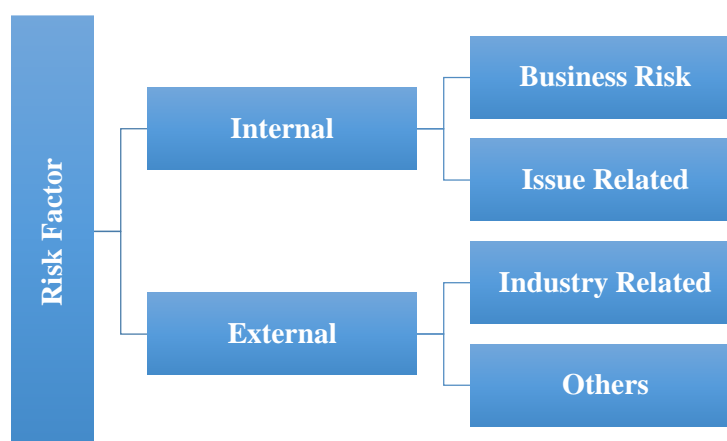
*Unless otherwise stated in the relevant risk factors set forth below, we are not in a position to specify or quantify the financial or other implications of any of the risks mentioned herein. Unless otherwise stated, the financial information of our Company used in this section is derived from our restated financial statements prepared in accordance with Indian GAAP and the Companies Act, 2013 and its applicable Companies Act Rules (as amended from time to time) and restated in accordance with the SEBI ICDR Regulations. To obtain a better understanding, you should read this section in conjunction with the chapters titled “Our Business” beginning on page 139, “Our Industry” beginning on page 111 and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on page 238 respectively, of this Draft Red Herring Prospectus as well as other financial information contained herein.*

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

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

*The financial and other related implications of risks concerned, wherever quantifiable, have been disclosed in the risk factors mentioned below. However, there are risk factors where the impact may not be quantifiable and hence the same has not been disclosed in such risk factors. Unless otherwise stated, the financial information of the Company used in this section is derived from our financial statements under Indian GAAP, as restated in this Draft Red Herring Prospectus. Unless otherwise stated, we are not in a position to specify or quantify the financial or other risks mentioned herein. For capitalized terms used but not defined in this chapter, refer to the chapter titled “Definitions and Abbreviation” beginning on page 3 of this Draft Red Herring Prospectus. The numbering of the risk factors has been done to facilitate ease of reading and reference and does not in any manner indicate the importance of one risk factor over another.*

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



## INTERNAL RISK FACTORS

### BUSINESS SPECIFIC RISKS

1. *Currently our Company and one of the Promoters are involved in tax related proceedings; any adverse decision in such proceedings may render us liable to liabilities and penalties and may adversely affect our business and results of operations.*

Also, there is no assurance that in future, we, our promoters or our directors may not face legal proceedings and that any adverse decision in such legal proceedings may impact our business. For further details in relation to legal proceedings involving our Company and Promoter, see the chapter titled “*Outstanding Litigation and Material Developments*” on page 258 of this Draft Red Herring Prospectus.

A classification of legal proceedings is mentioned below:

Name of Entity	Criminal Proceedings	Civil/ Arbitration Proceedings	Tax Proceedings	Labour Disputes	Consumer Complaints	Complaints under Section 138 of NI Act, 1881	Aggregate amount involved (Rs. In lakhs)
<b>Company</b>							
By the Company	Nil	Nil	4	Nil	Nil	Nil	79.66
Against the Company	Nil	Nil	4	Nil	Nil	Nil	36.61
<b>Promoters</b>							
By the Promoter	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Against the Promoter	Nil	Nil	4	Nil	Nil	Nil	4.73
<b>Group Companies</b>							
By Group Companies	N.A.*	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Against Group Companies	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
<b>Directors other than promoters</b>							
By the Directors	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Against the Directors	Nil	Nil	Nil	Nil	Nil	Nil	Nil

<b>Subsidiaries</b>							
By the Subsidiaries	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Against the Subsidiaries	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

\*N.A. = Not Applicable

**2. Our statutory auditor has included an audit qualification in its statutory audit report for the year ended March 31, 2017**

Our statutory auditor has given following emphasis of matter/ qualified remarks for which adjustments wherever required has been taken during the restatement of Financial Statements.

<b>Qualification</b>	<b>Relevant Year</b>	<b>Effect given in the Restated</b>
The company has not made the provision for Gratuity, Leave Encashment and other retirement benefit as prescribed under the AS-15 Employee Benefits.	FY/Period ending on March 31 2014, 2015, 2016, 2017 & December 31, 2017.	In the "Restated Summary Statements" or "Restated Financial Statements" compliance of the AS-15 has been made and accordingly we have made the provision for the same. Hence, our report is not qualified in this regard.
The Company has not recorded WIP as the register for the same have not been maintained by the company and cost for the same could not be determined.	FY/Period ending on March 31, 2015, 2017 & December 31, 2017.	In absence of the sufficient information, we are also unable to ascertain the value of WIP & hence, no value of WIP have been provided in restated financial statement . Our report is also qualified in this regard.
The value of inventory have been disclosed in financials at cost & not at lower of cost or net realizable value.	FY/Period ending on March 31, 2017 & December 31, 2017.	In absence of the sufficient information , we are also unable to ascertain the net realizable value of stock. Hence, in restated financials also stock have been disclosed at cost. Our report is also qualified in this regard.
The figures of sales & Purchase as per Financial record & as per returns filled with GST authorities are differing.	Period ending on December 31, 2017.	As per Discussion with management figures as per financial record are correct & they are in process of rectifying GST returns. Our report is not qualified in this regard.

**3. Our business is subject to extensive regulation. If we fail to comply with the applicable regulations prescribed by governments and regulatory agencies, our business, results of operations and financial condition could be adversely affected.**

We operate in a highly regulated industry and our operations are subject to extensive regulation in each market in which we do business. Regulatory authorities must approve our products before we or our

distribution agents can market them. Applicable regulations have become increasingly stringent, a trend which may continue in the future. The penalties for non-compliance with these regulations can be severe, including the revocation or suspension of our business license, imposition of fines and criminal sanctions in those jurisdictions. If we fail to comply with applicable statutory or regulatory requirements, there could be a delay in the submission or grant of approval for the manufacturing and marketing new products. Moreover, if we fail to comply with the various conditions attached to such approvals, licenses, registrations and permissions once received, the relevant regulatory body may suspend, curtail or revoke our ability to market such products or impose fines upon us. Also, if we fail to obtain such approvals, licenses, registrations and permissions, in a timely manner or at all, our business, results of operations and financial condition could be adversely affected.

***4. We are dependent upon few suppliers for our raw material for our current manufacturing facilities. In an eventuality where our suppliers are unable to deliver us the required materials in a time-bound manner it may have a material adverse effect on our business operations and profitability.***

For the period ended December 31, 2017 our top 10 suppliers contributed around 55.63% and top 5 suppliers contributed around 51.52% of our purchases. In the event of a delay, inadequacy or default in deliveries by any of our vendors, we may not be able to source our raw material on an adequate and timely basis or on commercially acceptable terms. A major disruption to the timely and adequate supplies of our raw materials could adversely affect our business, results of operations and financial condition. Any problems faced by our suppliers in their manufacturing facilities resulting in delays or non-adherence to quality requirements could adversely impact our ability to meet our customer's requirements in time and our operations would be affected to the extent we are unable to line up supplies from alternate suppliers.

Also, we have not entered into formal supply agreements or contract with our vendors/ suppliers and in absence of any formal contract, we are exposed to the risk of irregular supplies or no supplies at all and delayed supplies which would materially affect our results of operations. In the event the prices of such raw materials/ traded goods were to rise substantially, we may find it difficult to make alternative arrangements for supplies of our raw material/ traded goods, on the terms acceptable to us, which could materially affect our business, results of operations and financial condition. Our management believes that we maintain good relations with our suppliers and we shall also not face any challenge in finding new suppliers if required.

***5. Our historical revenues have been significantly dependent on few Industrial Customers and our inability to maintain such business may have an adverse effect on our results of operations.***

For the period ended December 31, 2017, sales to our top 10 customers contributed around 44.94% and top 5 customers contributed around 36.97% of our revenues from operations. Our business from customers is dependent on our continuing relationship with such customers, the quality of our products and our ability to deliver on their orders, and there can be no assurance that such customers will continue to do business with us in the future on commercially acceptable terms or at all. If our customers do not continue to purchase products from us, or reduce the volume of products purchased from us, our business prospects, results of operations and financial condition may be adversely affected. Significant dependence on them may increase the potential volatility of our results of operations and exposure to individual contract risks. In the event that any of these customers discontinue purchase of products from us, our results of operations and financial condition may be adversely affected.

***6. We could become liable to our customers, suffer adverse publicity and incur substantial costs as a result of defects in our products, which in turn could adversely affect the value of our brand, and our sales could be diminished if we are associated with negative publicity.***

Any failure or defect in our products could result in a claim against us for damages, regardless of our responsibility for such a failure or defect. We currently carry no products liability insurance with respect to our products. Although we attempt to maintain quality standards, we cannot assure that all our products would be of uniform quality, which in turn could adversely affect the value of our brand, and our sales could be diminished if we are associated with negative publicity. Also, our business is dependent on the trust our customers have in the quality of our products. Any negative publicity



regarding our company, brand, or products, including those arising from a drop in quality of merchandise from our vendors, mishaps resulting from the use of our products, or any other unforeseen events could affect our reputation and our results from operations.

**7. We are susceptible to volatility of prices of products marketed by us, including due to Competitive products.**

Prices of the products marketed by us are subject to fluctuation, depending on, among other factors, the number of producers and their production volumes and changes in demand in the markets we serve. Volatility in price realization and loss of customers may adversely affect our profitability. Further, there is no assurance that we will be able to maintain our low cost of operations or to further reduce costs or develop new cost effective processes in the future, owing to factors beyond our control.

**8. We have had negative cash flows in recent periods. Our inability to generate and sustain adequate cash flows in the future may adversely affect our business, results of operation and financial condition.**

We have experienced negative cash flows in the recent periods, the details of which, as per our Restated Financial Information are as follows:

Particulars	For period ended December 31, 2017	For the Year Ended				
		March 31,2017	March 31,2016	March 31,2015	March 31,2014	March 31,2013
Net Cash Flow from/(used in) Operating Activities	235.22	8.30	204.89	86.72	49.43	52.65
Net Cash Flow from/(used in) Investing Activities	(151.20)	(17.35)	5.50	8.40	(1.06)	(7.50)
Net Cash Flow from/(used in) Financing Activities	(38.49)	(27.03)	(167.52)	(112.53)	(30.58)	(32.70)


**9. Our Company has not complied with certain statutory provisions under Companies Act. Such non-compliances/lapses may attract penalties.**


Our Company has delayed filing of some forms under the Companies Act. No show cause notice in respect of the above has been received by the Company till date, any penalty imposed for such non-compliance in future by any regulatory authority could affect our financial conditions to that extent. Such delay/noncompliance may in the future render us liable to statutory penalties and disallowing the resolutions, which may have consequence of violation of statutory provisions concerned.

**10. We have been experiencing a decline in our revenue from trading operations from the past two financial years.**

Our revenue from operations declined from Rs. 3,138.47 lakhs in financial year 2013-14 to Rs. 2,525.27 lakhs in financial year 2016-17. This has been because of shift of focus of management to manufacturing operations and change in business strategy. However we cannot assure you that we shall be able to successfully execute our business strategy and continue to grow our revenue from operations. Any decline in our revenue from operations could adversely affect our result of operations and financial condition.

**11. We depend on certain brand names and our corporate name and logo that we may not be able to protect and/or maintain. We have a logo which is used for our business purpose. However, the said logo is not yet registered with the registrar of trademarks.**

Our ability to market and sell our products depends upon the recognition of our brand names and associated consumer goodwill. Currently, we have applied for registration of our logo  and it is

pending. There is no guarantee that the application for registration of our logo “” will be accepted in favour of the Company. This may affect our ability to protect our trademark in the event of any infringement of our intellectual property. In the absence of such registrations, competitors and other companies may challenge the validity or scope of our intellectual property right over these brands or our corporate name or logo. As a result, we may be required to invest significant resources in developing new brands or names, which could materially and adversely affect our business, financial condition, results of operations and prospects. In case of failure to renew our intellectual property on time, it may adversely affect our business operations

Our failure to comply with existing or increased regulations, or the introduction of changes to existing regulations, could adversely affect our business, financial condition, results of operations and prospects.

The material approvals, licences or permits required for our business include trade licence, excise environment laws and shops and establishment licence, among others. See “Government and other Statutory Approvals” on page 268 of this Draft Red Herring Prospectus for further details on the required material approvals for the operation of our business.

***12. Our Company’s expected production levels could be adversely affected by various factors.***

Manufacturers of products often encounter difficulties in production. These problems include difficulties with production costs and yields, product quality (caused by, among other things, process failure, equipment failure, human errors or other unforeseen events during the production cycle) and shortages of qualified personnel, as well as compliance with regulatory requirements. Because of the many steps involved in the production process, any interruption in one of the steps in the manufacturing process could cause delays in the entire production cycle. In addition, any material labour problems, such as a work stoppage or mechanical failure or malfunction could likewise lead to delays in production. Any of these problems could result in delay or suspension of production and may entail higher costs or other installment expenses. Furthermore, if our Company’s suppliers fail to deliver necessary manufacturing equipment, raw materials, production deadlines may not be met. Any such developments could have a material adverse effect on our Company’s business and financial operations.

***13. If we cannot respond adequately to the increased competition we expect to face, we will lose market share and our profits will decline, which will adversely affect our business, results of operations and financial condition.***

Our products face intense competition from products commercialized or under development by competitors in all of our product portfolios. We compete with local companies, multi-national corporations and companies from the rest of World. If our competitors gain significant market share at our expense, our business, results of operations and financial condition could be adversely affected.

Many of our competitors may have greater financial, manufacturing, research and development, marketing and other resources, more experience in obtaining regulatory approvals, greater geographic reach, broader product ranges and stronger sales forces. Our competitors may succeed in developing products that are more effective, more popular or cheaper than any we may develop, which may render our products obsolete or uncompetitive and adversely affect our business and financial results. Also, we face pressure on our margins due to pricing competition from several small and unorganized local players. Presence of more players in the unorganized sector compared to organized ones has resulted in increasingly competitive environment characterized by stiff price competition.

We also operate in a rapidly consolidating industry. The strength of combined companies could affect our competitive position in all of our business areas. Furthermore, if one of our competitors or their customers acquires any of our customers or suppliers, we may lose business from the customer or lose a supplier of a critical raw material, which may adversely affect our business, results of operations and financial condition.

***14. Any manufacturing or quality control problems may damage our reputation for high quality products and expose us to litigation or other liabilities, which could adversely affect our financial results.***

Pharmaceutical manufacturers are subject to significant regulatory scrutiny. Our Manufacturing Facility at Baddi, Himachal Pradesh manufacture products in accordance with Manufacturing Practices stipulated by WHO, and state level food and drug administrations.

Furthermore, we are liable for the quality of our products for the entire duration of the shelf life of the product. At present we rely on third party for I.R. Spectroscopy, G.L.C check etc. as same are done with the help of commercial government approved testing IITL Labs After our products reach the market, certain developments could adversely affect demand for our products, including any contamination of our products by intermediaries, re-review of products that are already marketed, new scientific information, greater scrutiny in advertising and promotion, the discovery of previously unknown side effects or the recall or loss of approval of products that we manufacture, market or sell.

Disputes over non-conformity of our products with such quality standards or specifications are generally referred to independent government approved testing laboratories. If any such independent laboratory confirms that our products do not conform to the prescribed or agreed standards and specifications, we would bear the expenses of replacing and testing such products, which could adversely affect our business, results of operations and financial condition.

We also face the risk of loss resulting from, and the adverse publicity associated with, manufacturing or quality problems. Such adverse publicity harms the brand image of our Company and products. We may be subject to claims resulting from manufacturing defects or negligence in storage and handling of our products. Any loss of our reputation or brand image, for whatsoever reason may lead to a loss of existing business contracts and adversely affect our ability to enter into additional business contracts in the future.

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

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

Particulars	As at March 31,					
	As on December 31, 2017	2017	2016	2015	2014	2013
<b>A. Current Assets</b>						
Inventories	839.32	816.24	945.94	873.43	846.49	634.84
Trade Receivables	1,430.76	1,318.22	807.98	863.53	775.49	771.52
Cash and Cash Equivalents	88.78	43.26	79.34	36.47	53.88	36.09
Short Term Loans & Advances	171.19	21.36	20.26	24.32	31.79	28.52
<b>B. Current Liabilities</b>						
Trade Payables	799.04	643.80	509.59	526.70	535.08	427.68
Other Current Liabilities	17.06	10.83	10.22	36.96	35.64	103.19
Short Term Provisions	9.63	26.21	29.67	24.35	25.54	21.75
<b>Working Capital (A-B)</b>	<b>1,704.32</b>	<b>1,518.25</b>	<b>1,304.04</b>	<b>1,209.75</b>	<b>1,111.39</b>	<b>918.34</b>
<b>Trade receivables as % of total current assets</b>	<b>56.55%</b>	<b>59.94%</b>	<b>43.59%</b>	<b>48.03%</b>	<b>45.41%</b>	<b>52.45%</b>
<b>Inventories as % of Total current assets</b>	<b>33.17%</b>	<b>37.12%</b>	<b>51.03%</b>	<b>48.58%</b>	<b>49.57%</b>	<b>43.16%</b>

**16. We may incur substantial costs as a result of various proceedings relating to intellectual property rights including litigations and injunctions.**

The pharmaceutical industry is driven by innovations and fierce competition for acquiring intellectual property rights over processes and products. Therefore, there is no assurance that our trademarks will not be infringed upon. Depending on whether we are able to discover any such infringement of our trademarks or successfully enforce our legal rights in the jurisdictions where such infringements may occur, our business and branding may suffer as a result of any misuse of our trademark. In such

circumstances, our reputation and business may be adversely affected. Further, if we decide to pursue action against such infringements to protect our reputation, it could result in diversion of our resources and our financial results may be adversely affected.

Similarly, we may also infringe the intellectual property rights of third parties in the use of our various trademarks in our operations. Although we are not aware of any such infringement by us, there is no assurance that we will not infringe or have not infringed the intellectual property rights of any third party. In the event of any such infringement, we may be subject to our claims or actions and our business, reputation, financial condition and results of operations may be adversely affected.

***17. The regulatory uncertainty associated with pharmaceutical pricing, reimbursement and related matters could adversely affect the marketing, pricing and demand for our products.***

In India, pharmaceutical prices are subject to regulation. The existence of price controls can limit the revenues we earn from our products. India enacted the National Pharmaceuticals Pricing Policy in 2012. As a result, a number of drug formulations were identified as essential drugs and were added to India's National List of Essential Medicines and these drugs are subjected to price controls in India. On May 15, 2013, the Department of Pharmaceuticals released the revised DPCO 2013 (which replaced the earlier Drugs (Prices Control) Order, 1995). The Drugs (Price Control Order) 2013 ("hereinafter referred as "The DPCO 2013" governs the price control mechanism for 509 formulations listed in the National List of Essential Medicines.

As per this order, the prices of each of the formulations are determined based on the average of all drugs having an Indian market share of more than 1% by value. The individual drug price notifications for a majority of the products have been released by the National Pharmaceutical Pricing Authority. The DPCO 2013 also regulates the margin that can be offered to the trade channels including the retailers.

Under terms of the DPCO 2013 non-compliance with the notified ceiling price or breaching the ceiling price would be tantamount to overcharging the consumer under the order, and the amount charged over and above the ceiling price shall be recovered along with interest thereon from the date of overcharging. Further, non-compliance with the price notification issued by National Pharmaceutical Pricing Authority ("NPPA") could also attract prosecution of the officers of the Company under the Essential Commodities Act, 1955 including imprisonment for a term up to seven years and shall also be liable for fine. Any action against us or our management for violation of the DPCO 2013 may divert management attention and could adversely affect our business, prospects, results of operations and financial condition.

***18. Stricter marketing norms prescribed by a new code of conduct in India for companies doing business in the pharmaceuticals industry could affect our ability to effectively market our products which may affect our profitability.***

In December 2014, the Department of Pharmaceuticals, Ministry of Chemicals and Fertilizers of the Government of India announced details of the UCPMP which became effective across India from January 1, 2015. This code of conduct for marketing practices for the Indian pharmaceutical industry is expected to be voluntarily adopted by pharmaceutical companies for a period of six months (extended by a further period of two months) after which it would be reviewed by the Government.

The UCPMP amongst other things provides detailed guidelines about promotional materials, conduct of medical representatives, physician samples, gifts and relationships with healthcare professionals. For example, under the UCPMP, pharmaceutical companies may not supply or offer any gifts, pecuniary advantages or benefits in kind to persons qualified to prescribe or supply drugs. Further, the Managing Director or the chief executive officer of the company is responsible for ensuring adherence to the UCPMP and a self-declaration is required to be submitted by the managing director or the chief executive officer within two months of the closure of every financial year to the industry association. Although these guidelines are voluntary in nature, they may be codified in the future and we may have to spend a considerable amount of time and resources to conform to the requirements of the UCPMP.

***19. We require a number of approvals, NOCs, licences, registrations and permits in the ordinary course of our business. Some of the approvals are required to be transferred in the name of AFFINE FORMULATIONS LIMITED from AFFINE FORMULATIONS PRIVATE LIMITED pursuant to***

***name change of our company and any failure or delay in obtaining the same in a timely manner may adversely affect our operations.***

We need to apply for renewal of approvals which expire, from time to time, as and when required in the ordinary course of our business. Pursuant to our conversion from a private limited company to a public limited company in the year 2016, we need to take necessary steps for transferring the approvals of our company in the new name.

Approvals like Consent to Establish, Certificate of Registration Central Sales Tax, and Certificate of Registration of VAT are currently not traceable by the company. Our Company has not yet applied for change of name of these approvals. In case of failure to obtain the same, it could affect our business operations. Any failure to renew the approvals that have expired, or to apply for and obtain the required approvals, licences, registrations or permits, or any suspension or revocation of any of the approvals, licences, registrations and permits that have been or may be issued to us, could result in delaying the operations of our business, which may adversely affect our business, financial condition, results of operations and prospects. 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. Additionally, our company has not applied for the approval/s as mentioned under the head “Material licenses/ approvals for which the Company is yet to apply” of Government and Other Statutory Approvals Chapter. For more information, see chapter “Government and Other Statutory Approvals” on page 268 of this Draft Red Herring Prospectus.

***20. Our Company’s failure to maintain the quality standards of the products or keep pace with the technological developments could adversely impact our business, results of operations and financial condition.***

Our products depend on recent inventions and developments as we manufacture and market the products as per the market trends. Any failure to maintain the quality standards may affect our business. Although we have put in place strict quality control procedures, we cannot assure that our products will always be able to satisfy our customers’ quality standards. Any negative publicity regarding our Company, or products, including those arising from any deterioration in quality of our products from our vendors, or any other unforeseen events could adversely affect our reputation, our operations and our results from operations. Also, rapid change in our customers’ expectation on account of changes in technology or introduction of new products or for any other reason and failure on our part to meet their expectation could adversely affect our business, result of operations and financial condition. While, we believe that we have always introduced new products based on consumers need to cater to the growing demand of our customers and also endeavour regularly update our existing technology, our failure to anticipate or to respond adequately to changing technical, market demands and/or client requirements could adversely affect our business and financial results.

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

Due to the nature of our business, we expect to be or continue to be subject to extensive and increasingly stringent environmental, health and safety laws and regulations and various labour, workplace and related laws and regulations. We are also subject to environmental, health and safety laws including but not limited to:

- a. The Drugs and Cosmetics Act, 1940 (“DCA”)
- b. The Drugs and Cosmetics Rules, 1945 (“DC Rules”)
- c. The Drugs (Price Control) Order, 2013 (“DPCO 2013”)
- d. Food Safety and Standard Act, 2006
- e. The Environment Protection Act, 1986 (“Environment Protection Act”)
- f. Air (Prevention and Control of Pollution) Act, 1981
- g. Water (Prevention and Control of Pollution) Act, 1974

h. Hazardous Waste Management & Handling Rules, 2008

Any failure on our part to comply with any existing or future regulations applicable to us may result in legal proceedings being initiated against us, third party claims or the levy of regulatory fines, which may adversely affect our business, results of operations and financial condition. Further amendments to such statutes may impose additional provisions to be followed by our Company and accordingly our Company may need to avoid use of certain ingredients in preparation of our products, discontinue any range of product, incur clean-up and remediation costs, as well as damages, payment of fines or other penalties, closure of production facilities for non-compliance, other liabilities and related litigation, which could adversely affect our business, prospects, financial condition and results of operations.

**22. *Our cost of production is exposed to fluctuations in the prices of materials.***

Our Company is dependent on third party suppliers for procuring the raw material. We are exposed to fluctuations in the prices of these raw materials as well as its unavailability, particularly as we typically do not enter into any long term supply agreements with our suppliers and our major requirement is met in the spot market. We may be unable to control the factors affecting the price at which we procure the materials. We also face the risks associated with compensating for or passing on such increase in our cost of production/ on account of such fluctuations in prices to our customers. Upward fluctuations in the prices of raw material may thereby affect our margins and profitability, resulting in a material adverse effect on our business, financial condition and results of operations. Though we enjoy favourable terms from the suppliers both in prices as well as in supplies, our inability to obtain high quality materials in a timely and cost-effective manner would cause delays in our production and delivery schedules, which may result in the loss of our customers and revenues.

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

Our business is dependent on our continuing relationships with our customers. Our Company neither has any long-term contract with any of customers. Any change in the buying pattern of our end users or disassociation of major customers can adversely affect the business of our Company. The loss of or interruption of work by, a significant customer or a number of significant customers or the inability to procure new orders on a regular basis or at all may have an adverse effect on our revenues, cash flows and operations.

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

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

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

**25. *If we are unable to source business opportunities effectively, we may not achieve our financial objectives.***

Our ability to achieve our financial objectives will depend on our ability to identify, evaluate and accomplish business opportunities. To grow our business, we will need to hire, train, supervise and manage new employees, expand our distribution channel and to implement systems capable of effectively accommodating our growth. However, we cannot assure that any such employees or

distributors will contribute to the success of our business or that we will implement such systems effectively. Our failure to source business opportunities effectively could have a material adverse effect on our business, financial condition and results of operations. It also is possible that the strategies used by us in the future may be different from those presently in use. No assurance can be given that our analyses of market and other data or the strategies we use or plans in future to use will be successful under various market conditions.

***26. Our inability to maintain an optimal level of inventory for our business may impact our operations adversely.***

Our daily operations largely depend on consistent inventory control which is generally dependent on our projected sales in different months of the year. An optimal level of inventory is important to our business as it allows us to respond to customer demand effectively and to maintain a range of pharmaceutical products. If we over-stock inventory, our required working capital will increase and if we under-stock inventory, our ability to meet consumer demand and our operating results may be adversely affected. Any mismatch between our planning and the actual off take by customers can impact us adversely

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

As on December 31, 2017, our Company has unsecured loans amounting to Rs.565.13 lakhs that are repayable on demand to the relevant lender. Such loans are not repayable in accordance with any agreed repayment schedule and may be recalled by the relevant lender at any time. Any such unexpected demand or accelerated repayment may have a material adverse effect on the business, cash flows and financial condition of the borrower against which repayment is sought. Any demand from lenders for repayment of such unsecured loans, may adversely affect our cash flows. For further details of unsecured loans of our Company, please refer chapter titled — ‘Financial Statements’ beginning on page 187 of the Draft Red Herring Prospectus.

***28. We have not made any alternate arrangements for meeting our 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, business operations and financial condition.***

As on date of this Draft Red Herring Prospectus, we have not made any alternate arrangements for meeting our capital requirements for one of the objects of the issue i.e. working capital etc. We meet our capital requirements through our bank finance, debts, owned funds and internal accruals. Any shortfall in our net owned funds, internal accruals and our inability to raise debt in future 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 chapter titled “Objects of the Issue” beginning on page 99 of this Draft Red Herring Prospectus.

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

Our Company have taken secured loan from banks by creating a charge over our movable and immovable properties in respect of loans/facilities availed by us. The total amounts outstanding and payable by us for secured loans were Rs. 469.43 lakhs as on the date of the Draft Red Herring Prospectus. In the event we default in repayment of the loans / facilities availed by us and any interest thereof, our properties may be forfeited by lenders, which in turn could have significant adverse effect on our business, financial condition and results of operations. For further details please refer to chapter titled Financial Indebtedness in chapter titled “Financial Indebtedness” on page 255 of this Draft Red Herring Prospectus.

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

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

For further details, please refer chapter titled “*Our Business*” beginning on page 139 of this Draft Red Herring Prospectus.

**31. Within the parameters as mentioned in the chapter titled “Objects of the Issue” beginning on page 99 of this Draft Red Herring Prospectus, our Company’s management will have flexibility in applying proceeds of the Issue. The fund requirement and deployment mentioned in the Objects of this Issue have not been appraised by any bank or financial institution.**

We intend to use fresh Issue Proceeds towards working capital requirements, general corporate purposes and to meet the issue expenses. We intend to deploy the Net Issue Proceeds in Financial Year 2018-19 and such deployment is based on certain assumptions and strategy which our Company believes to implement in future. The funds raised from the fresh Issue may remain idle on account of change in assumptions, market conditions, strategy of our Company, etc., For further details on the use of the Issue Proceeds, please refer chapter titled “*Objects of the Issue*” beginning on page 99 of this Draft Red Herring Prospectus.

The deployment of funds for the purposes described above is at the discretion of our Company’s Board of Directors. The fund requirement and deployment is based on internal management estimates and has not been appraised by any bank or financial institution. Accordingly, within the parameters as mentioned in the chapter titled “*Objects of the Issue*” beginning on page 99 of this Draft Red Herring Prospectus, the management will have flexibility in applying the proceeds received by our Company from the Issue. However, the company shall comply with Section 27 of the Companies Act, 2013 before varying the Objects of the Issue. The Audit Committee will monitor the utilisation of the proceeds of this Issue.

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

We may retain all our future earnings, if any, for use in the operations and expansion of our business. As a result, we may not declare dividends in the foreseeable future. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board of Directors and will depend on factors that our Board of Directors deem relevant, including among others, our results of operations, financial condition, cash requirements, business prospects and any other financing arrangements. Accordingly, realization of a gain on shareholders investments may largely depend upon the appreciation of the price of our Equity Shares. There can be no assurance that our Equity Shares will appreciate in value. For details of our dividend history, see “Dividend Policy” on page 186 of this Draft Red Herring Prospectus.

**33. 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.

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

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

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

Our Directors and Key Managerial Personnel (“KMP”) are interested in our Company to the extent of remuneration paid to them for services rendered and reimbursement of expenses payable to them. In addition, some of our Directors and KMP may also be interested to the extent of their shareholding and dividend entitlement in our Company. For further information, see “*Capital Structure*” and “*Our Management*” on pages 82 and 168, respectively, of this Draft Red Herring Prospectus.

**36. *The shortage or non-availability of power facilities may adversely affect our manufacturing processes and have an adverse impact on our results of operations and financial condition.***

Our manufacturing processes require substantial amount of power facilities. The quantum and nature of power requirements of our industry and Company is such that it cannot be supplemented/ augmented by alternative/ independent sources of power supply since it involve significant capital expenditure and per unit cost of electricity produced is very high in view of oil prices and other constraints. Our Company is mainly dependent on State Government for meeting its electricity requirements. Any disruption/non availability of power shall directly affect our production which in turn shall have an impact on profitability and turnover of our Company.

**37. *The Shortage or non-availability of water facilities may adversely affect our manufacturing processes and have an adverse impact on our results of operations and financial condition.***

Our Manufacturing facility situated at Vill.Bhatian, Tehs.Nalagarh, Dist. Solan (Himachal Pradesh), in a newly developed Industrial Area of HPSIDC, Nalagarh in state of Himachal Pradesh requires substantial amount of water facilities for manufacturing process. Our Company uses Tube well water for our manufacturing facility at our manufacturing unit. The quantum and nature of water requirements of our industry is significant and requires continuous supply. Our Company is mainly dependent on Tube well water for meeting its water requirements. Any disruption/non availability of water shall directly affect our production which in turn shall have an impact on profitability and turnover of our Company.

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

After completion of the Issue, our Promoters and Promoter Group will collectively own [●]% of the Equity Shares. As a result, our Promoter together with the members of the Promoter Group will be able to exercise a significant degree of influence over us and will be able to control the outcome of any proposal that can be approved by a majority shareholder vote, including, the election of members to our

Board, in accordance with the Companies Act and our AoA. Such a concentration of ownership may also have the effect of delaying, preventing or deterring a change in control of our Company.

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

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

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

***40. Our operations may be adversely affected in case of industrial accidents at our production facility.***

Usage and handling of machinery or any sharp part of any machinery by labour during production process, handling of chemicals and materials, short circuit of power supply for machines, etc. may result in accidents and fires, which could cause indirect injury to our labour, employees, other persons on the site and could also damage our properties thereby affecting our operations. Further our plants and machinery and personnel may not be covered under adequate insurance for occurrence of particular types of accidents which could adversely hamper our cash flows and profitability.

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

Our Company has entered into various transactions with our Promoter, Directors and their Relatives. While we believe that all such transactions are conducted on arm's length basis, there can be no assurance that we could not have achieved more favourable terms had such transactions were not entered into with related parties. Furthermore, it is likely that we will enter into related party transactions in future. There can be no assurance that such transactions, individually or in aggregate, will not have an adverse effect on our financial condition and results of operation. For details on the transactions entered by us, please refer to chapter "Related Party Transactions" beginning on page 185 of the Draft Red Herring Prospectus.

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

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

***43. We are dependent upon the growth prospects of the Healthcare Sector, where our products are largely used to cater masses.***

Our Company broadly falls under the pharmaceutical industry of which we undertake manufacturing and marketing of pharmaceutical products. Our products are used generally in the healthcare sector and thus cater to the requirements of the healthcare sector at large, thus any slowdown in the growth rate or

downward trend in any healthcare facilities in the country directly or indirectly impact our own growth prospects and may result in decline in profits and turnover of sales.

***44. Increasing employee compensation in India may erode some of our Company's competitive advantages and may reduce profit margins.***

Employee compensation in India has historically been significantly lower than employee compensation in the US and Europe for comparable skilled professionals, which is one of our Company's competitive strengths. However, increase in compensation levels in India may erode some of this competitive advantage and may negatively affect our profit margins. Employee compensation in India is currently increasing which could result in increased costs relating to scientists and engineers, managers and other professionals. Our Company may need to continue to increase levels of employee compensation to remain competitive and manage attrition. Any increases in the amount of compensation paid to our Company's employees could have a significant effect on production costs, which may affect our position as a low-cost producer of Bulk drugs and have a material adverse effect on our business and financial operations.

***45. Our Company's entire manufacturing facility is located at a single geographical location, and all of our Company's manufactured products are produced from such facility. Any delay in production at, or shutdown of, these facilities may in turn adversely affect our business, financial conditions and results of operations***

Our Company's manufacturing facility is at single location and all of our Company's products are manufactured from such facility at Baddi, Himachal Pradesh. Further, our business operations would be vulnerable to damage or interruptions in operations due to adverse weather conditions, earthquakes, fires, explosions, power loss, civil disturbances or other similar events which may affect this area. If our Company experiences delays in production or shutdown at such facilities due to any reason, including disruptions caused by disputes with its workforce or due to its employees forming a trade union or any natural disaster, our Company's ability to execute orders in a timely manner and its operations will be significantly affected, which in turn would have a material effect on its business, financial conditions and results of operations.

***48. We have taken guarantees from Promoters and members of Promoter Group in relation to debt facilities provided to us.***

We have taken guarantees from Promoters and members of Promoter Group in relation to our secured debt facilities availed from our Bankers. In an event any of these persons withdraw or terminate its/their guarantees, the lender for such facilities may ask for alternate guarantees, repayment of amounts outstanding under such facilities, or even terminate such facilities. We may not be successful in procuring guarantees satisfactory to the lender and as a result may need to repay outstanding amounts under such facilities or seek additional sources of capital, which could adversely affect our financial condition. For more information please see the chapter titled "*Financial Indebtedness*" beginning on page 255 of this Draft Red Herring Prospectus.

***46. Our lenders have imposed certain restrictive conditions on us under our financing arrangements. Under our financing arrangements, we are required to obtain the prior, written lender consent for, among other matters, changes in our capital structure. Further, we are required to maintain certain financial ratios.***

There can be no assurance that we will be able to comply with these financial or other loan covenants or that we will be able to obtain the consents necessary to take the actions we believe are necessary to operate and grow our business. Our level of existing debt and any new debt that we incur in the future has important consequences. Any failure to comply with these requirements or other conditions or covenants under our financing agreements that is not waived by our lenders or is not otherwise cured by us, may require us to repay the borrowing in whole or part and may include other related costs. Our Company may be forced to sell some or all of its assets or limit our operations. This may adversely affect our ability to conduct our business and impair our future growth plans. For further information, see the chapter titled "*Financial Indebtedness*" on page 255 of the Draft Red Herring Prospectus.

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

***47. The products that we commercialize may not perform as expected which could adversely affect our business, financial condition and results of operations.***

Our success depends significantly on our ability to commercialize new pharmaceutical products in India. Commercialization requires us to successfully develop, test, manufacture and obtain the required regulatory approvals for our products, while complying with applicable regulatory and safety standards. In order to develop a commercially viable product, we must demonstrate, through extensive trials that the products are safe and effective for use in humans. Our products currently under development, if and when fully developed and tested, may not perform as we expect, necessary regulatory approvals may not be obtained in a timely manner, if at all, and we may not be able to successfully and profitably produce and market such products.

Furthermore, even if we are successful in developing a new product, that product may become subject to litigation by third parties claiming our products infringe on their patents or may be seized in-transit by regulatory authorities for alleged infringement of intellectual property or may be otherwise unsuccessful in the market place due to the introduction of superior products by competitors. Moreover, it may take an extended period of time for our new products to gain market acceptance, if at all.

***48. Reduction or termination of tax incentives and benefits available to our Company's manufacturing unit located in Baddi, Himachal Pradesh would adversely impact our tax liabilities and affect our business, prospects, results of operations and financial condition.***

Our Company has established its manufacturing facility in Baddi, Himachal Pradesh. Our manufacturing unit is entitled to certain tax incentives and benefits, detailed in the section —*Statement of Possible Tax Benefits* beginning on page 108 of this Draft Red Herring Prospectus subject to the fulfilment of the terms and conditions imposed by the relevant authorities. We have benefited from certain tax regulations and incentives that accord favourable treatment to our manufacturing facilities. In the event our Company fails to comply with the said terms and conditions, our Company will not be entitled to such tax incentives and benefits which may have an adverse effect on our results of operations and financial condition. Further, our Company cannot assure you that the Indian Government will not enact laws in the future that would adversely impact the tax incentives and benefits and consequently the tax liabilities and profits of our Company.

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

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

***50. The average cost of acquisition of Equity Shares by our Promoters could be lower than the floor price.***

Our Promoters average cost of acquisition of Equity Shares in our Company may be lower than the Floor Price of the Price Band as may be decided by the Company in consultation with the BRLM. For further details regarding average cost of acquisition of Equity Shares by our Promoters in our Company and build-up of Equity Shares by our Promoters in our Company, please refer chapter title “*Capital Structure*” beginning on page 82 of this Draft Red Herring Prospectus.

***51. Industry information included in this Draft Red Herring Prospectus has been derived from industry reports. There can be no assurance that such third-party statistical, financial and other industry information is either complete or accurate.***

We have relied on the reports of certain independent third party for purposes of inclusion of such information in this Draft Red Herring Prospectus. These reports are subject to various limitations and

based upon certain assumptions that are subjective in nature. We have not independently verified data from such industry reports and other sources. Although, we believe that the data may be considered to be reliable, their accuracy, completeness and underlying assumptions are not guaranteed and their dependability cannot be assured. While we have taken reasonable care in the reproduction of the information, the information has not been prepared or independently verified by us, or any of our respective affiliates or advisors and, therefore, we make no representation or warranty, express or implied, as to the accuracy or completeness of such facts and statistics. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced for other economies and should not be unduly relied upon. Further, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere. Statements from third parties that involve estimates are subject to change, and actual amounts may differ materially from those included in this Draft Red Herring Prospectus.

***52. The requirements of being a public listed company may strain our resources and impose additional requirements.***

With the increased scrutiny of the affairs of a public listed company by shareholders, regulators and the public at large, we will incur significant legal, accounting, corporate governance and other expenses that we did not incur in the past. We will also be subject to the provisions of the listing agreements signed with the Stock Exchanges which require us to file unaudited financial results on a half yearly basis. In order to meet our financial control and disclosure obligations, significant resources and management supervision will be required. As a result, management's attention may be diverted from other business concerns, which could have an adverse effect on our business and operations. There can be no assurance that we will be able to satisfy our reporting obligations and/or readily determine and report any changes to our results of operations in a timely manner as other listed companies. In addition, we will need to increase the strength of our management team and hire additional legal and accounting staff with appropriate public company experience and accounting knowledge and we cannot assure that we will be able to do so in a timely manner.

**ISSUE SPECIFIC RISKS**

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

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

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

The Issue Price of our Equity Shares will be determined by Book Built method. This price is based on numerous factors (For further information, please refer chapter titled "*Basis for Issue Price*" beginning on page 105 of this Draft Red Herring Prospectus) and may not be indicative of the market price of our Equity Shares after the Issue. The market price of our Equity Shares could be subject to significant fluctuations after the Issue, and may decline below the Issue Price. We cannot assure you that you will be able to sell your Equity Shares at or above the Issue Price. Among the factors that could affect our share price include without limitation. The following:

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

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

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

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

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

- Volatility in the Indian and global capital market;
- Company's results of operations and financial performance;
- Performance of Company's competitors;
- Adverse media reports on Company or pertaining to the Industry in which we operate;
- Changes in our estimates of performance or recommendations by financial analysts;
- Significant developments in India's economic and fiscal policies; and
- Significant developments in India's environmental regulations.

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

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

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

**58. *QIB 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. Retail Individual Investors can revise their Bids during the Bid Period and withdraw their Bids until Bid Closing Date. While our Company is required to complete Allotment pursuant to the Issue within six Working Days from the Bid Closing Date, events affecting the Bidders' decision to invest in the Equity Shares, including material adverse changes in international or national monetary policy, financial, political or economic conditions, our business, results of operations 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 may 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.

## **EXTERNAL RISK FACTORS**

### **INDUSTRY RISKS**

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

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

### **OTHER RISKS**

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

As stated in the reports of the Auditor included in this Draft Red Herring Prospectus under chapter “Financial Statements as restated” beginning on page 187, the financial statements included in this Draft Red Herring Prospectus are based on financial information that is based on the audited financial statements that are prepared and presented in conformity with Indian GAAP and restated in accordance with the SEBI ICDR Regulations, and no attempt has been made to reconcile any of the information given in this Draft Red Herring Prospectus to any other principles or to base it on any other standards. Indian GAAP differs from accounting principles and auditing standards with which prospective investors may be familiar in other countries, such as U.S. GAAP and IFRS. Significant differences exist between Indian GAAP and U.S. GAAP and IFRS, which may be material to the financial information prepared and presented in accordance with Indian GAAP contained in this Draft Red Herring Prospectus. Accordingly, the degree to which the financial information included in this Draft Red Herring Prospectus will provide meaningful information is dependent on familiarity with Indian GAAP, the Companies Act and the SEBI ICDR Regulations. Any reliance by persons not familiar with Indian GAAP on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited.

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

Under the Income-tax Act, 1961, capital gains arising from the sale of equity shares in an Indian company are generally taxable in India except any gain realised on the sale of shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if the Securities Transaction Tax (“STT”) has been paid on the transaction. The STT will be levied on and collected by an Indian stock exchange on which equity shares are sold. Any gain realised on the sale of shares held for more than 12 months to an Indian resident, which are sold other than on a recognised stock exchange and as a result of which no STT has been paid, will be subject to long term capital gains tax in India. Further, any gain realised on the sale of shares on a stock exchange held for a period of 12 months or less will be subject to short term capital gains tax. Further, any gain realised on the sale of listed equity shares held for a period of 12 months or less which are sold other than on a recognised stock exchange and on which no STT has been paid, will be subject to short term capital gains tax at a relatively higher rate as compared to the transaction where STT has been paid in India.

In Finance Bill 2017, Section 10(38) was amended to provide that exemption under this section for income arising on transfer of equity share acquired on or after 1st day of October 2004 shall be available only if the acquisition of share is chargeable to STT under Chapter VII of the Finance (No 2) Act, 2004. In this case, this provision becomes effective, sale shares acquired on or after 1st day of October 2004 on which STT was not charged will attract tax under provisions of Long Term Capital Gains.

As per Finance Bill 2018, exemption under section 10(38) for income arising from long term gains on transfer of equity share shall not be available on or after 1st day of April 2018 if the long term capital gains exceeds Rs. 1,00,000/- p.a. Such income arising from long term gains on transfer of equity share on or after 1st day of April 2018 in excess of Rs. 1,00,000/- pa. shall be chargeable at the rate of 10%.

Capital gains arising from the sale of shares will be exempt from taxation in India in cases where an exemption is provided under a tax treaty between India and the country of which the seller is a resident. Generally, 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 jurisdictions on gains arising from a sale of the shares subject to relief available under the applicable tax treaty or under the laws of their own jurisdiction.

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

Our business and financial performance could be adversely affected by unfavourable changes in or interpretations of existing, or the promulgation of new laws, rules and regulations applicable to us and our business. Please refer to “*Key Industry Regulations and Policies*” on page 152 for details of the laws currently applicable to us. There can be no assurance that the Government of India may not implement new regulations and policies which will require us to obtain approvals and licenses from the Government of India and other regulatory bodies or impose onerous requirements and conditions on our operations. Any such changes and the related uncertainties with respect to the applicability, interpretation and implementation of any amendment to, or change to governing laws, regulation or policy in the jurisdictions in which we operate may have a material adverse effect on our business, financial condition and results of operations. In addition, we may have to incur expenditures to comply with the requirements of any new regulations, which may also materially harm our results of operations. Any unfavourable changes to the laws and regulations applicable to us could also subject us to additional liabilities.

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

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

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

**63. *Financial instability in Indian financial markets could adversely affect our Company's results of operations and financial condition.***

In this globalized world, the Indian economy and financial markets are significantly influenced by worldwide economic, financial and market conditions. Any financial turmoil, say in the United States of America, Europe, China or other emerging economies, may have a negative impact on the Indian economy. Although economic conditions differ in each country, investors' reactions to any significant developments in one country can have adverse effects on the financial and market conditions in other countries. A loss in investor confidence in the financial systems, particularly in other emerging markets, may cause increased volatility in Indian financial markets. Indian financial markets have also experienced the contagion effect of the global financial turmoil. Any prolonged financial crisis may have an adverse impact on the Indian economy, thereby resulting in a material and adverse effect on



our Company's business, operations, financial condition, profitability and price of its Shares. Stock exchanges in India have in the past experienced substantial fluctuations in the prices of listed securities.

***64. Political instability or a change in economic liberalization and deregulation policies could seriously harm business and economic conditions in India generally and our business in particular.***

The GoI has traditionally exercised and continues to exercise influence over many aspects of the economy. Our business and the market price and liquidity of our Equity Shares may be affected by interest rates, changes in Government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India. The rate of economic liberalization could change, and specific laws and policies affecting the information technology sector, foreign investment and other matters affecting investment in our securities could change as well. Any significant change in such liberalization and deregulation policies could adversely affect business and economic conditions in India, generally, and our business, prospects, financial condition and results of operations, in particular.

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

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

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

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

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

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

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

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

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

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

**70. Terrorist attacks, civil unrests and other acts of violence or war involving India or other countries could adversely affect the financial markets, our business, financial condition and the price of our Equity Shares.**

Any major hostilities involving India or other acts of violence, including civil unrest or similar events that are beyond our control, could have a material adverse effect on India’s economy and our business. Incidents such as the terrorist attacks, other incidents such as those in US, Indonesia, Madrid and London, and other acts of violence may adversely affect the Indian stock markets where our Equity Shares will trade as well the global equity markets generally. Such acts could negatively impact business sentiment as well as trade between countries, which could adversely affect our Company’s business and profitability. Additionally, such events could have a material adverse effect on the market for securities of Indian companies, including the Equity Shares.

**PROMINENT NOTES:**

1. Public Issue of upto 25,68,000 Equity Shares of face value of Rs. 10 each of our Company for cash at a price of Rs. [●] per Equity Share (“Issue Price”) aggregating upto Rs. [●] Lakhs, of which upto [●] Equity Shares of face value of Rs. 10 each will be reserved for subscription by Market Maker to the Issue (“Market Maker Reservation Portion”). The Issue less the Market Maker Reservation Portion i.e. Net Issue of [●] Equity Shares of face value of Rs. 10 each is hereinafter referred to as the “Net Issue”. The Issue and the Net Issue will constitute [●] and [●] respectively of the post Issue paid up equity share capital of the Company.
2. Investors may contact the BRLM or the Company Secretary & Compliance Officer for any complaint/clarification/information pertaining to the Issue. For contact details of the Book Running Lead Manager and the Company Secretary & Compliance Officer, please refer to chapter titled “General Information” beginning on page 71 of this Draft Red Herring Prospectus.
3. The pre-issue net worth of our Company was Rs. 1,032.89 Lakhs for the period ended December 31, 2017 and Rs. 918.84 lakhs as of March 31, 2017. The book value of Equity Share was Rs. [●] as at December 31, 2017 and Rs. [●] as at March 31, 2017 as per the restated financial statements of our Company. For more information, please refer to section titled “Financial Statements” beginning on page 187 of this Draft Red Herring Prospectus.
4. The average cost of acquisition per Equity Share by our Promoter is set forth in the table below:

Name of the Promoter	No. of Shares held	Average cost of Acquisition (in Rs.)
Shailendra Biyani	15,03,000	4.06
Pradhyumn Nyati	1,64,046	13.11
Vijay Kumar Nyati	2,29,170	5.24

For further details relating to the allotment of Equity Shares to our Promoters, please refer to the chapter titled “Capital Structure” beginning on page 82 of this Draft Red Herring Prospectus.

5. For details on related party transactions and loans and advances made to any company in which Directors are interested, please refer “Related Party Transaction” under chapter titled “Financial Statements as restated” beginning on page 187 of this Draft Red Herring Prospectus.
6. Investors may note that in case of over-subscription in the Issue, allotment to Retail applicants and other applicants shall be on a proportionate basis. For more information, please refer to the chapter titled “Issue Structure” beginning on page 294 of this Draft Red Herring Prospectus.
7. Except as disclosed in the chapter titled “Capital Structure”, “Our Promoter and Promoter Group”, “Our Management” and “Related Party Transaction” beginning on pages 82, 180, 168 and 185 respectively, of this Draft Red Herring Prospectus, none of our Promoter, Directors or Key Management Personnel has any interest in our Company.

8. Except as disclosed in the chapter titled “Capital Structure” beginning on page 82 of this Draft Red Herring Prospectus, we have not issued any Equity Shares for consideration other than cash.
9. Trading in Equity Shares of our Company for all investors shall be in dematerialized form only.
10. Investors are advised to refer to the chapter titled “*Basis for Issue Price*” beginning on page 105 of the Draft Red Herring Prospectus.
11. There are no financing arrangements whereby the Promoter Group, the Directors of our Company and their relatives have financed the purchase by any other person of securities of our Company during the period of six months immediately preceding the date of filing of this Draft Red Herring Prospectus with the Stock Exchange.
- 12.** Our Company was originally incorporated as “Affine Formulations Private Limited” at Indore, Madhya Pradesh as a Private Limited Company under the provisions of the Companies Act, 1956 vide Certificate of Incorporation dated July 4, 2006 bearing Corporate Identification Number U24232MP2006PTC018755 issued by Registrar of Companies, Madhya Pradesh and Chattisgarh. Subsequently, our Company was converted into Public Company pursuant to Shareholders resolution passed at the Annual General Meeting of our Company held on September 5, 2016 and the name of our Company was changed to “Affine Formulations Limited” and a fresh Certificate of Incorporation Consequent upon Conversion from Private Company to Public Company dated September 20, 2016 was issued by the Registrar of Companies, Gwalior. The Corporate Identification Number (CIN) of our Company is U24232MP2006PLC018755.

## SECTION III- INTRODUCTION

### SUMMARY OF INDUSTRY

The information in this section includes extracts from publicly available information, data and statistics and has been derived from various government publications and industry sources. Neither we nor any other person connected with the Issue have verified this information. The data may have been re-classified by us for the purposes of presentation. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured and, accordingly, investment decisions should not be based on such information. You should read the entire Draft Red Herring Prospectus, including the information contained in the sections titled “Risk Factors” and “Financial Statements” and related notes beginning on page 20 and 187 respectively of this Draft Red Herring Prospectus before deciding to invest in our Equity Shares.

### OVERVIEW OF INDIAN PHARMACEUTICALM INDUSTRY

The Indian pharmaceuticals market is the third largest in terms of volume and thirteenth largest in terms of value, as per a report by Equity Master. India is the largest provider of generic drugs globally with the Indian generics accounting for 20 per cent of global exports in terms of volume. Of late, consolidation has become an important characteristic of the Indian pharmaceutical market as the industry is highly fragmented.

India enjoys an important position in the global pharmaceuticals sector. The country also has a large pool of scientists and engineers who have the potential to steer the industry ahead to an even higher level. Presently over 80 per cent of the antiretroviral drugs used globally to combat AIDS (Acquired Immuno Deficiency Syndrome) are supplied by Indian pharmaceutical firms.

The UN backed Medicines Patent Pool has signed six sublicences with Aurobindo, Cipla, Desano, Emcure, Hetero Labs and Laurus Labs, allowing them to make generic anti AIDS medicine TenofovirAlafenamide (TAF) for 112 developing countries

*(Source: Indian Pharmaceuticals Industry Analysis - India Brand Equity Foundation - [www.ibef.org](http://www.ibef.org))*

### GLOBAL ECONOMIC OVERVIEW

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

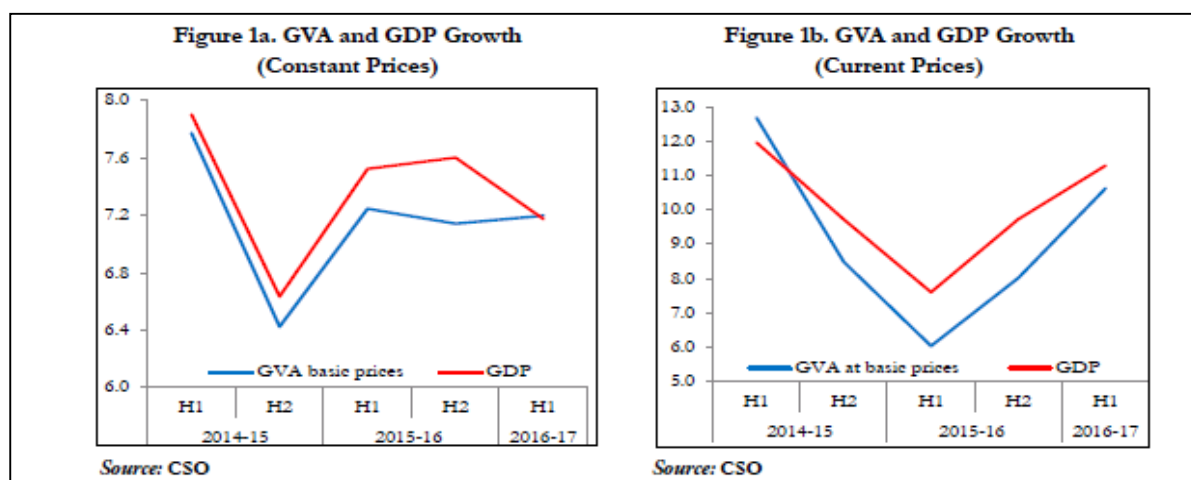
Third, developments in the US, especially the rise of the dollar, will have implications for China’s currency and currency policy. If China is able to successfully re-balance its economy, the spill over effects on India and the rest of the world will be positive. On, the other hand, further declines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

the Yuan as a reserve currency. China with its underlying vulnerabilities remains the country to watch for its potential to unsettle the global economy.

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

## REVIEW OF MAJOR DEVELOPMENTS IN INDIAN ECONOMY

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



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

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

### External Sector

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

1.7 percent of GDP in FY2016 to 3.2 percent of GDP in the second quarter of FY2017, helped the balance-of-payments

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

### **Fiscal Position**

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

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

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

### **OUTLOOK FOR 2016-17**

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

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

The price counterparts of this unusual aspect of demonetisation are the surge in the price of cash (inferred largely through queues and restrictions), on the one hand; and the decline in interest rates on

the lending rate (based on the marginal cost of funds) by 90 basis points since November 9; on deposits (by about 25 basis points); and on g-secs on the other (by about 32 basis points).

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

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

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

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

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

## **GLOBAL PHARMACEUTICAL INDUSTRY**

The volume of medicines used globally will reach 4.5 trillion doses by 2020 and cost \$1.4 trillion, both representing significant increases from 2015. The largest pharmaceutical-using countries will be the pharmerging markets, with two-thirds of the global medicine volumes, mostly comprised of generic medicines and dramatic increases in the utilization of medicines due to broad-based health system expansions. Developed markets will continue to account for the majority of medicine spending due to both higher prices per unit and the mix of newer medicines that bring meaningful clinical benefit to patients facing a wide range of diseases.

### **Medicine use in 2020**

In 2020, more of the world’s population will have access to medicine than ever before, albeit with substantial disparities. Patients will receive 4.5 trillion doses, up 24% from 2015, with most of the increase from countries closing the gap in per capita usage of medicines between developed and pharmerging countries. Over 50% of the world’s population will consume more than 1 dose per person per day of medicines, up from one third of the world in 2005, driven by India, China, Brazil and Indonesia. Developed markets will continue to use more original branded and specialty medicines per capita while pharmerging markets will use more non-original brands, generics and over the counter medicines. The use of new medicines – first available in the prior 10 years – will represent 0.1% of volumes in pharmerging markets, compared to 2-3% in developed markets.

### **Medicine spending in 2020**

Global spending on medicines will reach \$1.4 trillion by 2020, an increase of 29-32% from 2015 compared to an increase of 35% in the prior 5 years. Spending will be concentrated in developed markets, with more than half for original brands and focused on non-communicable diseases. Specialty therapies will continue to be more significant in developed markets than in pharmerging markets and

different traditional medicines will be used in developed markets compared to pharmerging markets. Spending growth will be driven by brands in developed markets and increased usage in pharmerging markets, while being offset by patent expiries. Brand spending in developed markets will increase by \$298 billion in the 5 years to 2020 driven by new products and price increases primarily in the U.S., but will be offset by an estimated \$90 billion in net price reductions. Small molecule patent expiries will have a larger impact in 2016-2020 than in the prior five years, and there will be an increased impact from biologics. In 2020, the U.S., EU5, and Japan will have important differences in spending and growth dynamics from today. Pharmerging markets' spending will grow primarily from increased use of medicines while China, the leading pharmerging country, will reach \$160-190 billion in spending with slowing growth to 2020.

### **Transformations in disease treatment**

The overwhelming inertia in medicine use - where 97% of medicines used have been available for more than 10 years - masks the contribution from transformative disease treatments, orphan drugs for rare diseases and technology-enabled changes in care that can harness big data to better inform decisions help drive patient behaviour changes and improve outcomes. The seemingly intractable problems of neglected tropical diseases, compounded by poverty and war in Africa, appear to finally be responding to philanthropy-funded research and engagement resulting in fundamental changes by 2020. The use of medicines in 2020 will include 943 New Active Substances introduced in the prior 25 years, and new medicines in recent years will be weighted to specialty and biologics. Patients will have greater access to breakthrough therapies and clusters of innovation around hepatitis C, a range of cancers, autoimmune diseases, heart disease, and an array of other rare diseases. The ubiquity of smartphones, tablets, apps and related wearable devices combined with electronic medical records and exponentially increasing real-world data volumes will open new avenues to connect healthcare information while offering providers and payers new mechanisms to control costs.

### **Implications**

The continued expansion of healthcare access around the world portends a fundamental gap in delivery capacity where added patient access outruns staffing, infrastructure and funding sources. By 2020 we will see a substantial shift in many major markets away from the siloed budgeting that manages drug spending separately from other healthcare costs. Emerging economies will be focused on providing access and essential medicines to that in need to close endemic healthcare gaps.

Providers in more parts of the world will be subject to performance or outcomes-based contracts and payment systems, bringing sharper scrutiny to patient outcomes and costs associated with patient care. More healthcare will be delivered using technology-enabled means, by providers other than doctors and in patients' homes, pharmacies and community-based facilities. The use of technology will be key to the advancement of healthcare, especially in emerging markets where the expense of large scale infrastructure projects would delay progress.

Patients will have many more treatment options, especially in cancer and rare diseases, and will be informed, motivated and engaged partners in treatment choices. Their financial stake will also rise as private and public payers in developed economies have already begun to increase patients' levels of co-payment. In low- and middle-income countries direct out-of-pocket cash payments will shift to premiums for private or supplementary insurance as countries strive for universal health coverage.

The outlook to 2020 includes higher levels of medicine spending and therefore higher revenues for manufacturers than in the last five years. The extent and nature of the issues faced by healthcare stakeholders and the sources of the spending growth projected in this report belie a more complex challenge to the sustainability of the pharmaceutical industry. Critical adaptations will be necessary to thrive into the next decade, and key among them will be listening and providing valuable solutions to the problems their customers face.

(Source: Global Medicines Use in 2020 - Outlook and Implications IMS Institute for Healthcare Informatics [www.imshealth.com](http://www.imshealth.com) )

**MEDICINE USE IN 2020 - ACCESS TO MEDICINES INCREASES BY 2020 BUT SIGNIFICANT DIFFERENCES EXIST BY COUNTRY**

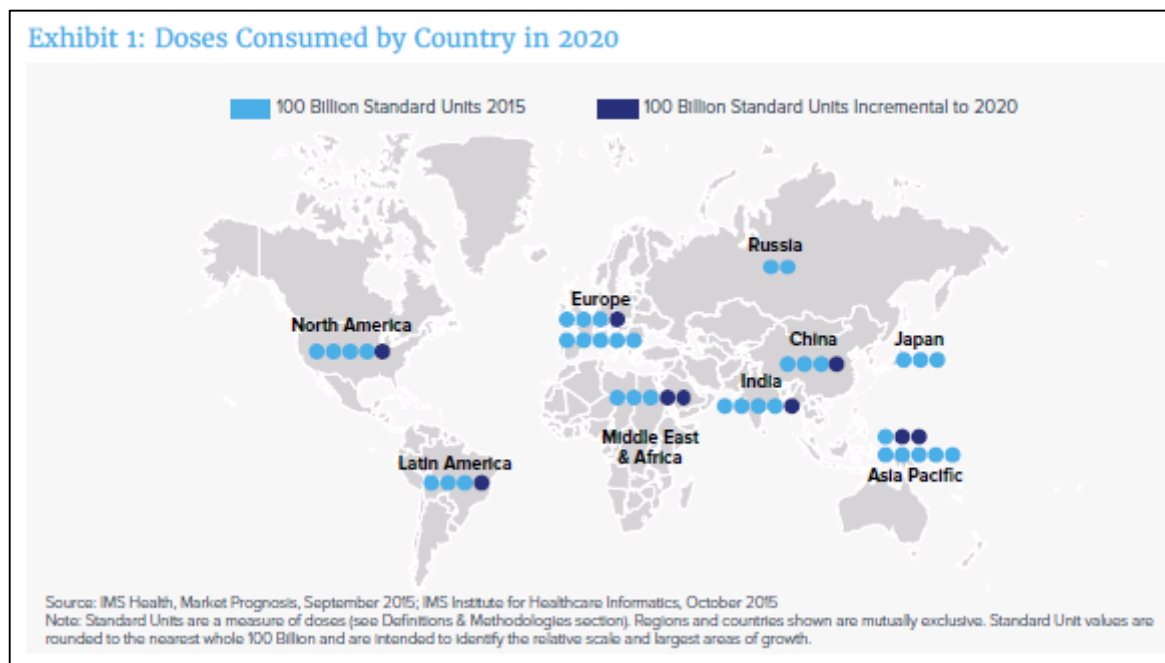


- Global medicine use in 2020 will reach 4.5 trillion doses, up 24% from 2015
- Over 50% of the world's population will consume more than 1 dose per person per day of medicines, up from one third of the world in 2005, driven by India, China, Brazil and Indonesia
- Closing the gap in per capita use of medicines differs by country; increased usage is primarily in emerging markets, while developed markets volumes remain more stable
- Developed markets will continue to use more original branded and specialty medicines per capita while pharmerging markets use more non-original brands, generics and over the counter medicines
- In 2020 the use of new medicines, introduced in the prior 10 years, will represent 0.1% of volumes in pharmerging markets, compared to 2-3% in developed markets

Medicines in 2020 will include a vast array of treatments ranging from those that provide symptom relief available without a prescription to lifesaving genetically personalized therapies unique to a single patient. Total use of medicines in 2020 will reach 4.5 trillion doses, up 24% from 2015 levels. Over half of the world's population will consume more than 1 dose per person per day of medicines, up from one-third in 2005 and driven by India, China, Brazil and Indonesia. Success in closing the gap in per capita use of medicines differs by country; increased usage is primarily in emerging markets, while developed markets' volumes remain more stable. Developed markets will continue to use more original branded and specialty medicines per capita while pharmerging markets will use more non-original brands, generics and over the counter products. Furthermore, the adoption of newer medicines will remain higher in developed markets than in pharmerging markets.

### **Medicine Use Comparisons**

Most of the global increase in the volumes of medicines used in the 5 years to 2020 will be in India, China, Brazil, Indonesia, and Africa (see Exhibit 1). The largest increases align to areas with the most development gains and often in areas with the lowest usage previously.



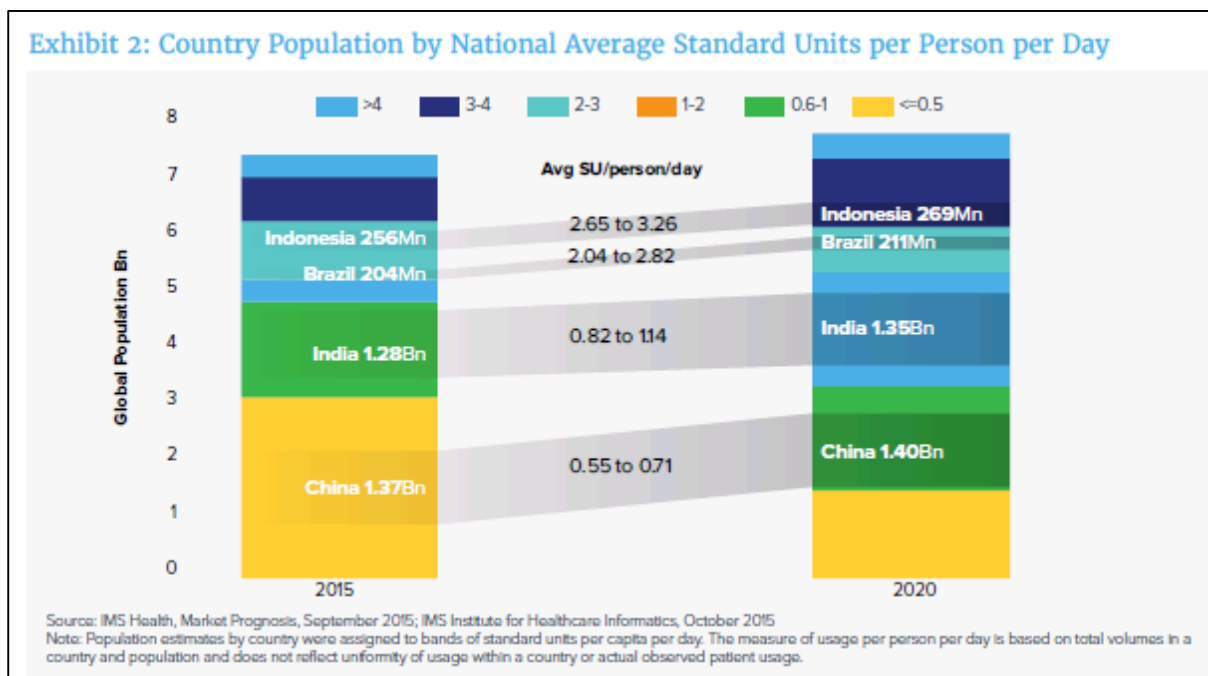
Usage of medicines in Africa and Middle-Eastern countries will increase from 300 to 500 billion standard units in 2020. Within the region, Saudi Arabia and other gulf states will substantially close the gap to developed markets' per capita usage of medicines, while millions of people in sub-Saharan Africa will make modest gains from some of the lowest levels of volume usage in the world. China and India will have each completed ten years of healthcare access expansion by 2020, with nearly all of the Chinese population having basic medical insurance. Most of the rest of the Asia Pacific increased usage will come from Indonesia.

In 2020, Europe’s 889 million people will have only modest increases in usage rising from about 818 billion to 916 billion doses, mostly occurring in central and eastern European countries such as Poland, which will approach developed market average usage. Asia Pacific, with 1.3 billion people (excluding China, India and Japan) will increase usage substantially, with half of the increase from Indonesia’s shift to 3.26 standard units (SUs) per person per day in 2020. The Middle East and Africa region with 1.6 billion people and 2.5 times the population of Latin America (657 million) will have only 20% more usage overall.

**Rising per capita use in pharmerging markets**

As the world’s population tops 7.6 billion in 2020, per capita usage of medicine will reach about 1.6 Sus per person per day. Most developed countries have usage above 2 SUs per person per day and much of the increased usage in 2020 is driven by China, India, Brazil and Indonesia where substantial increases will have been made in average medicine volume usage (see Exhibit 2).

These four countries with a combined population of 3.23 billion in 2020 - up from 3.11 billion in 2015 - will account for nearly half of the increased volume in medicine usage globally from 2015-2020. India’s level of medicine usage is a reflection of both a very basic healthcare infrastructure and the ease of access for medicines where even the most complex medicines can be obtained at a corner pharmacy if the patient can afford them.



China’s increased usage belies a more complex system where nearly all citizens will be covered by health insurance but access to medicines will usually require a hospital visit and out-of-pocket costs, discouraging some patients from seeking and adhering to treatment. The gap in average medicine usage between developed markets and pharmerging markets is closing, albeit slowly (see Exhibit 3). The use of medicines requires both the healthcare infrastructure to diagnose diseases and administer drugs appropriately, as well as the financial wherewithal to pay for them. While costs are often substantially lower for medicines in pharmerging markets, so is the ability to pay. The rise of government safety nets and private insurance is one key factor that will increase volume usage across pharmerging markets. The extent and pace of investments, both public and private, will be a key determinant of continued increases in usage

Saudi Arabia’s commitment to wider healthcare access brings it to roughly the same level of usage as the average developed market by 2020, and represents the largest increase among the pharmerging countries. Other countries that will see a closing of the usage gap in 2020 by ten percentage points or more include Brazil, Egypt, Bangladesh, Indonesia, Turkey, Colombia and Algeria.

(Source: Global Medicines Use in 2020 - Outlook and Implications IMS Institute for Healthcare Informatics [www.imshealth.com](http://www.imshealth.com) )

## **INDIAN PHARMACEUTICALS MARKET**

### **Introduction**

The Indian pharmaceuticals market is the third largest in terms of volume and thirteenth largest in terms of value, and it accounts for 20 per cent in the volume terms and 1.4 per cent in value terms of the Global Pharmaceutical Industry as per a report by Equity Master. India is the largest provider of generic drugs globally with the Indian generics accounting for 20 per cent of global exports in terms of volume. Of late, consolidation has become an important characteristic of the Indian pharmaceutical market as the industry is highly fragmented.

India enjoys an important position in the global pharmaceuticals sector. The country also has a large pool of scientists and engineers who have the potential to steer the industry ahead to an even higher level. Presently over 80 per cent of the antiretroviral drugs used globally to combat AIDS (Acquired Immuno Deficiency Syndrome) are supplied by Indian pharmaceutical firms.

The UN-backed Medicines Patent Pool has signed six sub-licences with Aurobindo, Cipla, Desano, Emcure, Hetero Labs and Laurus Labs, allowing them to make generic anti-AIDS medicine TenofovirAlafenamide (TAF) for 112 developing countries.

(Source: Indian Pharmaceuticals Industry Analysis - India Brand Equity Foundation - [www.ibef.org](http://www.ibef.org))

### **Market Size**

The Indian pharma industry, which is expected to grow over 15 per cent per annum between 2015 and 2020, will outperform the global pharma industry, which is set to grow at an annual rate of 5 per cent between the same period!. The market is expected to grow to US\$ 55 billion by 2020, thereby emerging as the sixth largest pharmaceutical market globally by absolute size, as stated by Mr Arun Singh, Indian Ambassador to the US. Branded generics dominate the pharmaceuticals market, constituting nearly 80 per cent of the market share (in terms of revenues). The sector is expected to generate 58,000 additional job opportunities by the year 2025. \*

India's pharmaceutical exports stood at US\$ 16.4 billion in 2016-17 and are expected to grow by 30 per cent over the next three years to reach US\$ 20 billion by 2020, according to the Pharmaceuticals Export Promotion Council of India (PHARMEXCIL).

Indian companies received 55 Abbreviated New Drug Application (ANDA) approvals and 16 tentative approvals from the US Food and Drug Administration (USFDA) in Q1 of 2017. The USFDA approvals are expected to cross 700 ANDA in 2017, thereby recording a year-on-year growth of 17 per cent. The country accounts for around 30 per cent (by volume) and about 10 per cent (value) in the US\$ 70-80 billion US generics market.

India's biotechnology industry comprising bio-pharmaceuticals, bio-services, bio-agriculture, bio-industry and bioinformatics is expected to grow at an average growth rate of around 30 per cent a year and reach US\$ 100 billion by 2025. Biopharma, comprising vaccines, therapeutics and diagnostics, is the largest sub-sector contributing nearly 62 per cent of the total revenues at Rs 12,600 crore (US\$ 1.89 billion).

### **Investments**

The Union Cabinet has given its nod for the amendment of the existing Foreign Direct Investment (FDI) policy in the pharmaceutical sector in order to allow FDI up to 100 per cent under the automatic route for manufacturing of medical devices subject to certain conditions.

The drugs and pharmaceuticals sector attracted cumulative FDI inflows worth US\$ 14.71 billion between April 2000 and March 2017, according to data released by the Department of Industrial Policy and Promotion (DIPP).

Some of the major investments in the Indian pharmaceutical sector are as follows:

The exports of Indian pharmaceutical industry to the US will get a boost in FY18, as branded drugs worth US\$ 50 billion will become off-patented. #

Private equity and venture capital (PE-VC) investments in the pharmaceutical sector have grown at 38 per cent year-on-year between January-June 2017, due to major deals in this sector.

Indian pharmaceutical firm, Eric Lifesciences Pvt Ltd, has launched its initial public offering (IPO) worth Rs 2,000 crore (US\$ 311 million) in June 2017.

Indian pharmaceutical company, Cadila Healthcare Ltd, is planning to raise Rs 1,000 crore (US\$ 155 million) via a qualified institutional placement (QIP) of shares shortly.

Capital International Group, a private equity fund, has acquired a three per cent stake in Intas Pharmaceuticals Ltd from ChrysCapital Llc for a consideration of US\$ 107 million, thereby valuing Intas Pharma at approximately US\$ 3.5 billion.

Aurobindo Pharma Ltd, has acquired four biosimilar products from Swiss firm TL Biopharmaceutical AG, which will require TL Biopharmaceutical to supply all the developmental data for four molecules, which will be developed, commercialised and marketed by Aurobindo Pharma

Piramal Enterprises Ltd acquired a portfolio of spasticity and pain management drugs from UK-based specialty biopharmaceutical company Mallinckrodt Pharmaceuticals, in an all-cash deal for Rs1,160 crore (US\$ 171 million).

Aurobindo Pharma has bought Portugal based Generis Farmaceutica SA, a generic drug company, for EUR 135 million (US\$ 144 million).

Sun Pharmaceutical Industries Ltd, India's largest drug maker, has entered into an agreement with Switzerland-based Novartis AG, to acquire the latter's branded cancer drug Odomzo for around US\$ 175 million.

Kedaara Capital Advisors LLP, a private equity (PE) firm, plans to invest Rs 430 crore (US\$ 64.5 million) to acquire a minority stake in Hyderabad-based diagnostics chain Vijaya Diagnostic Centre Pvt Ltd.

Sun Pharmaceuticals Industries Limited plans to acquire 85.1 per cent stake in Russian company Biosintez for US\$ 24 million for increasing its presence in Russia through local manufacturing capability.

Abbott Laboratories, a global drug maker based in US, plans to set up an innovation and development center (I&D) in Mumbai, which will help in developing new drug formulations, new indications, dosing, packaging and other differentiated offerings for Abbott's global branded generics business.

### **Government Initiatives**

The implementation of the Goods and Services Tax (GST) is expected to be a game-changer for the Indian Pharmaceuticals industry. It will lead to tax-neutral inter-state transactions between two dealers, thereby reducing the dependency on multiple states and increasing the focus on regional hubs. It is expected to result in an efficient supply chain management, which is expected to reduce its cost considerably. The cost of technology and investment is expected to reduce on account of tax credit which can be availed now on the duties levied on import of costly machinery and equipment.

Some of the initiatives taken by the government to promote the pharmaceutical sector in India are as follows:

In the Union Budget 2017-18, the Department of Biotechnology (DBT) received Rs 2,222.11 crore (US\$ 333.31 million), an increase of 22 per cent, to continue implementing the department's national biotech strategy.

In an attempt to revive the active pharmaceutical ingredient (API) and bulk drug market in India, the Government of India has proposed peak customs duty on the import of APIs and also plans to set up mega drug parks to give a boost to domestic production.

The Government of India unveiled 'Pharma Vision 2020' aimed at making India a global leader in end-to-end drug manufacture. Approval time for new facilities has been reduced to boost investments.

The government introduced mechanisms such as the Drug Price Control Order and the National Pharmaceutical Pricing Authority to deal with the issue of affordability and availability of medicines.

Mr Ananth Kumar, Union Minister of Chemicals and Petrochemicals, has announced setting up of chemical hubs across the country, early environment clearances in existing clusters, adequate infrastructure, and establishment of a Central Institute of Chemical Engineering and Technology.

### **Road Ahead**

The Indian pharmaceutical market size is expected to grow to US\$ 100 billion by 2025, driven by increasing consumer spending, rapid urbanisation, and raising healthcare insurance among others.

Going forward, better growth in domestic sales would also depend on the ability of companies to align their product portfolio towards chronic therapies for diseases such as cardiovascular, anti-diabetes, anti-depressants and anti-cancers that are on the rise.

The Indian government has taken many steps to reduce costs and bring down healthcare expenses. Speedy introduction of generic drugs into the market has remained in focus and is expected to benefit the Indian pharmaceutical companies. In addition, the thrust on rural health programmes, lifesaving drugs and preventive vaccines also augurs well for the pharmaceutical companies.

Exchange Rate Used: INR 1 = US\$ 0.015 as on October 10, 2017

References: Consolidated FDI Policy, Department of Industrial Policy & Promotion (DIPP), Press Information Bureau (PIB), Media Reports, Pharmaceuticals Export Promotion Council

Note:- According to a study by UBM India, the Indian arm of London-based media and events company;  
\* - According to IIHMR University, Jaipur; # - According to a report by Care Ratings.

(Source: Indian Pharmaceuticals Industry Analysis - India Brand Equity Foundation - [www.ibef.org](http://www.ibef.org))

## **NOTABLE TRENDS IN THE INDIAN PHARMACEUTICALS SECTOR**

### **Research and development**

Indian pharma companies spend 8-11 per cent of their total turnover on R&D. Expenditure on R&D is likely to increase due to the introduction of product patents; companies need to develop new drugs to boost sales

### **Export revenue**

India's pharmaceutical export market is thriving due to strong presence in the generics space. Pharmaceuticals Exports Promotion Council expects pharma exports exceeded USD16.4 billion in 2016-17

### **Joint Ventures**

Multinational companies are collaborating with Indian pharma firms to develop new drugs. Cipla formed an exclusive partnership with Serum Institute of India to sell vaccines in South Africa. 6 leading pharmaceutical companies have formed an alliance 'LAZOR' to share their best practices, so as to improve efficiency & reduce operating costs

### **Expansion by Indian players abroad**

Cipla, the largest supplier of anti-malarial drugs to Africa, sets up a USD32 billion plant in Africa for the production of anti-retroviral & anti-malarial drugs

### **PPP in R&D**

Indian Government invited multi-billion dollar investment with 50 per cent public funding through its public private partnership (PPP). In April 2017, Clavita Pharma Pvt. Ltd., signed an MoU with GITAM University for research activities, exchange of visits between professionals of Clavita and GITAM University faculty, organise joint meetings and training programmes

### **Draft Patents (Amendment) Rules, 2015**

The time limit given for submitting the application for grant has been reduced to 4 months from 12 months, providing an extension of 2 months

### Product Patents

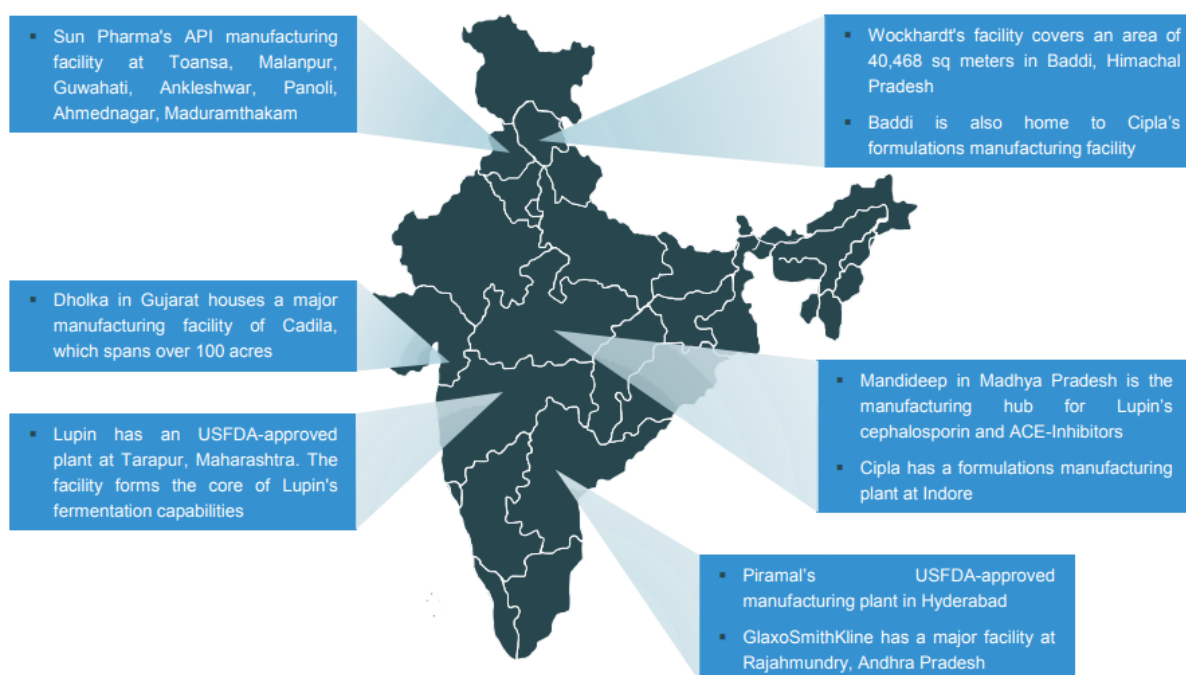
The introduction of product patents in India in 2005 gave a boost to the discovery of new drugs. India reiterated its commitment to IP protection following the introduction of product patents. In December 2016, Suven Life Sciences was granted product patent for the treatment of neurodegenerative diseases

### Less time for approval

In order to compete with global players in pharmaceutical industries, approval process of drugs have been simplified by the authorities & approval time for new facilities has been drastically reduced

(Source: *Pharmaceuticals July 2017 - India Brand Equity Foundation - [www.ibef.org](http://www.ibef.org)*)

## STATES HOSTING KEY PHARMACEUTICAL VENTURES



(Source: *Pharmaceuticals May2017 - India Brand Equity Foundation - [www.ibef.org](http://www.ibef.org)*)

## GROWTH DRIVERS

### Supply-side drivers

- Cost advantage
- Skilled manpower
- India a major manufacturing hub for generics
- India accounts for 22 per cent of overall USFDA approved plants
- Increasing penetration of chemists

### Demand-side drivers

- Increasing fatal diseases
- Accessibility of drugs to greatly improve
- Increasing penetration of health insurance
- Growing number of stress-related diseases due to change in lifestyle
- Better diagnostic facilities

## **Policy Support**

- National Health Policy 2015, which focuses on increasing public expenditure on healthcare segment
- Reduction in approval time for new facilities
- Plans to set up new pharmaceutical education & research institutes
- Exemptions to drugs manufactured through indigenous R&D from price control under NPPP-2012

(Source: *Pharmaceuticals July 2017 - India Brand Equity Foundation - [www.ibef.org](http://www.ibef.org)*)

## **SUPPLY SIDE DRIVERS**

### **Launch of patented Drugs**

Following the introduction of product patents, several multinational companies are expected to launch patented drugs in India. Growth in the number of lifestyle diseases in India could boost the sale of drugs in this segment. High Court allowing exporting patent drugs, to foreign players in the Indian market.

### **Medical infrastructure**

Pharma companies have increased spending to tap rural markets and develop better medical infrastructure. Hospitals' market size is expected to increase by USD200 billion by 2024. In October 2016, the government gave a nod to set up the country's 1st medical devices manufacturing park in Chennai

### **Scope in generics market**

India's generic drugs account for 20 per cent of global exports in terms of volume, making it country the largest provider of generic medicines globally. The generics drug market accounts for around 70 per cent of the India pharmaceutical industry & it is expected to reach USD27.9 billion by 2020.

### **Over-The-Counter (OTC) drugs**

India's OTC drugs market is expected to rise at a CAGR of 16.3 per cent to USD6.6 billion over 2008–16 and is further expected to grow on the account of increased penetration of chemists, especially in rural regions

### **Patent Expiry**

The total sales value of the drugs with expiring patent in 2015 is USD66 billion and drugs with expiry protection in 2014 valued around USD34 billion

(Source: *Pharmaceuticals July 2017 - India Brand Equity Foundation - [www.ibef.org](http://www.ibef.org)*)

## **DEMAND DRIVERS**

### **Accessibility**

Over USD200 billion to be spent on medical infrastructure in the next decade. New business models expected to penetrate tier-2 & 3 cities. Over 160,000 hospital beds expected to be added each year in the next decade. India's generic drugs account for 20 per cent of global exports in terms of volume, making the country the largest provider of generic medicines globally

### **Acceptability**

Rising levels of education to increase acceptability of pharmaceuticals. Patients to show greater propensity to self-medicate, boosting the OTC market. Acceptance of biologics & preventive medicines to rise. A skilled workforce as well as high managerial & technical competence. Surge in medical tourism due to increased patient inflow from other countries

### **Affordability**

Rising income could drive 73 million households to the middle class over the next 10 years. Over 650 million people expected to be covered by health insurance by 2020. Government-sponsored

programmes set to provide health benefits to over 380 million BPL people by 2017. By 2017, the government plans to provide free generic medicines to half the population at an estimated cost of USD5.4 billion

### **Epidemiological factors**

Patient pool expected to increase over 20 per cent in the next 10 years, mainly due to rise in population. New diseases & lifestyle changes to boost demand. Increasing prevalence of lifestyle diseases

(Source: Pharmaceuticals July 2017 - India Brand Equity Foundation - [www.ibef.org](http://www.ibef.org))

## **FAVOURABLE POLICY MEASURES SUPPORT GROWTH**

Reduction in approval timer new facilities

Steps taken to reduce approval time for new facilities. NOC for export licence issued in 2 weeks compared to 12 weeks earlier

### **Collaborations**

MoUs with USFDA, WHO, Health Canada, etc. to boost growth in the Indian Pharma sector by benefiting from their expertise. In 2015, NIPER (Mohali) signed MoUs with pharmaceutical industry leaders Bharat Biotech, Dr Reddy, Cadila Healthcare, Sun Pharma & Panacea Biotech. In 2016, Strides Arcolab & US-based Gilead Sciences Inc. entered into a licensing agreement for manufacturing & distributing Gilead Sciences' cost-efficient TenofovirAlafenamide (TAF) product in order to treat HIV patients in developing economies

### **Support for technology upgrades and FDIs**

Government is planning to relax FDI norms in the pharmaceutical sector. In March 2017, In March 2017, the government to create a digital platform to regulate and track the sale of quality drugs, and it can be used by people living in the country as well as abroad

### **Industry infrastructure**

Under the Union Budget 2017-18, the government has announced to set up 1.5 lakh Health Care Centres and open 2 new AIIMS in Jharkhand and Gujarat. In 2016, the government has planned to set up 6 pharma parks at an investment of about US\$ 27 million

### **Pharma Vision 2020**

Pharma Vision 2020 by the government's Department of Pharmaceuticals aims to make India a major hub for end-to-end drug discovery

### **Exceptions**

Full exemption from excise duty is being provided for HIV/AIDS drugs & diagnostic kits supplied under National AIDS Control Programme funded by the Global Fund to fight AIDS, TB & Malaria (GFATM). The customs duties on the said drugs are also being exempted

(Source: Pharmaceuticals July 2017 - India Brand Equity Foundation - [www.ibef.org](http://www.ibef.org))

## **NATIONAL PHARMA PRICING POLICY 2012**

### **Market-based pricing**

Cost-based pricing is complicated and time consuming than market based pricing. Market-based pricing is expected to create greater transparency in pricing information and would be available in public domain. Prices of NLEM drugs linked to WPI.

### **Essentiality of drugs**

Essentiality of drugs is determined by including the drug in National List of Essential Medicines (NLEM) (348 drugs at present). Promote rational use of medicines based on cost, safety & efficacy

### **Price control of formulations only**



The regulation of prices of drugs on the basis of regulating the prices of formulations only. Only finished medicines are to be considered essential which would prevent price control of APIs, which are not necessarily used for essential drugs.

(Source: Pharmaceuticals July 2017 - India Brand Equity Foundation - [www.ibef.org](http://www.ibef.org))

## **OPPORTUNITIES: INDIAN PHARMACEUTICALS MARKET**

### **Clinical trials market**

India is among the leaders in the clinical trial market. Due to a genetically diverse population and availability of skilled doctors, India has the potential to attract huge investments to its clinical trial market. From 2009 to 2015, 3043 clinical trial has been carried out in India

### **High-end drugs**

Due to increasing population & income levels, demand for high-end drugs is expected to rise. Growing demand could open up the market for production of high-end drugs in India.

### **Penetration in rural Market**

With 70 per cent of India's population residing in rural areas, pharma companies have immense opportunities to tap this market. Demand for generic medicines in rural markets has seen a sharp growth. Various companies are investing in the distribution network in rural areas.

### **CRAMS**

The Contract Research & Manufacturing Services industry (CRAMS) – estimated at USD8 billion in 2015, is expected to reach has a huge potential for Investments. The market has more than 1,000 players

(Source: Pharmaceuticals July 2017 - India Brand Equity Foundation - [www.ibef.org](http://www.ibef.org))

## **ADVANTAGE INDIA**

### **Cost efficiency**

Low cost of production and R&D boosts efficiency of Indian pharma companies. India's cost of production is approximately 60 per cent lower than that of the US & almost half of that of Europe. Due to lower cost of treatment, India is emerging as a leading destination for medical tourism As of February 2017, India's ability to manufacture high quality, low priced medicines, presents a huge business opportunity for the domestic industry.

### **Economic drivers**

Economic prosperity to improve drug affordability. Increasing penetration of health insurance. With increasing penetration of chemists, especially in rural India, OTC drugs will be readily available

### **Diversified portfolio**

Accounts for over 10 per cent of the global pharmaceutical production. Over 60,000 generic brands across 60 therapeutic categories. Manufactures more than 500 different APIs. 35.7 per cent of all drug master filings from India are registered in the USA in 2015

### **Policy support**

Government unveiled 'Pharma Vision 2020' aimed at making India a global leader in end-to-end drug manufacture. Reduced approval time for new facilities to boost investments. In this sector, 100 per cent FDI is allowed under automatic route

2016 Market size: USD27.57 Billion

2020F Market size: USD55 Billion

(Source: Pharmaceuticals July 2017 - India Brand Equity Foundation - [www.ibef.org](http://www.ibef.org))

## SUMMARY OF OUR BUSINESS

Some of the information contained in the following discussion, including information with respect to our business plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read the chapter titled “*Forward-Looking Statements*” beginning on page 19 of this Draft Red Herring Prospectus, for a discussion of the risks and uncertainties related to those statements and also the section “*Risk Factors*” 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 fiscal year ends on March 31 of each year, so all references to a particular fiscal are to the twelve-month period ended March 31 of that year.

The financial information used in this section, unless otherwise stated, is derived from our Financial Information, as restated prepared in accordance with Indian GAAP, Companies Act and SEBI Regulations. The following information is qualified in its entirety by, and should be read together with, the more detailed financial and other information included in this Draft Red Herring Prospectus, including the information contained in the sections titled “*Risk Factors*” and “*Financial Information*” beginning on pages 20 and 187, respectively.

### OVERVIEW

Our Company was originally incorporated as “Affine Formulations Private Limited” at Indore, Madhya Pradesh as a Private Limited Company under the provisions of the Companies Act, 1956 vide Certificate of Incorporation dated July 4, 2006 bearing Corporate Identification Number U24232MP2006PTC018755 issued by Registrar of Companies, Madhya Pradesh and Chattisgarh. Subsequently, our Company was converted into Public Company pursuant to Shareholders resolution passed at the Annual General Meeting of our Company held on September 5, 2016 and the name of our Company was changed to “Affine Formulations Limited” and a fresh Certificate of Incorporation consequent upon Conversion from Private Company to Public Company dated September 20, 2016 was issued by the Registrar of Companies, Gwalior. The Corporate Identification Number (CIN) of our Company is U24232MP2006PLC018755.

Incorporated in 2006, Affine Formulations Limited is an ISO 9001:2015 certified Company engaged in manufacturing and trading of finished pharmaceutical formulations in a dosage forms viz, Non Beta (Tablets, Capsules) and Beta (Tablets, Capsules & Dry Syrups).

Our Company manufactures the products and sell them to the pharmaceutical companies which then market those products under their own brand name.

Our Company is promoted by Shailendra Biyani, Pradhyumn Nyati and Vijay Kumar Nyati. Our individual promoters manage and control the major affairs of our business operations. With requisite experience in this industry, our promoters along with the team of management are actively involved in the day-to-day affairs of our company’s operations adding valuable knowledge and experience required for sustainable growth.

Our manufacturing facility has Quality Control Department headed by Quality Control Manager responsible for testing and analysis of raw materials as well as finished products in order to ensure that quality is not compromised at any stage of production. Though most of commonly used instruments for day to day use in Quality check are available in house. However for Infrared Spectroscopy (I.R.) Spectroscopy, G.L.C check etc. are done with the help of commercial government approved testing labs of ITL Labs, Delhi.

### LOCATIONAL PRESENCE

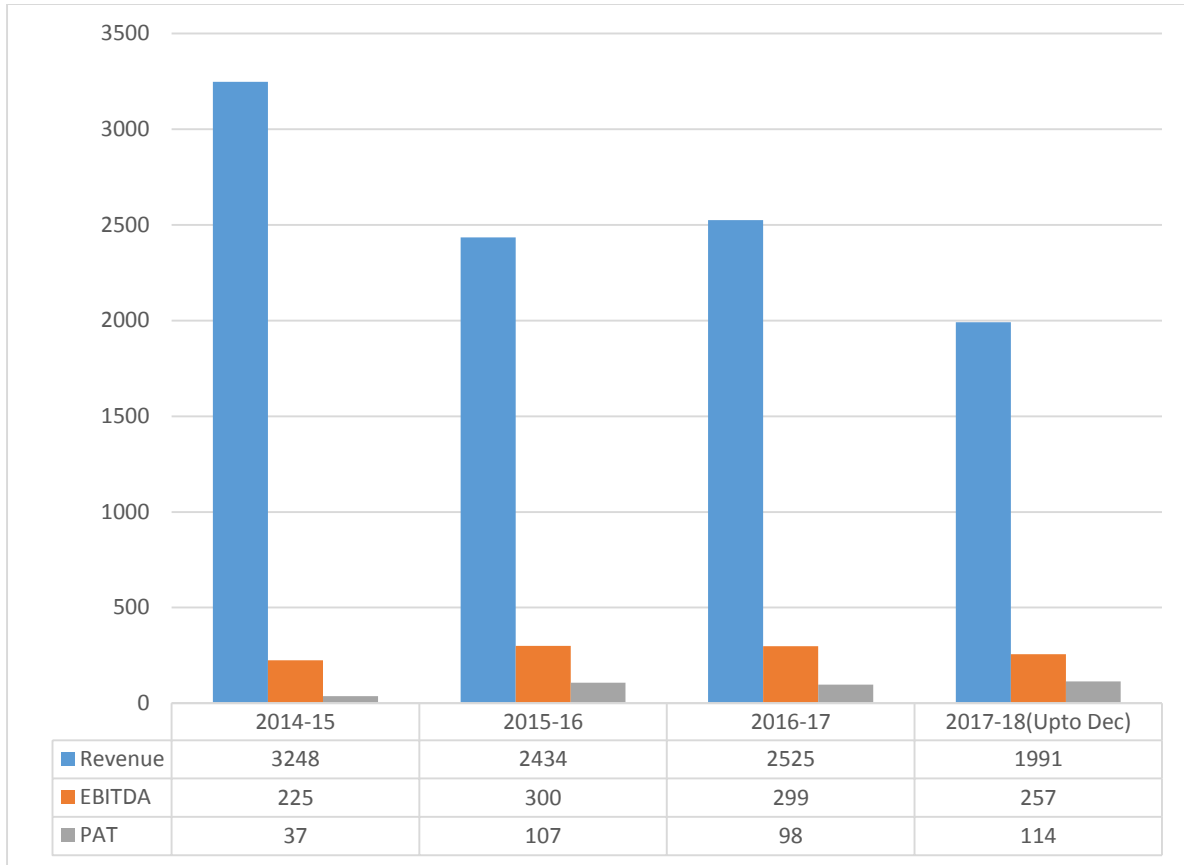
Registered Office - 28/10, Talwali Dewas Naka, Indore, Madhya Pradesh 452010, India.

Manufacturing facility - 1947/3, Vill. Bhatian, Tehs. Nalagarh, Dist. Solan, Himachal Pradesh, India.

### FINANCIAL SNAPSHOT

Details of our Total Revenue, EBITDA and Profit after Tax from FY 2014-15 to period ended 31<sup>st</sup> December, 2017 is as under:

Amount in Rs. Lakhs



**Top 5 customers for period ended 31<sup>st</sup> Dec, 2017**

Amount Rs. in Lakhs

Customer Name	Amount	Percentage to Total Sales
Nava Healthcare	305.34	15.41%
Krishna Generics	152.63	7.70%
Pro Biotech	116.97	5.90%
Pharma Corp. Inc. Pvt. Ltd.	89.53	4.52%
Astra Laboratories	68.17	3.44%
<b>Total</b>	<b>732.64</b>	<b>36.97%</b>

**Product wise sales for the period ended December 31, 2017**

Amount Rs. in Lakhs

Product	Units	Quantity	Amount	Percentage
Tablets	Box	14,26,537	1,346.78	67.95%
Capsules	Box	81,729	208.71	10.53%
Dry Syrups	Bottles	16,09,024	231.23	11.67%
Raw Goods	Kgs	2,991.6	195.28	9.85%
<b>Total</b>			<b>1,982.01</b>	<b>100%</b>

**Geography wise sales for the period ended December 31, 2017**

State	Amount (in Lakhs)	Percentage
Madhya Pradesh	720.77	36.37%

Himachal Pradesh	419.62	21.17%
Delhi	334.12	16.86%
Gujarat	195.68	9.87%
Tamil Nadu	123.97	6.25%
Maharashtra	81.88	4.13%
Uttar Pradesh	38.10	1.92%
Punjab	19.89	1.00%
Jammu & Kashmir	17.51	0.88%
Uttarakhand	16.12	0.81%
Andhra Pradesh	12.11	0.61%
Chandigarh	2.25	0.11%
<b>Total</b>	<b>1,982.01</b>	<b>100%</b>

## OUR PRODUCTS

Below is a brief description of our main product areas:

### 1. Anti-Biotic

Anti-biotic or anti-bacterial are a type of anti-microbial used specifically against bacteria, and are often used in medical treatment of bacterial infections. They may either kill or inhibit the growth of bacteria.

### 2. Anti-Inflammatory and Analgesic

Anti-inflammatory, refers to the property of a substance or treatment that reduces inflammation or swelling. Anti-inflammatory drugs make up about half of analgesics, remedying pain by reducing inflammation as opposed to opioids, which affect the central nervous system to block pain signalling to the brain. Analgesics are drugs designed specifically to relieve from severe pain.

### 3. Anti-Allergic

This combination medication is used to temporarily relieve symptoms caused by the common cold, flu, allergies, or other breathing illnesses (such as sinusitis, bronchitis). Antihistamines help relieve watery eyes, itchy eyes/nose/throat, runny nose, and sneezing.

### 4. Cardiac Products

Cardiac Products are drugs specialty of internal medicine concerned with disorders of the heart and it deals with the diagnosis and treatment of such conditions as congenital heart defects, coronary artery disease

### 5. Antifungal

An antifungal drugs are also known as an antimycotic medication, is used for treatment and prevent mycoses such as athlete's foot, ringworm, candidiasis (thrush), serious systemic infections such as cryptococcal meningitis, and others. Such drugs are usually obtained by a doctor's prescription, but a few are available OTC (over-the-counter).

### 6. Cephalosporins

Cephalosporins are drugs that indicated for the prophylaxis and treatment of infections caused by bacteria susceptible to this particular form of antibiotic. Cephalosporins are active predominantly against Gram-positive bacteria, and successive generations have increased activity against Gram-negative bacteria

### 7. Antiemetic

Antiemetic is a drug that is effective against vomiting and nausea. Antiemetics are typically used to treat motion sickness and the side effects of opioid analgesics, general anaesthetics, antipsychotic medication and chemotherapy directed against cancer. They may be used for severe cases of gastroenteritis, especially if the patient is dehydrated.

### 8. Anti-Diabetic Medication

Drugs used in diabetes treat diabetes mellitus by lowering glucose levels in the blood. With the exceptions of Insulin, exenatide, liraglutide and pramlintide, all are administered orally and are thus also called oral hypoglycemic agents or oral antihyperglycemic agents. There are different classes of anti-diabetic drugs, and their selection depends on the nature of the diabetes, age and situation of the person, as well as other factors.

## 9. Antidiarrheal

Antidiarrheal drug, any drug that relieves symptoms of diarrhea, the frequent passage of a watery loose stool. In general, the antidiarrheal drugs may be divided into different groups based on chemical or functional similarities; these groups include adsorbents, antimotility agents, and bacterial replacements (probiotics).

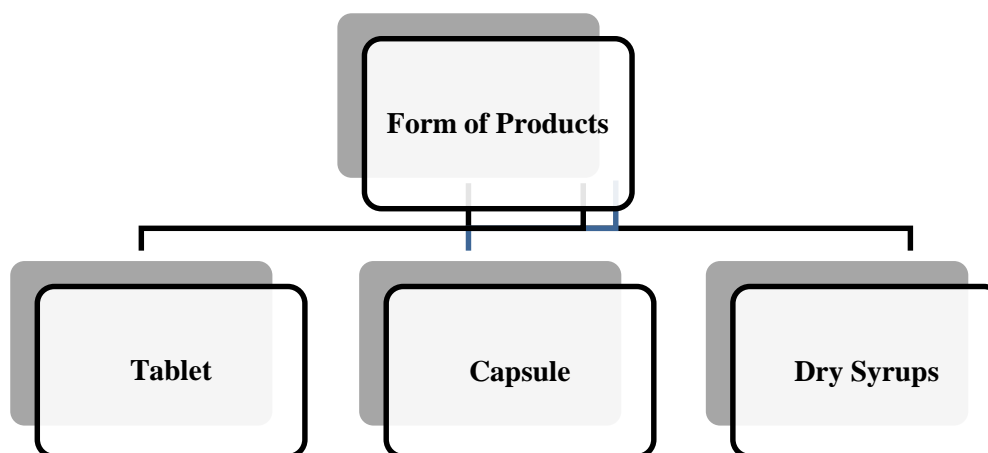
### OUR RAW MATERIALS

Raw materials essential to our business are procured in the ordinary course of business from numerous suppliers. Our manufacturing processes require a wide variety of raw materials including APIs, excipients, essences, pharma-grade sugar, colorants, packaging materials (such as primary, printed and other materials) and approved rectified spirit.

We purchase these raw materials from a list of sources that we maintain, which has been approved by our internal quality control department following set standards as well as by our customers. We carefully assess the reliability of all materials purchased to ensure that they comply with the rigorous quality and safety standards required for our products. In an effort to manage risks associated with raw materials supply, we work closely with our suppliers to help ensure availability and continuity of supply while maintaining quality and reliability.

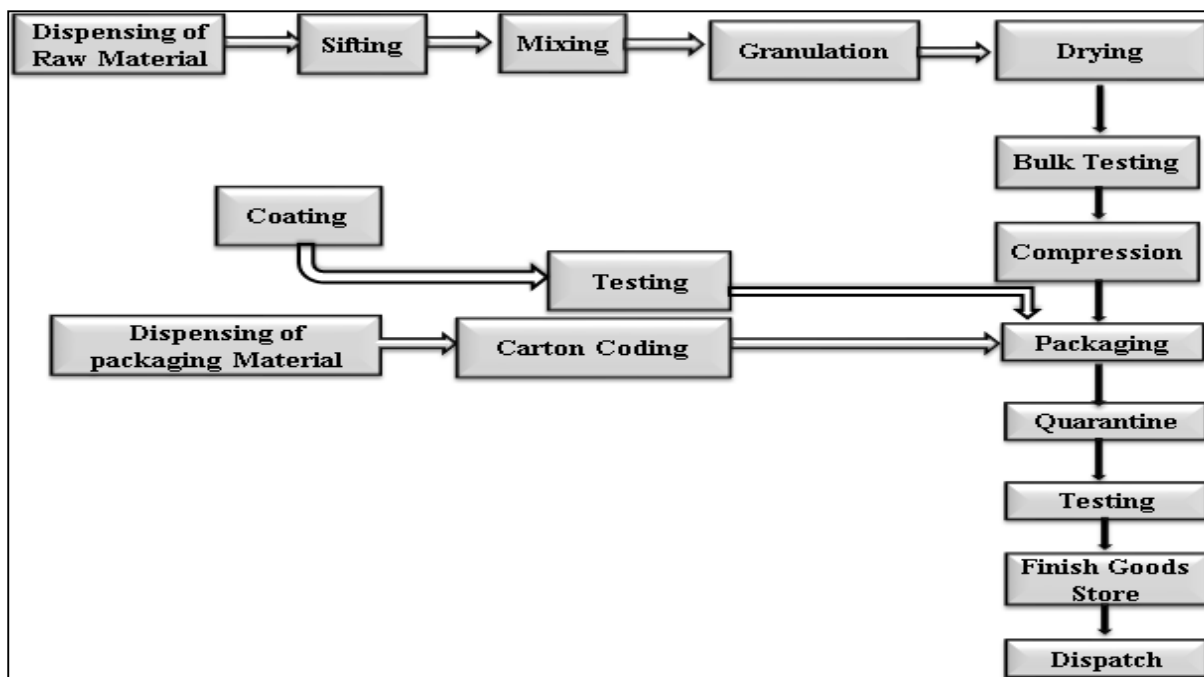
### BRIEF MANUFACTURING PROCESS

#### FORMS OF PRODUCTS



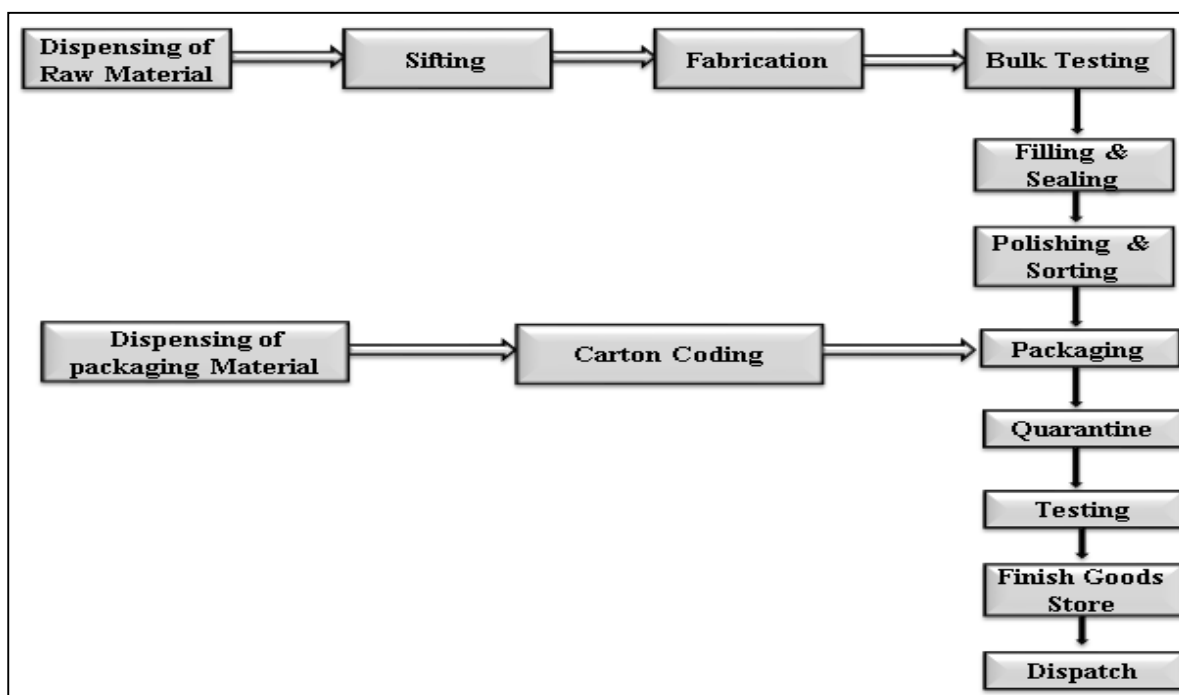
The manufacturing process of Formulations differs from product to product i.e. between Tablets, Capsules and Dry Syrups. However, it typically involves a fixed series of steps under controlled conditions of temperature, relative humidity, hygiene and specific classified conditions to manufacture the finished products. For each product, we identify several alternative specification of manufacturing process and choose the most appropriate for the situation, viz., Stability during shelf life, economic, patent non-infringing, achieving a desired quality standard, environment impact, etc. It is then suitably packed in different packaging material like Strip Packing, Blister Packing, or Sachets depending on the requirements of the customer. The basic series of process for manufacturing is as follows:

#### Manufacturing Process of Tablets



The manufacture of tablets is a complex multi-stage process under which the materials change their physical characteristics a number of times before the final dosage form is produced. The tablets have been made by granulation; wet granulation and dry granulation. Regardless of whether tablets are made by direct compression or granulation, the steps of milling and mixing is the same. Numerous unit processes are involved in making tablets, including particle size reduction and sizing, blending, granulation, drying, compaction, and coating.

### Manufacturing Process of Capsules

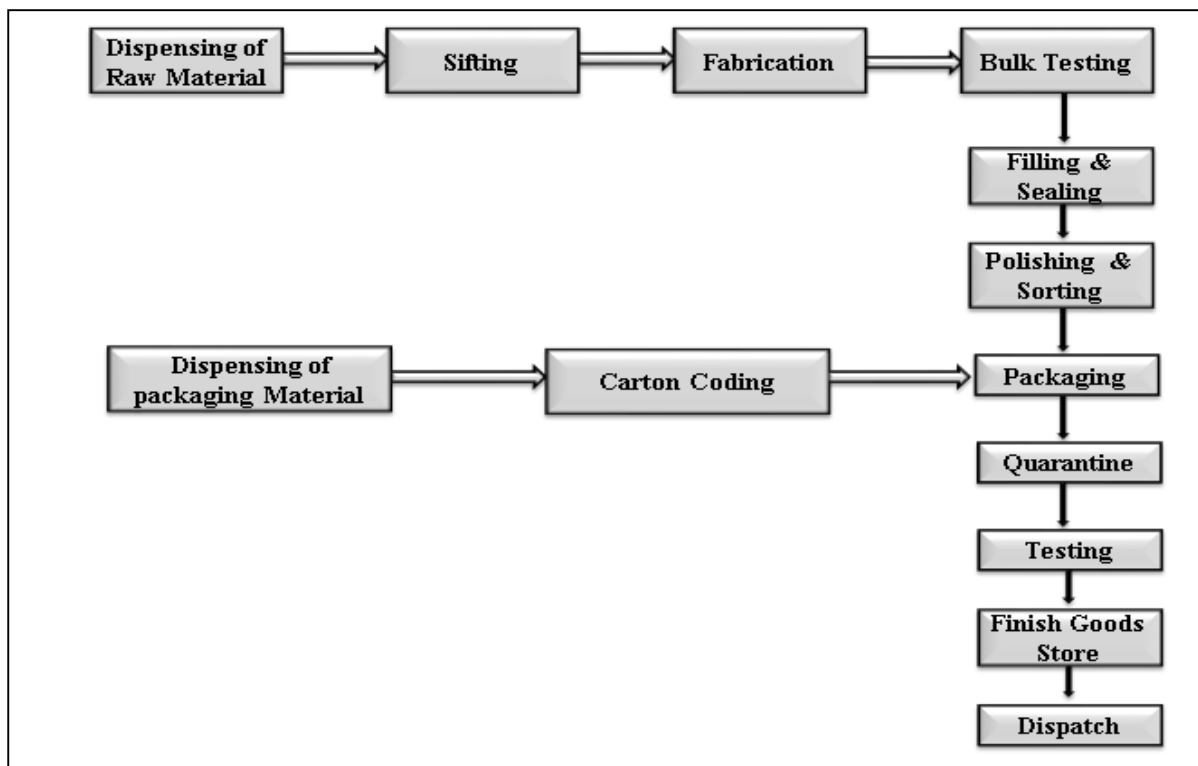


Our Company has automatic capsule filling machine which is suitable for filling powders and pellets. The machine is functional in use as they have capabilities for output and over rules handy operations. It also conforms to the Good Manufacturing Practice (GMP) guidelines with various safety features for better protection. Capsule fillers are used to fill gelatin with pre-determined quantity of liquids, powders, pellets, tablets. Capsules are normally fed into the machine, the filler then align, opens and accurately fills each capsule and recloses. Fillers generate minimum dust with lowest level of product

loss. Non-separated, double loaded capsules and improperly inserted capsules are automatically rejected by machines to maintain the consistency in the quality of product. Most capsule fillers are characterized with fast changeover time to accommodate a variety of capsules in terms of shapes and size.

These machines requires minimal maintenance and easy to clean. Also, the installation of speed adjusting equipment and automatic counters ensures the right quantity of capsules being filled and packed.

### Manufacturing Process of Dry Syrups



At first weighing and dispensing of all ingredients takes place required for manufacturing dry syrups. Filtering of ingredients is done using a mechanical shifter. After filtering all the ingredients the powder is transferred to drum mixer. Drum mixer's provide efficient mixing and leave very little build up within the mixer. The drum mixers are configured in such a manner that proper mixing and as desired quality control of the end product is attained. The next step is filling and scaling of dry powder manufactured by automatic machine into the bottles. These bottles are then labelled using automatic labelling machine. After these bottles are labelled packing and cartoning of these bottles takes place using packing and cartoning machine.

### END USERS

We manufacture medicines which are used by pharmaceutical companies at the domestic market which are then sold in the market under their own brand name for various medical issues and diseases. We sell our products through traders and agents.

### OUR COMPETITIVE STRENGTHS

#### 1. Experienced Promoters and management team

Our Company has experienced management and employees in the business who are capable of meeting the requirements of our customers. Our Company believes that the skills, industry and business knowledge and operating experience of our senior executives, provide us with a significant competitive advantage. We also have a qualified senior management team with diverse experience in the

pharmaceutical industry, including in the areas of regulatory affairs, manufacturing, quality control, supply chain management, sales and marketing and finance.

## **2. Quality Assurance and Standards**

Our Company is dedicated towards quality products, processes and inputs. We have an in house testing laboratory which ensures that our products adheres to certified quality standards. Though most of commonly used instruments for day to day use in Quality check are available in house. However for I.R. Spectroscopy, G.L.C check etc. are done with the help of commercial government approved testing labs of ITL Labs, Delhi.

## **3. Wide range of products**

Our Company has been into the business for more than a decade and with a view of expanding its market reach, we have been developing new products which also gives us an advantage of product portfolio diversification. We are engaged in pharmaceutical formulations in a dosage forms viz, Non Beta (Tablets, Capsules) and Beta (Tablets, Capsules & Dry Syrups), Liquid Orals & External Preparations such as Analgesic & Antipyretics, Vitamins & Nutritional Supplements. With more than 100 products range, we are present into varied segments of market.

## **4. Cordial relationship with Customers, suppliers and employees**

Our core competency lies in the relationship with our customers and suppliers. Our cordial relationship with our customers help us getting repetitive orders and relationship with suppliers help us in uninterrupted supply of raw materials. We also enjoy cordial relations with our employees and there has been no union of employees. Further, there have been no strikes, lock-out or any labour protest in our organization since inception.

## **5. Focus on Research and Development (R&D)**

Our R&D efforts are integral to our business and we devote significant resources towards this aspect of our business. We believe in the importance of developing our R&D activities to maintain our competitiveness. We also recognize the importance of maintaining a workforce of qualified employees for R&D. Our Company has its own in-house laboratory for quality control and further improvements. Various trials are undertaken in the laboratory to improve the quality and to reduce cost of production. The facilities available are for checking the different parameter of raw materials, Processes and Finished products.

## **OUR BUSINESS STRATEGY**

### **1. Expansion of Business activity by tapping potential market in the other parts of the Country**

Considering the growing potential of the pharmaceutical industry in India and in order to capitalize on the growth, we intend to expand our operations to other regions of the country, besides the northern region where we are currently present.

### **2. Expanding our Product Portfolio**

Our Company has license to manufacture various dosage forms viz. Non Beta (Tablets, Capsules), Beta (Tablets, Capsules & Dry Syrups), Liquid Orals & External Preparations as Analgesic & Antipyretics, Vitamins & Nutritional Supplements etc. However, as of now Company only manufactures Non Beta (Tablets, Capsules), Beta (Tablets, Capsules & Dry Syrups), our Company plans to further diversify and develop ointment section and shall continue to focus on exploring new and feasible business opportunities.

### **3. Access new markets through obtaining more certifications**

Our Company aims to position itself as a preferred supplier, by increasing the number of registration and marketing activities of its existing and new products, in international markets. Our Company intends to have Certificate of Pharmaceutical Products issued by World Health Organization (WHO) for exports of pharmaceutical products.

### **4. Focus on consistently meeting Quality Standards**



Our Company intends to focus on adhering to the quality standards of the products. Our driving force has always been the quality of our products, as the same would enable us for long standing relationship with our customers. Our technically qualified persons are determined to achieve the objective of zero defects and zero rejection. To complement the efforts of our technical team, we are equipped with testing facilities to ensure that all our products are thoroughly tested prior to dispatch from our factory. Our testing and development laboratory will play an integral role in making improvements in quality of our products and development of special products. Further, we propose to enhance our efficiency by introducing advanced machinery and reducing our dependency on manual

**5. Enhancing existing production capacity**

Our existing production capacity is utilized upto 75%, our Company aims at enhancing production capacity so that we could cater to increasing demands of our customers. Our Company further proposes to introduce advance machinery for same.

**SUMMARY OF FINANCIAL STATEMENTS**  
**STATEMENT OF ASSETS AND LIABILITIES AS RESTATED**

Particulars	AS at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013
<b>I. EQUITY AND LIABILITIES</b>						
<b>1. Shareholders' funds</b>						
(a) Share capital	600.00	600.00	100.00	100.00	100.00	94.10
(b) Reserves and surplus	432.90	318.84	721.27	614.23	577.17	484.73
	1,032.90	918.84	821.27	714.23	677.17	578.83
<b>2. Share application money pending allotment</b>	-	-	-	-	-	-
<b>3. Non-current liabilities</b>						
(a) Long-term borrowings	565.53	542.13	461.04	463.77	526.51	459.78
(b) Deferred tax liabilities (Net)	15.13	20.91	29.41	36.85	42.63	36.89
(c) Long-term Provisions	5.96	4.97	3.21	2.94	1.63	0.99
(d) Other Long-term Liabilities	-	-	-	-	-	-
	586.62	568.01	493.66	503.56	570.77	497.66
<b>4. Current liabilities</b>						
(a) Short-term borrowings	469.44	455.17	451.26	511.52	440.18	446.04
(b) Trade payables	799.04	643.80	509.59	526.70	535.08	427.68
(c) Other current liabilities	17.06	10.83	10.22	36.96	35.64	103.19
(d) Short-term provisions	9.63	26.21	29.67	24.35	25.54	21.75
	1,295.17	1,136.01	1,000.74	1,099.53	1,036.44	998.66
<b>TOTAL</b>	2,914.69	2,622.86	2,315.67	2,317.32	2,284.38	2,075.15
<b>II. ASSETS</b>						
<b>1. Non-current assets</b>						
(a) Fixed assets						
Tangible assets	753.75	753.60	735.16	728.26	727.52	723.87
Less: Accumulated Depreciation	377.84	336.35	279.55	221.57	163.66	136.56
Intangible Assets	-	-	-	-	-	-
Intangible Assets under development	-	-	-	-	-	-
Capital Work in Progress	-	-	-	-	-	-
Net Block	375.91	417.25	455.62	506.69	563.86	587.31
(b) Non-current investments	-	-	-	-	-	-
(c) Deferred tax assets (net)	-	-	-	-	-	-
(d) Long-term loans and advances	8.73	6.53	6.53	12.87	12.87	16.88
(e) Other Non Current Assets	-	-	-	-	-	-
	384.64	423.78	462.15	519.56	576.73	604.19
<b>2. Current assets</b>						
(a) Current investments	-	-	-	-	-	-
(b) Inventories	839.32	816.24	945.94	873.43	846.49	634.84
(c) Trade receivables	1,430.76	1,318.22	807.98	863.53	775.49	771.52
(d) Cash and cash equivalents	88.78	43.26	79.34	36.47	53.88	36.09

(e) Short-term loans and advances	171.19	21.36	20.26	24.33	31.79	28.51
(f) Other Current Assets	-	-	-	-	-	-
	2,530.05	2,199.08	1,853.52	1,797.76	1,707.65	1,470.96
<b>TOTAL</b>	<b>2,914.69</b>	<b>2,622.86</b>	<b>2,315.67</b>	<b>2,317.32</b>	<b>2,284.38</b>	<b>2,075.15</b>

**STATEMENT OF PROFIT AND LOSS AS RESTATED**

**ANNEXURE-II**

(Amount in Lacs)

Particulars	For the period ended 31 December 2017	For the period ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015	For the year ended March 31, 2014	For the year ended March 31, 2013
<b>I. Revenue from operations</b>	1,981.79	2,514.08	2,429.34	3,242.71	3,132.60	2,154.69
<b>II. Other income</b>	9.03	11.20	4.44	5.13	5.88	2.47
<b>III. Total Revenue (I + II)</b>	1,990.82	2,525.28	2,433.78	3,247.84	3,138.48	2,157.16
<b>IV. Expenses:</b>						
Cost of materials consumed	1074.78	1,388.65	1,332.40	1,124.93	1,047.91	1,026.52
Purchases of Stock-in-Trade	578.77	667.96	562.17	1,766.02	1,860.93	750.70
Changes in inventories of finished goods work-in-progress and Stock-in-Trade	(32.16)	20.58	123.16	(10.53)	(124.14)	35.50
Employee benefits expense	76.52	84.87	72.36	78.75	71.08	61.66
Finance costs	76.17	112.03	104.54	121.13	120.96	120.96
Depreciation and amortization expense	41.48	56.81	57.98	57.54	27.10	30.31
Other expenses	35.51	63.93	43.50	63.52	59.50	50.12
<b>Total expenses</b>	<b>1,851.07</b>	<b>2,394.83</b>	<b>2,296.11</b>	<b>3,201.36</b>	<b>3,063.34</b>	<b>2,075.77</b>
<b>V. Profit before exceptional and extraordinary items and tax (III-IV)</b>	139.75	130.45	137.67	46.48	75.14	81.39
<b>VI. Exceptional items</b>	-	-	-	-	-	-
<b>VII. Profit before extraordinary items and tax (V - VI)</b>	139.75	130.45	137.67	46.48	75.14	81.39
<b>VIII. Extraordinary Items-</b>	-	-	-	-	-	-
<b>IX. Profit before tax (VII- VIII)</b>	139.75	130.45	137.67	52.46	79.00	81.39
<b>X. Tax expense:</b>						
(1) Current tax	31.48	41.38	38.07	14.83	14.32	15.51
(2) Deferred tax	(5.77)	(8.50)	(7.44)	(5.78)	5.73	7.01
(3) MAT Credit	-	-	-	-	(13.75)	(15.11)
<b>XV. Profit (Loss) for the period (XI + XIV)</b>	114.05	97.57	107.04	37.43	68.84	73.98
<b>XVI Earnings per equity share:</b>						
(1) Basic & Diluted	1.90	1.63	1.78	0.62	1.16	1.25

## STATEMENT OF CASH FLOW AS RESTATED

## ANNEXURE-III

(Amount in Lacs)

Particulars	For the period ended 31 December 2017	For the period ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015	For the year ended March 31, 2014	For the year ended March 31, 2013
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>						
Restated Net profit Before Tax and Extraordinary Items	139.75	130.45	137.67	46.48	75.14	81.39
<b>Adjustments For:</b>						
Depreciation	41.48	56.81	57.98	57.54	27.10	30.31
Loss (Profit) on Sale of Assets	-	-	-	-	-	-
Profit on sale of assets	-	-	-	-	-	-
Extraordinary Items (Loss due to fire)	-	-	-	-	-	-
Extraordinary Items (Prior Period Items)	-	-	-	-	-	-
Interest Received	(0.97)	(2.18)	(2.01)	(1.68)	(1.84)	(1.29)
Interest and Finance Charges	76.17	112.03	104.54	121.13	120.96	120.96
Operating Profit before working capital changes	256.43	297.11	298.18	223.48	221.36	231.37
<b>Adjustment For:</b>						
Decrease/(Increase) in Inventories	(23.08)	129.70	(72.51)	(26.95)	(211.65)	33.53
Decrease/(Increase) in Trade receivables	(112.54)	(510.24)	55.55	(88.04)	(3.97)	(345.95)
Decrease/(Increase) in Other Current Assets	-	-	-	-	-	-
Decrease/(Increase) in Other Non Current Assets	-	-	-	-	-	-
(Decrease)/Increase in Trade Payables	155.24	134.21	(17.11)	(8.38)	107.40	118.11
(Decrease)/Increase in Other Current Liabilities	6.23	0.62	(26.74)	1.32	(67.55)	(3.38)
(Decrease)/Increase in Short Term Provisions	(16.58)	(3.47)	5.33	(1.19)	3.80	18.39
(Decrease)/Increase in Long Term Provisions	0.99	1.76	0.27	1.32	0.63	0.99
(Decrease)/Increase in Other Non current Liabilities	-	-	-	-	-	-
<b>Cash Generated from Operations</b>	<b>266.70</b>	<b>49.69</b>	<b>242.96</b>	<b>101.55</b>	<b>50.01</b>	<b>53.05</b>
<b>Less : Taxes Paid</b>	<b>31.48</b>	<b>41.38</b>	<b>38.07</b>	<b>14.83</b>	<b>0.57</b>	<b>0.40</b>

<b>Net Cash From /(Used In ) Operating Activities (A)</b>	235.22	8.31	204.89	86.72	49.44	52.65
<b>Cash Flow From Investing Activities</b>						
<b>(Purchase)/Sale Of Fixed Assets</b>	(0.15)	(18.44)	(6.90)	(0.74)	(3.65)	(0.99)
<b>Decrease/(Increase) in Long Term Loans and Advances</b>	(2.20)	-	6.33	-	4.02	20.72
<b>Decrease/(Increase) in Short-term loans and advances</b>	(149.84)	(1.09)	4.06	7.47	(3.27)	(28.52)
<b>Interest Received</b>	0.97	2.18	2.01	1.68	1.84	1.29
<b>Net Cash From /(Used In ) Investing Activities (B)</b>	(151.21)	(17.35)	5.50	8.41	(1.06)	(7.49)
<b>Cash Flow From Financing Activities</b>						
<b>Proceeds from Issue of Shares</b>	-	500.00	-	-	5.90	-
<b>Security Premium</b>	-	-	-	-	23.60	-
<b>Issue of Bonus Shares</b>	-	(500.00)	-	-	-	-
<b>Interest and Finance Charges</b>	(76.17)	(112.03)	(104.54)	(121.13)	(120.96)	(120.96)
<b>Proceeds / (Repayments) of Share Application Money</b>	-	-	-	-	-	-
<b>(Decrease)/Increase in Short Term Borrowing</b>	14.27	3.91	(60.26)	71.34	(5.86)	211.55
<b>(Decrease)/Increase in Long Term Borrowing</b>	23.40	81.09	(2.73)	(62.75)	66.74	(123.30)
<b>Share Issue Expenses</b>	-	-	-	-	-	-
<b>Preliminary Expenses</b>	-	-	-	-	-	-
<b>Net gain / loss on Foreign Exchanges</b>	-	-	-	-	-	-
<b>Net Cash From Financing Activities (c)</b>	(38.50)	(27.03)	(167.52)	(112.54)	(30.58)	(32.71)
<b>Net Increase / (Decrease) in Cash (A)+(B)+(C)</b>	45.52	(36.08)	42.87	(17.41)	17.79	12.45
<b>Cash and Cash equivalents at the beginning of the year</b>	43.26	79.34	36.47	53.88	36.09	23.64
<b>Cash and Cash equivalents at the end of the year</b>	88.78	43.26	79.34	36.47	53.88	36.09

- I. The Cash Flow statement has been prepared under Indirect method as per Accounting Standard-3 "Cash Flow Statements".
- II. Figures in Brackets represent outflows.
- III. The above statement should be read with the Restated Statement of Assets and Liabilities, Statement of Profit and loss, Significant Accounting Policies and Notes to Accounts as appearing in Annexure I,II, IV(A) respectively.

## THE ISSUE

The following table summarizes the Issuer details:

Particulars	Details of Equity Shares
Issue of Equity Shares by Our Company	Upto 25,68,000 Equity Shares of face value of Rs. 10/- each fully paid up of the Company for cash at a price of Rs. [●]/- per Equity share aggregating to Rs. [●] Lakhs
<b>Of Which:</b>	
Market Maker Reservation Portion	[●] Equity Shares of face value of Rs. 10/- each fully paid up of the Company for cash at a price of Rs. [●]/- per Equity share aggregating to Rs. [●] Lakhs
Net Issue to Public	[●] Equity Shares of face value of Rs. 10/- each fully paid of the Company for cash at a price of Rs. [●]/- per share aggregating Rs. [●] Lakhs.
<b>Of Which:</b>	
Retail Portion	[●] Equity Shares of face value of Rs. 10/- each fully paid of the Company at a cash price of Rs. [●]/- per Equity share aggregating Rs. [●] Lakhs will be available for allocation to Investors up to Rs. 2.00 Lakhs
Non-Institutional Portion	[●] Equity Shares of face value of Rs. 10/- each fully paid of the Company for cash at price of [●]/- per Equity Share aggregating Rs. [●] lakhs will be available for allocation to investors above Rs. 2.00 Lakhs
<b>Pre and Post Issue Equity Shares</b>	
Equity Shares outstanding prior to the Issue	60,00,000 Equity Shares of face value of Rs.10 each
Equity Shares outstanding after the Issue	Up to [●] Equity Shares of face value of Rs.10 each
Use of proceeds of this Issue	For details please refer chapter titled “ <i>Objects of the Issue</i> ” beginning on page 99 of this Draft Red Herring Prospectus for information on use of Issue Proceeds.

### Notes:-

- This Issue is being made in terms of Chapter XB of the SEBI (ICDR) Regulations, 2009, as amended from time to time.

The allocation in the net issue to public category shall be made as follows;

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

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

- The Issue has been authorized by the Board of Directors *vide* a resolution passed at its meeting held on April 20, 2018 and by the shareholders of our Company *vide* a special resolution passed

pursuant to section 62 (1)(c) of the Companies Act, 2013 at the Extra Ordinary General Meeting held on May 15, 2018.

For further details please refer to chapter titled “*Issue Information*” beginning on page 286 of this Draft Red Herring Prospectus.

## GENERAL INFORMATION

Our Company was originally incorporated as “Affine Formulations Private Limited” at Indore, Madhya Pradesh as a Private Limited Company under the provisions of the Companies Act, 1956 vide Certificate of Incorporation dated July 4, 2006 bearing Corporate Identification Number U24232MP2006PTC018755 issued by Registrar of Companies, Madhya Pradesh and Chhattisgarh. Subsequently, our Company was converted into Public Company pursuant to Shareholders resolution passed at the Annual General Meeting of our Company held on September 5, 2016 and the name of our Company was changed to “Affine Formulations Limited” and a fresh Certificate of Incorporation consequent upon Conversion from Private Company to Public Company dated September 20, 2016 was issued by the Registrar of Companies, Gwalior. The Corporate Identification Number (CIN) of our Company is U24232MP2006PLC018755.

For further details of change of name and registered office of our Company, please refer to chapter titled “Our History and Certain Other Corporate Matters” beginning on page 165 of this Draft Red Herring Prospectus.

### REGISTERED OFFICE OF OUR COMPANY

#### Affine Formulations Limited

28/10, Talwari, Dewas Naka  
Indore, Madhya Pradesh, India, 452010  
**Tel:** 0731 4098747 / 0731 4239376  
**Fax:** 0731 4239376  
**Email:** [info@affineformulations.com](mailto:info@affineformulations.com)  
**Website:** [www.affineformulations.com](http://www.affineformulations.com)  
**CIN:** U24232MP2006PLC018755

### REGISTRAR OF COMPANIES

#### Registrar of Companies, Madhya Pradesh, Gwalior

3rd Floor, 'A' Block, Sanjay Complex  
Jayendra Ganj, Gwalior  
Website: [www.mca.gov.in](http://www.mca.gov.in)

### DESIGNATED STOCK EXCHANGE

#### National Stock Exchange of India Limited

Exchange Plaza, Plot no. C/1, G Block,  
Bandra-Kurla Complex, Bandra (E),  
Mumbai - 400 051, Maharashtra, India

### BOARD OF DIRECTORS OF OUR COMPANY

Sr. No.	Name	Age	DIN	Address	Designation
1.	Shailendra Biyani	50	01516050	40, Agarwal Nagar, Indore – 452001, Madhya Pradesh, India	Managing Director
2.	Pradhyumn Nyati	35	01515970	106, Janki Nagar Main Indore 452001 Madhya Pradesh India	Whole Time Director
3.	Vijay Kumar Nyati	49	00362130	106, Janki Nagar Main Indore 452001 Madhya Pradesh India	Director



Sr. No.	Name	Age	DIN	Address	Designation
4.	Gautam Chand Dhing	61	01584143	30/2, Rajaswa Colony, In Front Of G.Dc. Collage 3, Bafna Residensi Ujjain 456001 Madhya Pradesh India	Independent Director
5.	Amita Bhutda	27	07600233	Chandra Shekhar Marg Dewas 455001 Madhya Pradesh India	Independent Director
6.	Mahesh Jakhatia	58	08033364	28/3 Malharganj Indore 452002 Madhya Pradesh India	Additional Independent Director

For further details of our Directors, please refer to the chapter titled “*Our Management*” beginning on page 168 of this Draft Red Herring Prospectus.

#### COMPANY SECRETARY & COMPLIANCE OFFICER

##### Prachi Jain

28/10 Talwali Dewas Naka  
Indore, Madhya Pradesh 452010, India  
**Tel:** 0731 4098747 / 0731 4239376  
**Fax:** 0731 4239376  
**Email:** [cs@affineformulations.com](mailto:cs@affineformulations.com)  
**Website:** [www.affineformulations.com](http://www.affineformulations.com)

#### CHIEF FINANCIAL OFFICER

##### Vivek Sharma

28/10 Talwali Dewas Naka  
Indore, Madhya Pradesh 452010, India  
**Tel:** 0731 4098747 / 0731 4239376  
**Fax:** 0731 4239376  
**Email:** [cfo@affineformulations.com](mailto:cfo@affineformulations.com)  
**Website:** [www.affineformulations.com](http://www.affineformulations.com)

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

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to the relevant SCSB or the member of the Syndicate if the Bid was submitted to a member of the Syndicate at any of the Specified Locations, or the Registered Broker if the Bid was submitted to a Registered Broker at any of the Brokers Centres, as the case maybe, quoting the full name of the sole or first Bidder, Bid cum Application Form number, address of the Bidder, Bidder’s DP ID, Client ID, PAN, number of Equity Shares applied for, date of Bid-cum-Application Form, name and address of the member of the Syndicate or the Designated Branch or the Registered Broker or address of the RTA or address of the DP, as the case may be, where the Bid was submitted, and the ASBA Account number in which the amount equivalent to the Bid Amount was blocked. All grievances relating to Bids submitted through the Registered Broker and/or a Stock Broker may be addressed to the Stock Exchanges with a copy to the Registrar.

## STATUTORY AUDITOR

### V.K. Ladha & Associates

Chartered Accountants

36, Drawid Marg, Kshir Sagar Colony,

Ujjain, Madhya Pradesh

**Tel. No:** 0734 – 2550499

**Fax:** 0734-4040498

**Email:** [vkldadha99@hotmail.com](mailto:vkldadha99@hotmail.com) / [nupurladha07@gmail.com](mailto:nupurladha07@gmail.com)

**Contact person:** V.K. Ladha

**Firm Registration No:** 002301C

**Membership No:** 071501

## PEER REVIEW AUDITOR

### N. K. Aswani & Co.

Chartered Accountants

701/A, Wall Street-II, Opp Orient Club, Nr. Gujarat College Crossing,

Ellisbridge, Ahmedabad – 380006,

Gujarat, India

**Tele No.:** 079-26402552 / 53z

**Fax No.:** Not Available

**Email:** [narainkaswani@yahoo.co.in](mailto:narainkaswani@yahoo.co.in)

**Contact Person:** Narian K. Aswani

**Firm Registration No.:** 100738W

**Membership No.:** 033278

Our Peer Review Auditor holds a valid Peer Review Certificate dated November 13, 2013 issued by The Institute of Chartered Accountants of India.

## BOOK RUNNING LEAD MANAGER

### Pantomath Capital Advisors Private Limited

406-408, Keshava Premises,

Behind Family Court, Bandra Kurla Complex,

Bandra (East)

Mumbai- 400051, Maharashtra, India

**Tel:** +91 22 6194 6700

**Fax:** + 91 22 2659 8690

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

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

**Contact Person:** Hardik Bhuta / Unmesh Zagade

**SEBI Registration No:** INM000012110

## REGISTRAR TO THE ISSUE

### Bigshare Services Private Limited

1st Floor, Bharat Tin Works Building,

Opp. Vasant Oasis, Makwana Road,

Marol, Andheri East, Mumbai,

Maharashtra 400059

**Tel:** +91 22 62638200

**Fax:** +91 22 62638299

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

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

**Investor Grievance E-mail:** [investor@bigshareonline.com](mailto:investor@bigshareonline.com)

**Contact Person:** Nilesh Chalke

**SEBI Registration Number:** INR000001385

## LEGAL ADVISOR TO THE ISSUE

### **M.V. Kini, Law Firm**

Kini House,  
Near Citi Bank, D.N. Road, Fort  
Mumbai – 400001, Maharashtra, India  
**Tel:** +91 22 22612527/ 28/ 29  
**Fax:** +91 22 22612530  
**Email:** [vidisha@mvkini.com](mailto:vidisha@mvkini.com)  
**Website:** [www.mvkini.com](http://www.mvkini.com)  
**Contact Person:** Vidisha Krishan

## BANKER TO THE COMPANY

### **State Bank of India**

SCO A-11 to 14, Big B Complex,  
Near Rotary Chowk, Baddi,  
Solan, Himachal Pradesh -173205  
**Tel:** 01795-245373  
**Fax:** 01795-244697  
**Website:** [www.sbi.co.in](http://www.sbi.co.in)  
**Contact Person:** Dharminder Baru

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

### **ICICI Bank Limited**

Capital Market Division  
1<sup>st</sup> Floor, 122, Mistry Bhavan  
Dinshaw Vachha Road, Backbay Reclamation,  
Churchgate, Mumbai – 400020, Maharashtra, India  
**Tel:** (91) 022 66818932/923/924  
**Fax:** (91) 022 22611138  
**Email:** [shwetasurana@icicibank.com](mailto:shwetasurana@icicibank.com)  
**Website:** [www.icicibank.com](http://www.icicibank.com)  
**Contact Person:** Ms Shweta Surana  
**SEBI Registration No.:** INBI00000004

## SYNDICATE MEMBER

[•]

*The Syndicate Member(s) will be appointed prior to filing of the Red Herring Prospectus with the ROC.*

## DESIGNATED INTERMEDIARIES

### **Self Certified Syndicate Banks**

The lists of banks that have been notified by SEBI to act as SCSB for the Applications Supported by Blocked Amount (ASBA) Process are provided on <http://www.sebi.gov.in/sebiweb/home/detail/32931/yes/List-of-Self-Certified-Syndicate-Banks-SCSBs-for-Syndicate-ASBA>. For details on Designated Branches of SCSBs collecting the Bid cum Application Form, please refer to the above-mentioned SEBI link.

### **Registered Brokers**

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

## Registrar to Issue and Share Transfer Agents

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

## Collecting Depository Participants

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

## CREDIT RATING

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

## IPO GRADING

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

## APPRAISAL AND MONITORING AGENCY

As per regulation 16(1) of the SEBI ICDR Regulations, the requirement of Monitoring Agency is not mandatory if the Issue size is below Rs. 10,000 Lakhs. Since the Issue size is only of Rs. [●] lakhs, our Company has not appointed any monitoring agency for this Issue. However, as per Section 177 of the Companies Act, 2013, the Audit Committee of our Company, would be monitoring the utilization of the proceeds of the Issue.

## INTER-SE ALLOCATION OF RESPONSIBILITIES

Since Pantomath Capital Advisors Private Limited is the sole Book Running Lead Manager to the Issue a statement of inter se allocation of responsibilities among Book Running Lead Manager is not applicable

## EXPERT OPINION

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

1. Report of the Peer Reviewed Auditor on statement of tax benefits
2. Report on Restated Financials for the period ended December 31, 2017 and for the year ended March 31, 2017, 2016, 2015, 2014 and 2013.

## DEBENTURE TRUSTEE

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

## UNDERWRITER

Our Company and BRLM to the Issue hereby confirm that the Issue is 100% Underwritten. The underwriting agreement is dated [●], 2018 and pursuant to the terms of the underwriting agreement; obligations of the underwriter are subject to certain conditions specified therein. The underwriter has indicated its intention to underwrite following number of specified securities being offered through this Issue.

Name and Address of the Underwriter	Indicative Number of Equity shares to be Underwritten	Amount Underwritten (Rupees In Lakhs)	% of the Total Issue Size Underwritten
[●]	[●]	[●]	100%

Name and Address of the Underwriter	Indicative Number of Equity shares to be Underwritten	Amount Underwritten (Rupees In Lakhs)	% of the Total Issue Size Underwritten
<b>Tel:</b> [●] <b>Fax:</b> [●] <b>Email:</b> [●] <b>Contact Person:</b> [●] <b>SEBI Registration Number:</b> [●]			
<b>Total</b>	[●]	[●]	<b>100%</b>

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

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

#### **DETAILS OF THE MARKET MAKING ARRANGEMENT**

Our Company and the Book Running Lead Manager have entered into a tripartite agreement dated [●] with the following Market Maker, duly registered with National Stock Exchange of India Limited to fulfil the obligations of Market Making:

[●]  
**Tel:** [●]  
**Fax:** [●]  
**Email:** [●]  
**Contact Person:** [●]  
**SEBI Registration No.:** [●]

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

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

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

1. The Market Maker(s) (*individually or jointly*) shall be required to provide a 2-way quote for 75% of the time in a day. The same shall be monitored by the stock exchange. Further, the Market Maker(s) shall inform the exchange in advance for each and every black out period when the quotes are not being issued by the Market Maker(s).
2. 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 and the same shall be updated in the Draft Red Herring Prospectus.
3. 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 National Stock Exchange of India and SEBI from time to time.

4. The minimum depth of the quote shall be Rs.1,00,000. However, the investors with holdings of value less than Rs.1,00,000 shall be allowed to Offer their holding to the Market Maker(s) (*individually or jointly*) in that scrip provided that he sells his entire holding in that scrip in one lot along with a declaration to the effect to the selling broker.
5. The Market Maker shall not sell in lots less than the minimum contract size allowed for trading on the EMERGE Platform of National Stock Exchange of India (in this case currently the minimum trading lot size is [●] equity shares; however the same may be changed by the EMERGE Platform of National Stock Exchange of India from time to time).
6. After a period of three (3) months from the market making period, the Market Maker would be exempted to provide quote if the Shares of Market Maker in our Company reaches to 25% of Issue Size. Any Equity Shares allotted to Market Maker under this Offer over and above 25% of Issue Size would not be taken in to consideration of computing the threshold of 25% of Offer Size. As soon as the Shares of Market Maker in our Company reduces to 24% of Issue Size, the Market Maker will resume providing two (2) way quotes.
7. There shall be no exemption/threshold on downside. However, in the event the Market Maker exhausts his inventory through market making process, National Stock Exchange of India may intimate the same to SEBI after due verification.
8. Execution of the order at the quoted price and quantity must be guaranteed by the Market Maker(s), for the quotes given by him.
9. There would not be more than five (5) Market Makers for a script at any point of time and the Market Makers may compete with other Market Makers for better quotes to the investors.
10. On the first day of the listing, there will be pre 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.
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 three (3) months' notice or on mutually acceptable terms to the Book Running Lead Manager, who shall then be responsible to appoint a replacement Market Maker(s). In case of termination of the above mentioned Market Making agreement prior to the completion of the compulsory Market Making period, it shall be the responsibility of the Book Running Lead Manager to arrange for another Market Maker in replacement during the term of the notice period being served by the Market Maker but prior to the date of releasing the existing Market Maker from its duties in order to ensure compliance with the requirements of regulation 106V of the SEBI (ICDR) Regulations. Further our Company and the Book Running Lead Manager reserve the right to appoint other Market Makers either as a replacement of the current Market Maker or as an additional Market Maker subject to the total number of Designated Market Makers does not exceed five (5) or as specified by the relevant laws and regulations applicable at that particular point of time. The Market Making Agreement is available for inspection at our registered office from 11.00 a.m. to 5.00 p.m. on Working Days.
13. **Risk containment measures and monitoring for Market Makers:**  
SME Exchange of National Stock Exchange of India will have all margins, which are applicable

on the National Stock Exchange of India main board viz., Mark-to-Market, Value-At-Risk (VAR) Margin, Extreme Loss Margin, Special Margins and Base Minimum Capital etc. National Stock Exchange of India can impose any other margins as deemed necessary from time-to-time

**14. Price Band and Spreads:**

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

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

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

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

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

Emerge Platform of the National Stock Exchange of India Limited 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 (Issuing two way quotes) for at least 75% of the time. The nature of the penalty will be monetary as well as suspension in market making activities / trading membership. The Department of Surveillance and Supervision of the Exchange would decide and publish the penalties / fines / suspension for any type of misconduct/ manipulation/ other irregularities by the Market Maker from time to time.

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

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

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

**BOOK BUILDING PROCESS**

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

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

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

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

For further details on the method and procedure for Bidding, please see section titled “*Issue Procedure*” on page 296 of this Draft Red Herring Prospectus.

Illustration of Book Building and Price Discovery Process (Investors should note that this example is solely for illustrative purposes and is not specific to the Issue) Bidders can bid at any price within the price band. For instance, assume a price band of Rs.20.00 to Rs.24.00 per equity share, issue size of 3,000 equity shares and receipt of five bids from bidders, details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the bidding centers during the bidding period. The illustrative book below shows the demand for the equity shares of the issuer company at various prices and is collated from bids received from various investors.

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

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



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

1. Check eligibility for making a Bid (see section titled “*Issue Procedure*” on page 296. of this Draft Red Herring Prospectus);
2. Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid cum Application Form;
3. Ensure correctness of your PAN, DP ID and Client ID mentioned in the Bid cum Application Form. Based on these parameters, the Registrar to the Issue will obtain the Demographic Details of the Bidders from the Depositories.
4. Except for Bids on behalf of the Central or State Government officials, residents of Sikkim and the officials appointed by the courts, who may be exempt from specifying their PAN for transacting in the securities market, for Bids of all values ensure that you have mentioned your PAN allotted under the Income Tax Act in the Bid cum Application Form. The exemption for Central or State Governments and officials appointed by the courts and for investors residing in Sikkim is subject to the Depository Participant’s verification of the veracity of such claims of the investors by collecting sufficient documentary evidence in support of their claims
5. Ensure that the Bid cum Application Form is duly completed as per instructions given in this Draft Red Herring Prospectus and in the Bid cum Application Form;

### BID / ISSUE PROGRAMME

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

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

The above timetable is indicative and does not constitute any obligation on our Company or the Book Running Lead Manager. Whilst our Company shall ensure that all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Equity Shares on the Stock Exchange are taken within 6 Working Days of the 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 the Stock Exchange. The Commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchange and in accordance with the applicable laws.

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

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

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

## CAPITAL STRUCTURE

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

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

No.	Particulars	Aggregate nominal value	Aggregate value at Issue Price
<b>A.</b>	<b>Authorized Share Capital</b>		
	1,00,00,000 Equity Shares of face value of Rs. 10/- each	1000.00	
<b>B.</b>	<b>Issued, Subscribed and Paid-Up Share Capital before the Issue</b>		
	60,00,000 Equity Shares of face value of Rs. 10/- each	600.00	
<b>C.</b>	<b>Present Issue in terms of this Draft Red Herring Prospectus</b>		
	Upto 25,68,000 Equity Shares of face value of Rs.10/- each	upto 256.80	[●]
	<b>Consisting :</b>		
	<b>Reservation for Market Maker</b> – Upto [●] Equity Shares of face value of Rs. 10/- at price of Rs [●]/- per Equity Share reserved as Market Maker portion	[●]	[●]
	<b>Net Issue to the Public</b> – Upto [●] Equity Shares of face value of Rs. 10/- each at a price of Rs [●]/- per Equity Share	[●]	[●]
	<b>Of the Net Issue to the Public</b>		
	<b>Allocation to Retail Individual Investors</b> – Upto [●] Equity Shares of face value of Rs. 10/- each at a price of Rs [●]/- per Equity Share shall be available for allocation for Investors applying for a value of upto Rs. 2 lakhs	[●]	[●]
	<b>Allocation to Other than Retail Individual Investors</b> – Upto [●] Equity Shares of face value of Rs. 10/- each at a price of Rs [●]/- per Equity Share shall be available for allocation for Investors applying for a value of above Rs. 2 lakhs	[●]	[●]
<b>D.</b>	<b>Issued, Subscribed and Paid-Up Share Capital after the Issue</b>		
	[●] Equity Shares of face value of Rs. 10/- each	[●]	
<b>E.</b>	<b>Securities Premium Account</b>		
	Before the Issue	Nil	
	After the Issue	[●]	

The Issue has been authorized by the Board of Directors of our Company *vide* a resolution passed at its meeting held on April 20, 2018 and by the shareholders of our Company *vide* a special resolution passed pursuant to section 62(1)(c) of the Companies Act, 2013 at the Extra-Ordinary General Meeting held on May 15, 2018.

### NOTES TO THE CAPITAL STRUCTURE

#### 1. Details of changes in authorized Share Capital:

The authorized Share Capital of the Company at the time of Incorporation was Rs. 1,00,000 divided into 10,000 Equity Shares of Rs. 10/- each. The following table gives us the increase in the authorized share capital post incorporation of our Company:

Sr. No.	Particulars of increase	Date of Shareholder's meeting	AGM/ EGM
1.	Increase in authorized share capital from Rs. 1,00,000 divided into 10,000 Equity	November 20, 2006	EGM

Sr. No.	Particulars of increase	Date of Shareholder's meeting	AGM/ EGM
	Shares of Rs. 10/- each to Rs. 1,00,00,000 divided into 10,00,000 Equity Shares of Rs.10/- each.		
2.	Increase in authorized share capital from Rs. 1,00,00,000 divided into 10,00,000 Equity Shares of Rs. 10/- each to Rs. 10,00,00,000 divided into 1,00,00,000 Equity Shares of Rs.10/- each.	August 01, 2016	EGM

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

Date of Allotment / Fully Paid-up	No. of Equity Shares allotted	Face value (Rs.)	Issue Price (Rs.)	Nature of consideration	Nature of Allotment	Cumulative number of Equity Shares	Cumulative Paid-up Capital (Rs.)
On Incorporation	10,000	10/-	10/-	Cash	Subscription to Memorandum of Association <sup>(1)</sup>	10,000	1,00,000
November 20, 2006	2,57,000	10/-	10/-	Cash	Further Issue of Shares <sup>(2)</sup>	2,67,000	26,70,000
December 06, 2006	3,77,500	10/-	20/-	Cash	Further Issue of Shares <sup>(3)</sup>	6,44,500	64,45,000
July 07, 2007	90,000	10/-	50/-	Cash	Further Issue of Shares <sup>(4)</sup>	7,34,500	73,45,000
August 07, 2007	50,000	10/-	50/-	Cash	Further Issue of Shares <sup>(5)</sup>	7,84,500	78,45,000
March 31, 2008	70,000	10/-	50/-	Cash	Further Issue of Shares <sup>(6)</sup>	8,54,500	85,45,000
March 31, 2010	86,500	10/-	100/-	Cash	Further Issue of Shares <sup>(7)</sup>	9,41,000	94,10,000
March 31, 2014	59,000	10/-	50/-	Other than Cash	Unsecured Loan converted to Share Application Money <sup>(8)</sup>	10,00,000	1,00,00,000
September 12, 2016	50,00,000	10/-	NA	Other than Cash	Bonus Issue <sup>(9)</sup>	60,00,000	6,00,00,000

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

Sr. No.	Name of Allottees	No. of shares Allotted
1.	Vijay Kumar Nyati	5,000
2.	Pushpa Biyani	5,000
	<b>Total</b>	<b>10,000</b>

2. Further issue of 2,57,000 Equity Shares of face value of Rs. 10/- fully paid up at par on November 20, 2006 as per the details given below:

Sr. No	Name of Allottee	No. of Shares Allotted
1.	Dinesh Biyani	4,500
2.	Kiran Biyani	4,500
3.	Mahendra Biyani	4,500
4.	Kavita Biyani	4,500
5.	Sunil Biyani	4,500
6.	Vinita Biyani	4,500
7.	Aditya Biyani	4,500
8.	Shailendra Biyani	1,19,500
9.	Renu Biyani	4,500
10.	Manoj Biyani	4,500
11.	Kirti Biyani	4,500
12.	Omprakash Biyani	4,500
13.	Manish Nyati	4,500
14.	Vijaya Nyati	4,500
15.	Mamta Nyati	4,500
16.	Manorama Devi Nyati	4,500
17.	Vijay Kumar Nyati	20,000
18.	Rajendra Nyati	50,000
	<b>Total</b>	<b>2,57,000</b>

3. Further issue of 3,77,500 Equity Shares of face value of Rs. 10/- fully paid up at premium of Rs 10/- per Equity share on December 06, 2006 as per the details given below:

Sr. No	Name of Allottee	No. of Shares Allotted
1.	Shailendra Biyani	55,000
2.	Chartered Securities Limited	1,92,500
3.	Sanwalram Leasing & Financing Limited	1,30,000
	<b>Total</b>	<b>3,77,500</b>

4. Further issue of 90,000 Equity Shares of face value of Rs. 10/- fully paid up at a premium of Rs 40/- per Equity Share on July 07, 2007 as per the details given below:

Sr. No	Name of Allottee	No. of Shares Allotted
1.	Shailendra Biyani	36,000
2.	Chartered Securities Limited	30,000
3.	Sanwalram Leasing & Financing Limited	20,000
4.	Pushpa Biyani	4,000
	<b>Total</b>	<b>90,000</b>

5. Further issue of 50,000 Equity Shares of face value of Rs. 10/- fully paid up at a premium of Rs 40/- per Equity Share on August 07, 2007 as per the details given below:

Sr. No	Name of Allottee	No. of Shares Allotted
1.	Pushpa Biyani	6,000
2.	Renu Biyani	34,000
3.	Shailendra Biyani	10,000
	<b>Total</b>	<b>50,000</b>

6. Further issue of 70,000 Equity Shares of face value of Rs. 10/- fully paid up at par on March 31, 2008 as per the details given below:

Sr. No	Name of Allottee	No. of Shares Allotted
1.	Shailendra Biyani	30,000
2.	Chartist Securities Limited	40,000
	<b>Total</b>	<b>70,000</b>

7. Further issue of 86,500 Equity Shares of face value of Rs. 10/- fully paid up at a premium of Rs. 90/- per equity share on March 31, 2010 as per the details given below

Sr. No	Name of Allottee	No. of Shares Allotted
1.	Chartist Securities Limited	12,000
2.	Padmawati Trading Co. Private Limited	11,500
3.	Vaibhav Pipes Private Limited	13,500
4.	Sanwal Ram Leasing and Financing Limited	12,500
5.	S.N. Maheshwari	5,000
6.	Ashok Kasat	5,000
7.	Anil Agrawal	8,000
8.	Mohanlal Kanhaiyalal HUF	5,000
9.	Kishore Kumar Singh	6,000
10.	Kiran Singh	3,000
11.	Ramjanki Somani	3,000
12.	Bhagwandasji Somani	1,000
13.	Mahesh Kumar Dwarkadas Somani (HUF)	1,000
	<b>Total</b>	<b>86,500</b>

8. Further issue of 59,000 Equity Shares of face value of Rs. 10/- fully paid up at a premium of Rs. 40 per equity share on March 31, 2014 as per the details given below:

Sr. No	Name of Allottee	No. of Shares Allotted
1.	Pushpa Biyani	9,020
2.	Renu Biyani	26,980
3.	Balaji Fintrade Limited	23,000
	<b>Total</b>	<b>59,000</b>

9. Bonus issue of 50,00,000 Equity Shares of face value of Rs. 10/- fully paid up at par in the ratio of 5:1 on September 12, 2016 as per the details given below:

Sr. No	Name of Allottee	No. of Shares Allotted
1.	Vijay Kumar Nyati	1,90,975
2.	Pushpa Biyani	1,20,100
3.	Shailendra Biyani	12,52,500
4.	Renu Biyani	3,27,400
5.	Manoj Biyani	22,500
6.	Omprakash Biyani	22,500
7.	Manish Nyati	1,14,465
8.	Vijaya Nyati	67,145
9.	Mamta Nyati	64,170
10.	Manorama Devi Nyati	33,500
11.	Rajendra Nyati	2,95,000
12.	Charlist Securities Limited	9,71,425
13.	Sawalram Leasing & Financing Limited	8,12,500
14.	Dr. Ashok Kasat	25,000
15.	Anil Agrawal	40,000
16.	Mohanlal Kanhaiyalal	47,500

Sr. No	Name of Allottee	No. of Shares Allotted
17.	Pradhyumn Nyati	1,36,705
18.	Manish Kumar Radheshyam HUF	90,000
19.	Radhe Shyam Badrinarayan HUF	67,500
20.	Vijay Kumar Radheshyam HUF	45,000
21.	Pooja Nyati	60,895
22.	Varun Nyati	53,285
23.	Mansi Nyati	23,150
24.	Rajendra Kumar Bitthaldas HUF	57,500
25.	Mohanlal Gokul Das HUF	36,785
26.	Gopal Nyati	15,000
27.	Babita Nyati	7,500
	<b>Total</b>	<b>50,00,000</b>

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

Date of Allotment	Number of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Reasons for Allotment	Benefits Accrued to our Company	Allottees	No. of Shares Allotted
March 31, 2014	59,000	10/-	50/-	Unsecured loan converted to Share Application Money	Debt is converted into fixed Capital	Pushpa Biyani	9,020
						Renu Biyani	26,980
						Balaji Fintrade Ltd.	23,000
<b>Total</b>							<b>59,000</b>
September 12, 2016	50,00,000	10	NA	Bonus Issue	Capitalization of reserves	Vijay Kumar Nyati	1,90,975
						Pushpa Biyani	1,20,100
						Shailendra Biyani	12,52,500
						Renu Biyani	3,27,400
						Manoj Biyani	22,500
						Omprakash Biyani	22,500
						Manish Nyati	1,14,465
						Vijaya Nyati	67,145
						Mamta Nyati	64,170
						Manorama Devi Nyati	33,500
						Rajendra Nyati	2,95,000
						Chartist Securities Limited	9,71,425
						Sawalram Leasing & Financing Limited	8,12,500
Dr. Ashok Kasat	25,000						
Anil Agrawal	40,000						

Date of Allotment	Number of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Reasons for Allotment	Benefits Accrued to our Company	Allottees	No. of Shares Allotted
						Mohanlal Kanhaiyalal HUF	47,500
						Pradhyumn Nyati	1,36,705
						Manish Kumar Radheshyam HUF	90,000
						Radhe Shyam Badrinarayan HUF	67,500
						Vijay Kumar Radheshyam HUF	45,000
						Pooja Nyati	60,895
						Varun Nyati	53,285
						Mansi Nyati	23,150
						Rajendra Kumar Bitthaldas HUF	57,500
						Mohanlal Gokul Das HUF	36,785
						Gopal Nyati	15,000
						Babita Nyati	7,500
<b>Total</b>							<b>50,00,000</b>

4. No Equity Shares have been allotted pursuant to any scheme approved under Section 230-232 of the Companies Act, 2013 (*erstwhile Section 391-394 of the Companies Act, 1956*).
5. We have not revalued our assets since incorporation and have not issued any Equity Shares (including bonus shares) by capitalizing any revaluation reserves.
6. We have not issued any shares at price below Issue Price within last one year from the date of this Draft Red Herring Prospectus.
7. **Build-up of Promoters' shareholding, Promoters' contribution and lock-in**
  - i. Build Up of Promoter's shareholdings

As on the date of this Draft Red Herring Prospectus, our Promoters, Shailendra Biyani, Pradhyumn Nyati and Vijay Kumar Nyati hold 15,03,000, 1,64,046 and 2,29,170 Equity Shares respectively of our Company. None of the shares held by our promoters are subject to any pledge.

**a. Shailendra Biyani**

Date of Allotment and made fully paid up / Transfer	No. of Equity Shares at face value 10	Face value per Share (Rs.)	Issue / Acquisition / Transfer price (Rs.)*	Nature of Transactions	Pre-issue shareholding %	Post – issue shareholding %
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November 20, 2006	1,19,500	10/-	10/-	Further Issue of Shares	1.99%	[●]
December 06, 2006	55,000	10/-	20/-	Further Issue of Shares	0.92%	[●]
July 07, 2007	36,000	10/-	50/-	Further Issue of Shares	0.60%	[●]
August 07, 2007	10,000	10/-	50/-	Further Issue of Shares	0.17%	[●]
March 31, 2008	30,000	10/-	50/-	Further Issue of Shares	0.50%	[●]
September 12, 2016	12,52,500	10/-	Nil	Bonus Issue	20.88%	[●]
<b>Total</b>	<b>15,03,000</b>				<b>25.05%</b>	

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

**b. Pradhyumn Nyati**

Date of Allotment and made fully paid up / Transfer	No. of Equity Shares at face value Rs. 10/-	Face value per Share (Rs.)	Issue / Acquisition / Transfer price Rs.)*	Nature of Transactions	Pre-issue shareholding %	Post – issue shareholding %
October 01, 2010	5000	10/-	100/-	Transferred from S.N. Maheshwari	0.08%	[●]
August 29, 2016	1,500	10/-	100/-	Transferred from Basanti Bisht	0.03%	[●]
August 29, 2016	11,036	10/-	72/-	Transferred from Jeevan Singh Bisht HUF	0.18%	[●]
August 29, 2016	9,805	10/-	72/-	Transferred from Osram Enterprises Limited	0.16%	[●]
September 12, 2016	1,36,705	10/-	10/-	Bonus Issue	2.28%	[●]
<b>Total</b>	<b>1,64,046</b>				<b>2.73%</b>	

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

**c. Vijay Kumar Nyati**

Date of Allotment and made fully paid up / Transfer	No. of Equity Shares at face value 10	Face value per Share (Rs.)	Issue / Acquisition / Transfer price Rs.)*	Nature of Transactions	Pre-issue shareholding %	Post – issue shareholding %
On Incorporation	5,000	10/-	10/-	Subscription to MOA	0.08%	[●]
November 20, 2006	20,000	10/-	10/-	Further issue of Shares	0.33%	[●]
August 29, 2016	13,195	10/-	72/-	Transferred from Osram Enterprises Limited	0.22%	[●]

<b>Date of Allotment and made fully paid up / Transfer</b>	<b>No. of Equity Shares at face value 10</b>	<b>Face value per Share (Rs.)</b>	<b>Issue / Acquisition / Transfer price Rs.)*</b>	<b>Nature of Transactions</b>	<b>Pre-issue shareholding %</b>	<b>Post – issue shareholding %</b>
September 12, 2016	1,90,975	10/-	10/-	Bonus Issue	3.18%	[●]
<b>Total</b>	<b>2,29,170</b>				<b>3.82%</b>	

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

**ii. Details of Promoter Contribution locked in for three years:**

Pursuant to Regulation 32 and 36 of SEBI (ICDR) Regulations, an aggregate of [●] of the post-Issue capital held by our Promoter shall be considered as Promoters' Contribution ("Promoters Contribution") and locked-in for a period of three years from the date of Allotment. The lock-in of the Promoters' Contribution would be created as per applicable law and procedure and details of the same shall also be provided to the Stock Exchange before listing of the Equity Shares.

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

Promoters	No. of Equity Shares Locked in	Face Value (in `)	Issue/ Acquisition Price	Date of Allotment/ Acquisition and when made fully paid-up	Nature of Allotment/ Transfer	Consideration (Cash/other than cash)	Percent age of post-Issue paid-up capital	Source of Promoter's Contribution
Shailendra Biyani	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]
Pradhyumn Nyati	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]
Vijay Kumar Nyati	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]
<b>TOTAL</b>	[•]						[•]	

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

- The Equity Shares offered for minimum Promoters' contribution have not been acquired in the three years preceding the date of this Draft Red Herring Prospectus for consideration other than cash and revaluation of assets or capitalization of intangible assets nor resulted from a bonus issue out of the revaluation reserves or unrealized profits of the Company or against Equity Shares which are otherwise ineligible for computation of Promoters' contribution;
- The minimum Promoters' contribution does not include Equity Shares acquired during the one year preceding the date of this Draft Red Herring Prospectus at a price lower than the Issue Price;
- Our Company has not been formed by the conversion of a partnership firm into a Company and thus, no Equity Shares have been issued to our Promoters upon conversion of a partnership firm;
- The Equity Shares held by the Promoters and offered for minimum Promoters' contribution are not subject to any pledge;
- All the Equity Shares of our Company held by the Promoter are in the process of being dematerialized; and
- The Equity Shares offered for Promoters' contribution do not consist of Equity Shares for which specific written consent has not been obtained from the Promoter for inclusion of its subscription in the Promoters' contribution subject to lock-in.

**iii Details of share capital locked in for one year**

Other than the above Equity Shares that would be locked in for 3 (three) years, the entire Pre-Issue Share capital of our Company would be locked-in for a period of 1 (one) year from the date of Allotment in the Issue.

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

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

Provided that securities locked in as Promoters' Contribution for 3 years under Regulation 36(a) of the

SEBI ICDR Regulations may be pledged only if, in addition to fulfilling the above requirement, the loan has been granted by such scheduled commercial bank or public financial institution for the purpose of financing one or more of the objects of the Issue.

Pursuant to Regulation 40 of the SEBI ICDR Regulations, Equity Shares held by the Promoters may be transferred to and amongst the Promoters, the Promoter Group or to new promoters or persons in control of our Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the SEBI Takeover Regulations.

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

No shares were purchased/ sold by the Promoter and Promoter Group, directors and their immediate relatives during last 6 months.

## 8. Our Shareholding Pattern

The table below presents the shareholding pattern of our Company as per Regulation 31 of the SEBI Listing Regulations:

Summary of Shareholding Pattern as on date of this Draft Red Herring Prospectus

Category	Category of Shareholder	Nos. of shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)  As a % of (A+B+C2)	Number of Voting Rights held in each class of securities*		No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)  As a % of (A+B+C2)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form
								No of Voting Rights	Total as a % of (A+B+C)			No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
I	II	III	IV	V	VI	VII = IV + V + VI	VIII	IX		X	XI = VII + X	XII		XIII		XIV
A	Promoter and Promoter Group	17	32,26,506	-	-	32,26,506	53.78	32,26,506	53.78	-	53.78	-	-	-	-	[●]
B	Public	10	27,73,494	-	-	27,73,494	46.22	27,73,494	46.22	-	46.22	-	-	-	-	[●]
C	Non Promoter															

Category	Category of Shareholder	Nos. of shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)  As a % of (A+B+C2)	Number of Voting Rights held in each class of securities*		No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)  As a % of (A+B+C2)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form	
								No of Voting Rights	Total as a % of (A+B+C)			No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)		
	ter-Non Public																
1	Shares underlying DRs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Shares held by Employee Trusts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Total</b>	<b>27</b>	<b>60,00,000</b>	<b>-</b>	<b>-</b>	<b>60,00,000</b>	<b>100.00</b>	<b>60,00,000</b>	<b>100.00</b>	<b>-</b>	<b>100.00</b>			<b>-</b>	<b>-</b>		<b>[●]</b>

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

*\*\* All Pre IPO Equity shares of our Company will be locked in as mentioned above prior to listing of shares on Emerge Platform of National Stock Exchange of India Limited*

Our Company will file the shareholding pattern of our Company, in the form prescribed under Regulation 31 of the SEBI Listing Regulations, one day prior to the listing of the Equity shares. The Shareholding pattern will be uploaded on the website of NSE before commencement of trading of such Equity Shares. Further, PAN of the shareholders will be provided to the Stock Exchange by our Company prior to listing of its Equity Shares on the Stock Exchange.

\*\*\*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 Promoter / members of the Promoter Group shall be dematerialized prior to listing of Equity Shares.

9. Following are the details of the holding of securities (including shares, warrants, convertible securities) of persons belonging to the category “Promoter and Promoter Group”

Sr. No.	Name of the Shareholder	Pre – Issue		Post – Issue	
		No. of Equity Shares	% of Pre-Issue Capital	No. of Equity Shares	% of Post-Issue Capital
(I)	(II)	(III)	(IV)	(V)	(VI)
	<b>Promoters</b>				
1	Shailendra Biyani	15,03,000	25.05	15,03,000	[●]
2	Pradhyumn Nyati	1,64,046	2.73	1,64,046	[●]
3	Vijay Kumar Nyati	2,29,170	3.82	2,29,170	[●]
	<b>Sub total (A)</b>	<b>18,96,216</b>	<b>31.60</b>	<b>18,96,216</b>	<b>[●]</b>
	<b>Promoter Group</b>				
1	Pushpa Biyani	144120	2.40	144120	[●]
2	Renu Biyani	392880	6.55	392880	[●]
3	Manoj Biyani	27000	0.45	27000	[●]
4	Omprakash Biyani	27000	0.45	27000	[●]
5	Manish Nyati	137358	2.29	137358	[●]
6	Vijaya Nyati	80574	1.34	80574	[●]
7	Manorama Devi Nyati	40200	0.67	40200	[●]
8	Mohanlal Kanhaiyalal HUF	57000	0.95	57000	[●]
9	Manish Kumar Radheshyam HUF	108000	1.80	108000	[●]
10	Radhe Shyam Badrinarayan HUF	81000	1.35	81000	[●]
11	Vijay Kumar Radheshyam HUF	54000	0.90	54000	[●]
12	Pooja Nyati	73074	1.22	73074	[●]
13	Varun Nyati	63942	1.07	63942	[●]
14	Mohanlal Gokul Das HUF	44142	0.74	44142	[●]
	<b>Sub total (B)</b>	<b>1330290</b>	<b>22.17</b>	<b>1330290</b>	<b>[●]</b>
	<b>Total (A+B)</b>	<b>32,26,506</b>	<b>53.78</b>	<b>32,26,506</b>	<b>[●]</b>

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

Name of the Promoter	No. of Shares held	Average cost of Acquisition (in Rs.)
Shailendra Biyani	15,03,000	4.06
Pradhyumn Nyati	1,64,046	13.11
Vijay Kumar Nyati	2,29,170	5.24

11. Except as mentioned below, no other persons belonging to the category “Public” holds securities (including shares, warrants, convertible securities) of more than 1% of the total number of shares.

Sr. No	Particulars	Number of Equity Shares	% of Total Paid-Up Capital
1	Mamta Nyati	77,004	1.28%
2	Rajendra Nyati	3,54,000	5.90%
3	Chartist Securities Limited	11,65,710	19.43%



Sr. No	Particulars	Number of Equity Shares	% of Total Paid-Up Capital
4	Sawalram Leasing & Financing Limited	9,75,000	16.25%
5	Rajendra Kumar Bitthaldas HUF	69,000	1.15%

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

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

Sr. No	Particulars	Number of Equity Shares	% of Total Paid-Up Capital
1.	Shailendra Biyani	15,03,000	25.05%
2.	Chartist Securities Limited	11,65,710	19.43%
3.	Sawalram Leasing and Financing Limited	9,75,000,	16.25%
4.	Renu Biyani	3,92,880	6.55%
5.	Rajendra Nyati	3,54,000	5.90%
6.	Vijay Kumar Nyati	2,29,170	3.82%
7.	Pradhyumn Nyati	1,64,046	2.73%
8.	Pushpa Biyani	1,44,120	2.40%
9.	Manish Nyati	1,37,358	2.29%
10.	Manish Kumar Radheshyam HUF	1,08,000	1.80%
	<b>Total</b>	<b>51,73,284</b>	<b>86.22%</b>

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

Sr. No	Particulars	Number of Equity Shares	% of Total Paid-Up Capital
1.	Shailendra Biyani	15,03,000	25.05%
2.	Chartist Securities Limited	11,65,710	19.43%
3.	Sawalram Leasing and Financing Limited	9,75,000,	16.25%
4.	Renu Biyani	3,92,880	6.55%
5.	Rajendra Nyati	3,54,000	5.90%
6.	Vijay Kumar Nyati	2,29,170	3.82%
7.	Pradhyumn Nyati	1,64,046	2.73%
8.	Pushpa Biyani	1,44,120	2.40%
9.	Manish Nyati	1,37,358	2.29%
10.	Manish Kumar Radheshyam HUF	1,08,000	1.80%
	<b>Total</b>	<b>51,73,284</b>	<b>86.22%</b>

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

Sr. No.	Name of Shareholders	Number of Equity Shares	% of then existing total Paid-Up Capital
1	Shailendra Biyani	2,50,500	25.05%
2	Chartlist Securities Limited	1,94,285	19.43%
3	Sawal Ram Leasing and Financing Limited	1,62,500	16.25%
4	Renu Biyani	65,480	6.55%
5	Rajendra Nyati	50,000	5.00%
6	Vijay Kumar Nyati	25,000	2.50%
7	Pushpa Biyani	24,020	2.40%

Sr. No.	Name of Shareholders	Number of Equity Shares	% of then existing total Paid-Up Capital
8	Osram Enterprises Limited (formerly known as Balaji Fintrade Limited)	23,000	2.30%
9	Vijay Maheshwari (H.U.F.)	18,393	1.84%
10	Vedic Commotrade Private Limited (Formerly known as Vaibhav Pipes Private Limited)	13,500	1.35%
	<b>Total</b>	<b>8,26,678</b>	<b>82.67%</b>

13. Our Company does not have any Employee Stock Option Scheme / Employee Stock Purchase Plan for our employees and we do not intend to allot any shares to our employees under Employee Stock Option Scheme / Employee Stock Purchase Plan from the proposed issue. As and when, options are granted to our employees under the Employee Stock Option Scheme, our Company shall comply with the SEBI (Share Based Employee Benefits) Regulations, 2014.
14. Neither the Book Running Lead Manager viz. Pantomath Capital Advisors Private Limited, nor its associates hold any Equity Shares of our Company as on the date of the Draft Red Herring Prospectus.
15. The BRLM, Syndicate Members and any persons related to the BRLM and Syndicate Members (other than Mutual Funds sponsored by entities related to the BRLM) cannot apply in the Issue under the Anchor Investor Portion. However, the associates and affiliates of the BRLM and the Syndicate Members, if any, may subscribe the Equity Shares in the Issue, either in the Net QIB Category or in the Non-Institutional Category as may be applicable to such Bidders, where the allocation is on a proportionate basis and such subscription may be on their own account or on behalf of their clients. Under-subscription in the net issue, if any, in any category, would be allowed to be met with spill over from any other category or a combination of categories at the discretion of our Company in consultation with the Book Running Lead Manager and the National Stock Exchange of India Limited.
16. The unsubscribed portion in any reserved category (if any) may be added to any other reserved category.
17. The unsubscribed portion if any, after such inter se adjustments among the reserved categories shall be added back to the net offer to the public portion.
18. There are no Equity Shares against which depository receipts have been issued.
19. Other than the Equity Shares, there is no other class of securities issued by our Company.
20. There will be no further issue of capital, whether by way of issue of bonus shares, preferential allotment, right issue or in any other manner during the period commencing from the date of the Draft Red Herring Prospectus until the Equity Shares have been listed. Further, our Company does not intend to alter its capital structure within six months from the date of opening of the Issue, by way of split/consolidation of the denomination of Equity Shares. However, our Company may further issue Equity Shares (including issue of securities convertible into Equity Shares) whether preferential or otherwise after the date of the listing of equity shares to finance an acquisition, merger or joint venture or for regulatory compliance or such other scheme of arrangement or any other purpose as the Board may deem fit, if an opportunity of such nature is determined by its Board of Directors to be in the interest of our Company.
21. None of the persons/entities comprising our Promoter Group, or our Directors or their relatives have financed the purchase by any other person of securities of our Company other than in the normal course of the business of any such entity/individual or otherwise during the period of six months immediately preceding the date of filing of this Draft Red Herring Prospectus.
22. Our Company, our Promoters, our Directors and the Book Running Lead Manager have not entered into any buy back or standby or similar arrangements for the purchase of Equity Shares being offered through the Issue from any person.
23. There are no safety net arrangements for this public issue.

24. An over-subscription to the extent of 10% of the Issue can be retained for the purpose of rounding off to the nearest multiple of minimum allotment lot, while finalizing the Basis of Allotment. Consequently, the actual Allotment may go up by a maximum of 10% of the Issue, as a result of which, the post-Issue paid up capital after the Issue would also increase by the excess amount of Allotment so made. In such an event, the Equity Shares held by our Promoters and subject to lock-in shall be suitably increased; so as to ensure that a minimum of 20% of the post Issue paid-up capital is locked in.
25. In case of over-subscription in all categories the allocation in the Issue shall be as per the requirements of Regulation 43 (4) of SEBI (ICDR) Regulations, as amended from time to time.
26. As on date of this Draft Red Herring Prospectus there are no outstanding warrants, options or rights to convert debentures loans or other financial instruments into our Equity Shares.
27. All the Equity Shares of our Company are fully paid up as on the date of this Draft Red Herring 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.
28. As per RBI regulations, OCBs are not allowed to participate in this Issue.
29. Our Company has not raised any bridge loans against the proceeds of the Issue.
30. Our Company undertakes that at any given time, there shall be only one denomination for our Equity Shares, unless otherwise permitted by law.
31. Our Company shall comply with such accounting and disclosure norms as specified by SEBI from time to time.
32. An Applicant cannot make an application for more than the number of Equity Shares being issued through this Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investors.
33. No payment, direct or indirect in the nature of discount, commission, and allowance or otherwise shall be made either by us or our Promoters to the persons who receive allotments, if any, in this Issue.
34. We have 27 shareholders as on the date of filing of this Draft Red Herring Prospectus.
35. Our Promoters and the members of our Promoter Group will not participate in this Issue.
36. Our Company has not made any public issue since its incorporation.
37. Our Company shall ensure that transactions in the Equity Shares by the Promoters and the Promoter Group between the date of filing the Draft Red Herring Prospectus and the Issue Closing Date shall be reported to the Stock Exchange within twenty-four hours of such transaction.
38. For the details of transactions by our Company with our Promoter Group, Group Companies for the financial years ended March 31, 2017, 2016, 2015, 2014 and 2013 and quarter and half year ended December 31, 2017 please refer to paragraph titled "*Details of Related Parties Transactions as Restated*" in the chapter titled '*Financial Statements as restated*' on page 187 of the Draft Red Herring Prospectus.
39. None of our Directors or Key Managerial Personnel holds Equity Shares in our Company, except as stated in the chapter titled "*Our Management*" beginning on page 168 of the Draft Red Herring Prospectus.

## OBJECTS OF THE ISSUE

### Requirement of Funds

The proceeds of the Issue, after deducting Issue related expenses, are estimated to be Rs. [•] lakhs (the “Net Proceeds”)

We intend to utilize the Net Proceeds towards the following object:

1. Funding the working capital requirements of the company and
2. General Corporate Purposes.

(Collectively, herein referred to the “Objects”)

The main objects clause of our Memorandum of Association and the objects incidental and ancillary to the main objects enables us to undertake the activities for which funds are being raised in the Issue. The existing activities of our Company are within the objects clause of our Memorandum of Association.

Also, we believe that the listing of Equity Shares will enhance our Company’s corporate image, brand name and create a public market for our Equity Shares in India.

### ISSUE PROCEEDS

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

(Rs. In lakhs)

Particulars	Estimated Amount
Gross Proceeds from the Issue	[•]
(Less) Issue related expenses	[•]
<b>Net Proceeds</b>	[•]

### UTILIZATION OF NET PROCEEDS

The Net Proceeds are proposed to be used in the manner set out in the following table:

(Rs In lakhs)

Sr. No.	Particulars	Amount to be financed from Net Proceeds of the Issue (Rs. In lakhs)	Percentage of Gross proceeds	Percentage of Net Proceeds
1.	Funding the working capital requirements of the company	550.00	[•]	[•]
2.	General Corporate Purposes*	[•]	[•]	[•]

\*To be finalized on determination of the Issue Price and updated in the Prospectus prior to filling with RoC.

### SCHEDULE OF IMPLEMENTATION & DEPLOYMENT OF FUNDS

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. As on the date of this Draft Red Herring Prospectus our Company has not deployed any funds towards the objects of the Issue

(Rs In lakhs)

Activity	Amount to be funded from the Net Proceeds	Estimated Utilization of Net Proceeds (Financial Year 2018-2019)
Funding the working capital requirements of the Company	550.00	550.00
General Corporate Purposes*	[•]	[•]

\* To be finalized on determination of the Issue Price and updated in the Prospectus prior to filing with the RoC.

To the extent our Company is unable to utilize any portion of the Net Proceeds towards the Objects, as per the estimated schedule of deployment specified above, our Company shall deploy the Net Proceeds in the subsequent Financial Years towards the Objects

#### MEANS OF FINANCE

The working capital requirements under our Objects will be met through the Net Proceeds to the extent of Rs. 550.00 lakhs and balance through internal accruals/ net worth, unsecured loans and bank finance.

*Amount (Rs. In lakhs)*

Object of the Issue	Amount Required	IPO Proceeds	Internal Accruals/Net Worth/Unsecured Loans	Bank Loan (Cash Credit)
Funding the working capital requirements of the Company	2,476.57	550.00	1,476.57	450.00
General Corporate Purposes*	[•]	[•]	-	-

Accordingly, we confirm that we are in compliance with the requirement to make firm arrangements of finance under Regulation 4(2)(g) of the SEBI ICDR Regulations through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised through the Net Proceeds and existing identifiable internal accruals.

#### APPRAISAL BY APPRAISING AGENCY

The fund requirement and deployment is based on internal management estimates and has not been appraised by any bank or financial institution.

The fund requirements are based on current circumstances of our business and our Company may have to revise its estimates from time to time on account of various factors beyond its control, such as market conditions, competitive environment, costs of commodities and interest or exchange rate fluctuations. The actual costs would depend upon the negotiated prices with the suppliers/contractors and may vary from the above estimates. Consequently, the fund requirements of our Company are subject to revisions in the future at the discretion of the management. 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 compliance with applicable laws. Further, in case of a shortfall in the Net Proceeds or cost overruns, our management may explore a range of options including utilising our internal accruals or seeking debt financing.

#### FUNDING THE WORKING CAPITAL REQUIREMENTS OF THE COMPANY

We fund the majority of our working capital requirements in the ordinary course of our business from our internal accruals, net worth, financing from various banks and unsecured loans. As on March 31, 2016 and March 31, 2017, the amount outstanding on our Company's fund based working capital facility was Rs. 451.26 lakhs and Rs 455.17 lakhs respectively as per restated financial statements. As on March 31, 2017, our sanctioned working capital facilities comprising fund based limit of Rs 450.00 lakhs and non-fund based limit of Rs 150.00 lakhs. For further details, please refer to the chapter titled "Financial Indebtedness" beginning on page [•] of this Draft Red Herring Prospectus.

Our Company's existing working capital requirement and funding on the basis of Restated Financial Information as of March 31, 2016 and March 31, 2017 are as stated below:

**Basis of estimation of working capital requirement**

*Amount (Rs. In Lakhs)*

Particulars	As on March 31, 2016	As on March 31, 2017
<b>Current Assets</b>		
Inventory		
- Raw Material	850.94	741.82
- Finished Goods	95.00	74.42
Trade Receivable	807.98	1,318.22
Cash and cash equivalents	79.34	43.25
Other Current Asset	20.26	21.36
<b>Total (A)</b>	<b>1,853.52</b>	<b>2,199.07</b>
<b>Current Liabilities</b>		
Trade Payables	509.59	643.80
Other Current Liabilities and Short term provision	39.89	37.04
<b>Total (B)</b>	<b>549.48</b>	<b>680.84</b>
<b>Net Working Capital (A)-(B)</b>	<b>1,304.04</b>	<b>1,518.23</b>
<b>Existing Funding Pattern</b>		
Working Capital funding from Banks	451.26	455.17
Internal accruals/Net Worth/Unsecured Loans	852.78	1,063.06

The projected working capital requirement for Fiscal 2018 and 2019 are as stated below:

*Amount (Rs. In Lakhs)*

Particulars	2017-18 (Estimated)	2018-19 (Estimated)
<b>Current Assets</b>		
Inventory		
- Raw Material	1,013.40	1,252.17
- Finished Goods	113.26	124.73
Trade Receivables	1,508.45	1,797.58
Cash and cash equivalents	94.51	140.96
Other Current Asset	86.82	196.41
<b>Total (A)</b>	<b>2,816.44</b>	<b>3,511.85</b>
<b>Current Liabilities</b>		
Trade Payables	971.41	945.04
Other Current Liabilities and Short term Provisions	102.57	90.24
<b>Total (B)</b>	<b>1,073.98</b>	<b>1,035.28</b>
<b>Net Working Capital (A)-(B)</b>	<b>1,742.46</b>	<b>2,476.57</b>
<b>Proposed funding pattern</b>		
Issue Proceeds	-	550.00
Working Capital funding from Bank	450.00	450.00
Internal Accruals/Net worth/Unsecured Loans	1,292.46	1,476.57
<b>Total Source</b>	<b>1,742.46</b>	<b>2,476.57</b>

**Assumption for working capital requirements**

Assumptions for Holding Levels

*(In months)*

Particulars	Holding Level for March 31, 2016	Holding Level for March 31, 2017	Holding Level for March 31, 2018 (Estimated)	Holding Level for March 31, 2019 (Estimated)
<b>Current Assets</b>				
Raw Material	5.39	4.33	4.85	5.50
Finished Goods	0.52	0.40	0.50	0.50
Trade Receivables	3.99	6.29	6.00	6.50
<b>Current Liabilities</b>				
Trade Payables	2.23	3.97	4.20	3.82

#### **Justification for “Holding Period” levels**

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

<b>Assets- Current Assets</b>	
<b>Inventories</b>	Our company intends to maintain raw material level of 4.85 months and 5.50 months in financial years 2017-18 and 2018-19 respectively as against 4.33 months in financial year 2016-17 as we expect increase in our business operations in these years. Our company intends to hold finished goods level of 0.50 months in financial years 2017-18 and 2018-19 against 0.40 months in 2016-17 as we expect increase in our business operations in these years.
<b>Trade receivables</b>	Our Company intends to tap new customers and provide liberal credit facility from 6.00 months in financial year 2017-18 to 6.50 months in the financial year 2018-19 to our customers for expanding our sales.
<b>Liabilities - Current Liabilities</b>	
<b>Trade Payables</b>	Our credit period for goods based on restated financial statements was 3.97 months for financial year 2016-17. Going forward we have estimated trade payable level of 3.82 months in financial year 2018-19, as we expect to prune our creditors days by infusing funds towards working capital from the Net Issue Proceeds.

On the basis of our existing working capital requirements and the projected working capital requirements, our Board pursuant to the resolution dated June 16, 2018 has approved the business plan for the Fiscals 2018 and 2019.

Our Company proposes to utilize Rs. 550.00 lakhs of the Net Proceeds in Fiscal 2019 towards our working capital requirements. The balance portion of our working capital requirement for the Fiscal 2019 will be arranged from existing Equity, Bank loans, internal accruals and unsecured loans.

#### **GENERAL CORPORATE PURPOSES**

The Net Proceeds will be first utilized towards the Objects as mentioned above. The balance is proposed to be utilized for general corporate purposes, subject to such utilization not exceeding 25% of the Net Proceeds, in compliance with the SEBI (ICDR) Regulations. Our Company intends to deploy the balance Net Proceeds, if any, for general corporate purposes, subject to above mentioned limit, as may be approved by our management, including but not restricted to, the following:

- ❖ strategic initiatives
- ❖ brand building and strengthening of marketing activities; and
- ❖ On-going general corporate exigencies or any other purposes as approved by the Board subject to compliance with the necessary regulatory provisions.

The quantum of utilization of funds towards each of the above purposes will be determined by our Board of Directors based on the permissible amount actually available under the head “General Corporate Purposes” and the business requirements of our Company, from time to time. We, in accordance with the

policies of our Board, will have flexibility in utilizing the Net Proceeds for general corporate purposes, as mentioned above.

## ISSUE RELATED EXPENSES

The total expenses of the Issue are estimated to be approximately Rs [●] lakhs. The expenses of this Issue, include among others, underwriting and management fees, printing and distribution expenses, advertisement expenses, legal fees and listing fees. The estimated Issue expenses are as follows:

Expenses	Expenses (Rs in lakhs)	Expenses (% of total issue expenses)	Expenses (% of Gross Issue Proceeds)
Fees payable to Book Running Lead Manager (including Underwriting commission)	[●]	[●]	[●]
Brokerage and selling commission payable to Syndicate**	[●]	[●]	[●]
Brokerage and selling commission payable to Registered Brokers***	[●]	[●]	[●]
Processing fees to SCSBs for ASBA Applications procured by the members of the Syndicate or Registered Brokers and submitted with the SCSBs**	[●]	[●]	[●]
Others (listing fees, legal fees, advertising, marketing, stationery charges, bankers to the Issue, auditor's fees, etc)	[●]	[●]	[●]
Total estimated Issue expenses	[●]	[●]	[●]

\*Will be incorporated at the time of filing of the Prospectus.

\*\*Selling commission payable to the members of the Syndicate, CDPs, RTA and SCSBs, on the portion for RIIs and NIIs, would be as follows:

Portion for RIIs	[●]% ^ (exclusive of Goods and Service Tax)
Portion for NIIs	[●]% ^ (exclusive of Goods and Service Tax)

^Percentage of the amounts received against the Equity Shares Allotted (i.e. the product of the number of Equity Shares Allotted and the Issue Price)

Further, the Members of Syndicate, RTAs and CDPs will be entitled to bidding charges of Rs [●] (plus applicable Goods and Service Tax) per valid ASBA Form. The terminal from which the Bid has been uploaded will be taken into account in order to determine the total bidding charges payable to the relevant RTA/CDP.

\*\*\*Registered Brokers, will be entitled to a commission of Rs. [●] (plus applicable Goods and Service Tax) per Bid cum Application Form, on valid Bids, which are eligible for allotment, procured from RIIs and NIIs and submitted to the SCSB for processing. The terminal from which the bid has been uploaded will be taken into account in order to determine the total processing fees payable to the relevant Registered Broker.

\*\*\*\* SCSBs would be entitled to a processing fee of Rs. [●] (plus Goods and Service Tax) for processing the Bid cum Application Forms procured by the members of the Syndicate, Registered Brokers, RTAs or the CDPs and submitted to SCSBs.

## BRIDGE FINANCING

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



amount that is drawn down from the overdraft arrangement / cash credit facility during this period to finance project requirements will be repaid from the Net Proceeds of the Issue.

#### **INTERIM USE OF FUNDS**

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

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

#### **MONITORING UTILIZATION OF FUNDS**

As the size of the Issue does not exceed Rs 10,000 lakhs in terms of Regulation 16 of the SEBI Regulations, our Company is not required to appoint a monitoring agency for the purposes of this Issue. Our Board and Audit Committee shall monitor the utilization of the Net Proceeds.

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

#### **VARIATION IN OBJECTS**

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

#### **OTHER CONFIRMATIONS**

No part of the proceeds of the Issue will be paid by us to the Promoters and Promoter Group, the Directors, Associates, Key Management Personnel or Group Companies except in the normal course of business and in compliance with the applicable law.

## BASIS FOR ISSUE PRICE

The Issue Price of Rs. [●] per Equity Share will be determined by our Company in consultation with the Book Running Lead Manager, on the basis of an assessment of market demand for the Equity Shares issued through the Book Building Process and on the basis of qualitative and quantitative factors as described below. The face value of the Equity Shares is Rs. 10 each and the Issue Price is [●] times the face value at the lower end of the Price Band and [●] times the face value at the higher end of the Price Band. Investors should also refer to the sections titled “Risk Factors” and “Financial Statements” and chapter titled “Our Business” beginning on pages 20, 187 and 139, respectively, to have an informed view before making an investment decision. The trading price of the Equity Shares of our Company could decline due to these risk factors and you may lose all or part of your investments.

### QUALITATIVE FACTORS

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

- Experienced Promoters and management team;
- Wide range of products;
- Cordial relationship with suppliers and customers; and
- Focus on research and development.

For further details, refer to heading “Our Competitive Strengths” under chapter titled “Our Business” beginning on page 139 of this Draft Red Herring Prospectus.

### QUANTITATIVE FACTORS

The information presented below relating to the Company is based on the restated financial statements of the Company for Financial Years 2017, 2016, 2015 and period ended December 31, 2017 prepared in accordance with Indian GAAP. Some of the quantitative factors, which form the basis or computing the price, are as follows:

#### 1. Basic and Diluted Earnings per Share (EPS) as per Accounting Standard 20 as adjusted for changes in capital based on restated financials:

Year/Period Ended	Basic & Diluted EPS (Rs.)	Weight
March 31, 2017	1.63	3
March 31, 2016	1.78	2
March 31, 2015	0.62	1
<b>Weighted Average</b>		<b>1.51</b>
<b>For the period ended December 31, 2017*</b>		<b>1.90</b>

\*Not Annualised

#### Notes:

- The earnings per share has been computed by dividing net profit as restated, attributable to equity shareholders by restated weighted average number of equity shares outstanding during the period / year. Restated weighted average number of equity shares has been computed as per AS20. The face value of each Equity Share is Rs. 10/-. Basic EPS is Net profit attributable to equity shareholders divided by weighted average number of Equity Shares outstanding during the year / period.
  - Our Company issued 50,00,000 Equity Shares as fully paid Bonus Shares to its existing shareholders on September 16, 2016 in the ratio of 5:1. For the purpose of calculating the Earnings Per Share above, these bonus shares have been considered in the calculation of weighted average number of Equity Shares.
- #### 2. Price to Earnings (P/E) ratio in relation to Issue Price of Rs. [●] per Equity Share of Rs. 10 each fully paid up:

Particulars	P/E at the lower end of Price band (no. of times)	P/E at the higher end of Price band (no. of times)
P/E ratio based on Basic & Diluted EPS for FY 2016-17	[●]	[●]
P/E ratio based on Weighted Average Basic & Diluted EPS	[●]	[●]
Industry		
<b>Highest</b>		<b>23.69</b>
<b>Lowest</b>		<b>6.94</b>
<b>Average</b>		<b>15.32</b>

\*Industry Composite comprises of Sakar Healthcare Limited & Kwalita Pharmaceuticals Limited.

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

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

Year/Period Ended	RoNW (%)	Weight
March 31, 2017	10.62	3
March 31, 2016	13.03	2
March 31, 2015	5.24	1
<b>Weighted Average (%)</b>		<b>10.53</b>
<b>For the period ended December 31, 2017 (%)*</b>		<b>11.04</b>

\*Not Annualised

**Note:** The RoNW has been computed by dividing net profit after tax as restated, by Net Worth as at the end of the year excluding revaluation reserve. Net worth has been computed as the aggregate of share capital and reserves and surplus (excluding revaluation reserves and miscellaneous expenditure not written off, if any) of our Company.

### 4. Minimum Return on Total Net Worth post Issue needed to maintain Pre-Issue EPS for the year ended March 31, 2017 based on restated financial statements

#### To maintain pre-issue basic EPS

- At the floor price – [●]%
- At the cap price – [●]%

#### To maintain pre-issue diluted EPS

- At the floor price – [●]%
- At the cap price – [●]%

### 5. Net Asset Value (NAV) Per Share:

Particulars	Based on Restated Financial Statements
Net Asset Value per Equity Share as of December 31, 2017	17.21
Net Asset Value per Equity Share as of March 31, 2017	15.31
Net Asset Value per Equity Share after the Issue-At Floor Price	[●]
Net Asset Value per Equity Share after the Issue-At Cap Price	[●]
Issue Price per equity share	[●]

#### Notes:

- Net Asset Value per Equity Share has been calculated as net worth divided by number of equity shares at the end of the year/period.
- Net worth has been computed as the aggregate of share capital and reserves and surplus (excluding revaluation reserves, if any) of our Company. Issue Price per Equity Share will be determined on conclusion of the Book Building Process.

### 6. Comparison with other listed companies:

Companies	CMP *	EPS (Basic)	EPS (Diluted)	PE Ratio	RONW %	NAV (Per Share)	Face Value	Total Income (In Lakhs)
Affine Formulations Limited	[●]	1.63	1.63	[●]	10.62%	15.31	10.00	2,525.27
<b>Peer Groups**</b>								
Sakar Healthcare Limited	72.95	3.08	3.56	23.69	9.52%	32.39	10.00	4,490.49
Kwality Pharmaceuticals Limited	46.50	6.70	6.70	6.94	13.43%	50.96	10.00	9,683.83

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

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

#### Notes:

- Considering the natures and size of business of the Company the peers are not strictly comparable. However, same have been included for broad comparison.
- The figures for Affine Formulations Limited are based on the restated financial results for the year ended March 31, 2017.
- The figures for the peer group are based on standalone audited results for the respective year ended March 31, 2017.
- Current Market Price (CMP) is the closing prices of respective scripts as on May 07, 2018.
- NAV is computed as the closing net worth divided by the closing outstanding number of equity shares. Net worth has been computed as the aggregate of share capital and reserves and surplus (excluding Revaluation Reserves and Miscellaneous Expenditure not written off).
- P/E Ratio has been computed based on the closing market price of equity shares on May 07, 2018 divided by the Basic EPS.
- RoNW is computed as net profit after tax divided by closing net worth. Net worth has been computed as the aggregate of share capital and reserves and surplus (excluding Revaluation Reserves and Miscellaneous Expenditure not written off).
- The Issue Price of Rs. [●]/- per Equity Share will be determined by the Company in consultation with the BRLM and is justified based on the above accounting ratios.
- The Issue Price of Affine Formulations Limited will be Rs. [●] per Equity Share. Affine Formulations Limited is a Book Built issue and price band for the same shall be published 5 working days before opening of the Issue in English and Hindi national newspapers and one regional newspaper with wide circulation.
- The Issue Price of Rs [●] will be determined by our Company, in consultation with the Book Running Lead Manager, on the basis of assessment of market demand from investors for Equity Shares through the Book Building Process and, is justified in view of the above qualitative and quantitative parameters.

## STATEMENT OF POSSIBLE TAX BENEFIT

**The Board of Directors**  
**Affine Formulations Limited**  
28/10 Talwali Dewas Naka,  
Indore (M.P.)-452010.

Dear Sirs,

**Sub: Statement of possible special tax benefits (“the Statement”) available to Affine Formulations Limited (“the Company”) and its shareholders prepared in accordance with the requirements in Schedule VIII-Clause (VII) (L) of the Securities Exchange Board of India (Issue of Capital Disclosure Requirements) Regulations 2009, as amended (“the Regulations”)**

We hereby report that the enclosed annexure, prepared by the Management of the Company, states the possible special tax benefits available to the Company and the shareholders of the Company under the Income - Tax Act, 1961 (“Act”) as amended by the Finance Act, 2017 (i.e. applicable to Financial Year 2017-18 relevant to Assessment Year 2018-19), presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the Act. Hence, the ability of the Company or its shareholders to derive the special tax benefits is dependent upon fulfilling such conditions which, based on business imperatives which the Company may face in the future, the Company may or may not choose to full fill

The benefits discussed in the enclosed annexure cover only special tax benefits available to the Company and its Shareholders and do not cover any general tax benefits available to the Company or its Shareholders. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. A shareholder is advised to consult his/ her/ its own tax consultant with respect to the tax implications arising out of his/her/its participation in the proposed issue, particularly in view of ever changing tax laws in India.

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

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

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

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

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

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

**For, N. K. Aswani & Co.**  
**Chartered Accountants**  
**Firm Registration No. 100738W**

**Narain K. Aswani**  
**Proprietor**

**Membership No. 033278**  
**Place: Ahmedabad**  
**Date: May 24, 2018**

THE FOLLOWING KEY TAX BENEFITS ARE AVAILABLE TO THE COMPANY AND THE PROSPECTIVE SHAREHOLDERS UNDER THE CURRENT DIRECT TAX LAWS IN INDIA.

**A) SPECIAL TAX BENEFITS AVAILABLE TO OUR COMPANY AND ITS SHAREHOLDERS**

**I. Special Benefits available to Company:** With Reference to notification no.1(10)/2001-NER Government of India Ministry of Commerce & Industry (Department of Industrial Policy & Promotion) New Delhi Dated 7<sup>th</sup> January , 2003 Towards New Industrial Policy & Other Concession for the state of Uttaranchal & Himachal Pradesh . Following Fiscal Incentives to new Industrial Units & To existing on their substantial Expansion:

- 100% Income-Tax Exemption for Initial Period of 5 years & Thereafter 30% For Companies & 25% for Other Than companies for a further period of 5 years for entire state of Uttaranchal & Himachal Pradesh from the date of commencement of commercial production .

**II. Special Benefits available to the Shareholders of Company:** There are no special tax benefits available to the Equity Shareholders.

## SECTION IV- ABOUT THE COMPANY

### OUR INDUSTRY

The information in this section includes extracts from publicly available information, data and statistics and has been derived from various government publications and industry sources. Neither we nor any other person connected with the Issue have verified this information. The data may have been re-classified by us for the purposes of presentation. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured and, accordingly, investment decisions should not be based on such information. You should read the entire Draft Red Herring Prospectus, including the information contained in the sections titled “Risk Factors” and “Financial Statements” and related notes beginning on page 20 and 187 respectively of this Draft Red Herring Prospectus before deciding to invest in our Equity Shares.

#### OVERVIEW OF INDIAN PHARMACEUTICAL INDUSTRY

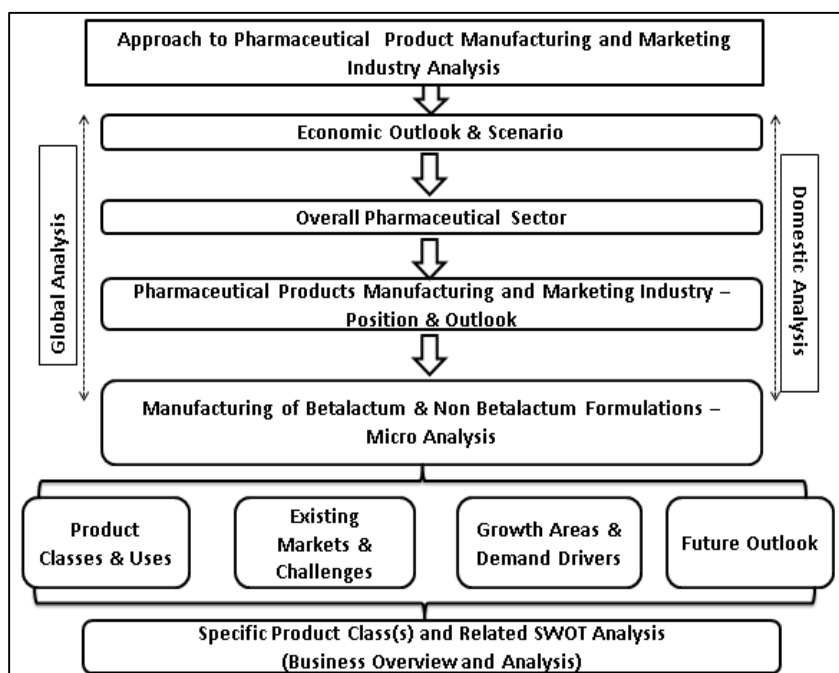
The Indian pharmaceuticals market is the third largest in terms of volume and thirteenth largest in terms of value, as per a report by Equity Master. India is the largest provider of generic drugs globally with the Indian generics accounting for 20 per cent of global exports in terms of volume. Of late, consolidation has become an important characteristic of the Indian pharmaceutical market as the industry is highly fragmented.

India enjoys an important position in the global pharmaceuticals sector. The country also has a large pool of scientists and engineers who have the potential to steer the industry ahead to an even higher level. Presently over 80 per cent of the antiretroviral drugs used globally to combat AIDS (Acquired Immuno Deficiency Syndrome) are supplied by Indian pharmaceutical firms.

The UN backed Medicines Patent Pool has signed six sublicences with Aurobindo, Cipla, Desano, Emcure, Hetero Labs and Laurus Labs, allowing them to make generic anti AIDS medicine TenofovirAlafenamide (TAF) for 112 developing countries

(Source: Indian Pharmaceuticals Industry Analysis - India Brand Equity Foundation - [www.ibef.org](http://www.ibef.org))

#### APPROACH TO PHARMACEUTICAL INDUSTRY



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



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

Pharmaceutical Sector comprises various industries, which in turn, have numerous sub-classes or products. One such major industry in the overall Pharmaceutical Sector is “Pharmaceutical Products Manufacturing and Marketing Industry”, which in turn encompasses various segments such as Manufacturing of Betalactum and Non Betalactum Formulations.

Thus, the micro analysis of segments such as manufacturing of Betalactum and Non Betalactum Formulations should be analysed in the light of “Pharmaceutical Products Manufacturing and Marketing Industry” at large. An appropriate view on Betalactum and Non Betalactum then, calls for the overall economic outlook, performance and expectations of Pharmaceutical Sector, position of Pharmaceutical Products Manufacturing and Marketing Industry and micro analysis thereof.

## **GLOBAL ECONOMIC OVERVIEW**

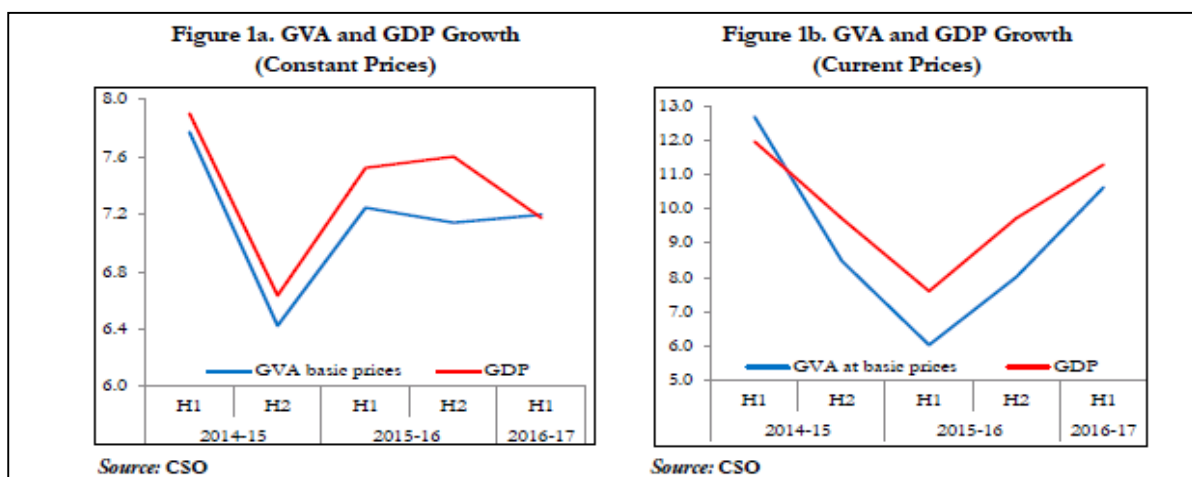
For India, three external developments are of significant consequence. In the short run, the change in the outlook for global interest rates as a result of the US elections and the implied change in expectations of US fiscal and monetary policy will impact on India’s capital flows and exchange rates.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

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

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

## **REVIEW OF MAJOR DEVELOPMENTS IN INDIAN ECONOMY**

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



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

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

### External Sector

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

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

### Fiscal Position

Trends in the fiscal sector in the first half have been unexceptional and the central government is committed to achieving its fiscal deficit target of 3.5 percent of GDP this year. Excise duties and services taxes have benefitted from the additional revenue measures introduced last year. The most notable feature has been the over-performance (even relative to budget estimates) of excise duties in turn based on

buoyant petroleum consumption: real consumption of petroleum products (petrol) increased by 11.2 percent during April-December 2016 compared to same period in the previous year. Indirect taxes, especially petroleum excises, have held up even after demonetisation in part due to the exemption of petroleum products from its scope. More broadly, tax collections have held up to a greater extent than expected possibly because of payment of dues in demonetised notes was permitted. Non-tax revenues have been challenged owing to shortfall in spectrum and disinvestment receipts but also to forecast optimism; the stress in public sector enterprises has also reduced dividend payments.

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

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

## **OUTLOOK FOR 2016-17**

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

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

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

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

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

To estimate a demonetisation effect, one needs to start with the counterfactual. Our best estimate of growth in the absence of demonetisation is 11¼ percent in nominal terms (slightly higher than last year's

Survey forecast because of the faster rebound in WPI inflation, but lower than the CSO's advance estimate of 11.9 percent) and 7 percent in real terms (in line with both projections).

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

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

## **OUTLOOK FOR 2017-18**

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

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

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

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

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

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

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

### Fiscal outlook

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

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

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

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

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

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

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

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

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

Another area of reform relates to labour. Given the difficulty of reforming labor laws per se, the thrust could be to move towards affording greater choice to workers which would foster competition amongst service providers. Choices would relate to: whether they want to make their own contribution to the Employees' Provident Fund Organisation (EPFO); whether the employers' contribution should go to the EPFO or the National Pension Scheme; and whether to contribute to the Employee State Insurance (ESI) or an alternative medical insurance program. At the same time, there could be a gradual move to ensure that at least compliance with the central labour laws is made paperless, presence less, and cashless. One radical idea to consider is the provision of a universal basic income. But another more modest proposal worth embracing is procedural: a standstill on new government programs, a commitment to assess every new program only if it can be shown to demonstrably address the limitations of an existing one that is

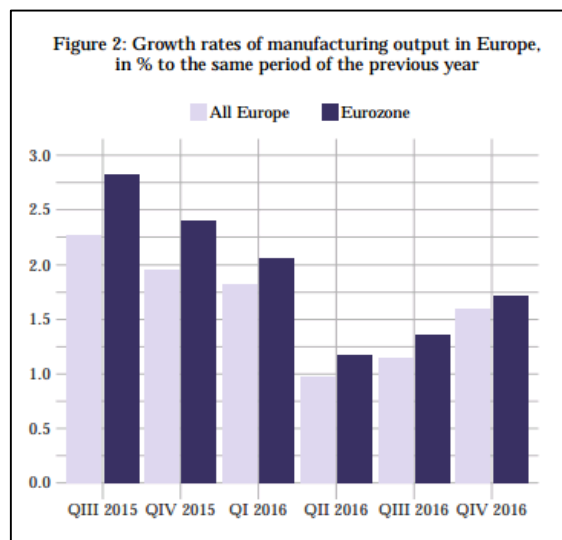
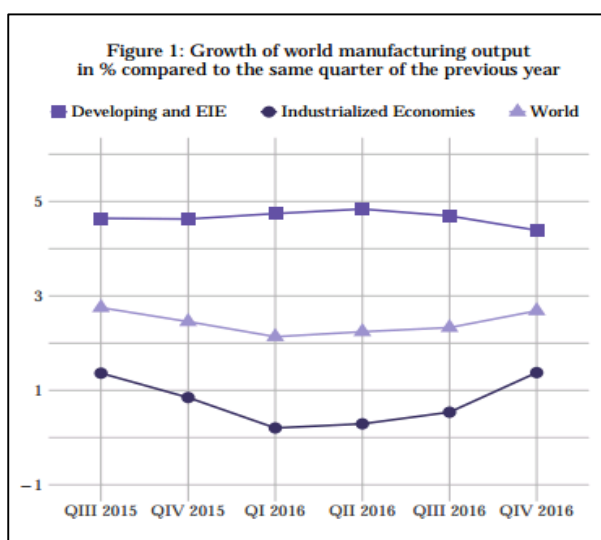
similar to the proposed one; and a commitment to evaluate and phase down existing programs that are not serving their purpose

## GLOBAL MANUFACTURING INDUSTRY

### World manufacturing growth

World manufacturing output growth improved slightly during the final quarter of 2016. Fourth quarter figures show that the improvement is primarily attributable to the continuing recovery process in industrialized economies. However, manufacturing output growth further slowed in developing and emerging industrial economies. Although the overall growth trend in world manufacturing was positive in the second half of 2016, geopolitical uncertainty remained high and potential changes in global trade arrangements may create new risks.

Against the backdrop of sluggish dynamics, world manufacturing output rose by 2.7 per cent in the fourth quarter of 2016 compared to the same period of the previous year, which is higher than the 2.3 per cent rise in the third quarter and represents the strongest performance since the beginning of the year. A slightly decelerated growth rate observed in developing and emerging industrial economies during the final quarter of 2016 was compensated by a more positive picture in industrialized countries as their growth performance improved. However, the level of growth in developing economies has been consistently higher than in industrialized countries, as depicted in Figure 1.



Major industrialized economies with significant contributions to global manufacturing output, namely the United States, Japan, Germany, the Republic of Korea and United Kingdom, recorded an expansion compared to the same period of the previous year. In China, the world's largest manufacturer, comparably lower growth rates have now become more prevalent, thus pushing the average industrial growth of emerging industrial economies downward.

The manufacturing output of industrialized economies increased to 1.4 per cent in the fourth quarter of 2016 from the 0.5 per cent recorded in the previous quarter. This increase is primarily attributable to the performance of East Asia, which experienced a significant reversal in growth in the second half of 2016, following several consecutive slumps that have lasted for nearly two years. The main force driving this nearly 2.9 per cent year-by-year upturn is Japan, East Asia's major manufacturer, whose export-fuelled growth was also supported by a weakened yen against the US dollar. Production in Europe witnessed a healthy growth momentum at the end of 2016, and had a positive impact on the manufacturing growth of industrialized countries as a whole. By contrast, the growth of North America's manufacturing output remained stagnant in the fourth quarter of 2016 and recorded a negligible gain of 0.2 per cent.

The manufacturing output of developing and emerging industrial economies rose by merely 4.4 per cent. This was the first time the growth of these economies was below 5.0 per cent since the beginning of 2015. Asian economies maintained a relatively higher growth rate at 5.5 per cent, but their growth performance hit a multi-year low in the final quarter of 2016. Other regions' production slightly decreased compared to the same period of 2015: by 1.0 per cent in Latin America and 0.5 per cent in Africa. As long as economic and political instability persists in industrialized countries, the threat of another slowdown remains looming over developing economies.

(Source: World Manufacturing Production- Statistics for Quarter IV, 2016; United Nations Industrial Development Organisation - [www.unido.org](http://www.unido.org))

### Industrialized Economies

The manufacturing output growth of industrialized economies improved in the last quarter of 2016 from 0.5 per cent in the third quarter to 1.4 per cent. This acceleration was characterized by an upward trend in East Asia and Europe. Manufacturing growth experienced a moderate, albeit noticeable slowdown in North America.

Among the industrialized country group, Europe's manufacturing output grew by 1.6 per cent in the final quarter of 2016, while the eurozone registered a growth rate of 1.7 per cent. The growth trends for these two groups converged and nearly merged at the end of 2016, displaying a fairly balanced resistance and response to adverse impacts. When comparing year-to-year developments among the leading eurozone economies, Italy registered a 2.8 per cent growth rate followed by Germany with a growth rate of 1.2 per cent, while a more moderate growth rate of 0.2 per cent was observed in France. The growth figures for the majority of eurozone countries were positive, with strong growth performance observed in Slovenia - the fastest growing manufacturer among all eurozone countries in 2016. Manufacturing output rose by 2.0 per cent and more in Lithuania, Finland, the Netherlands and Ireland, while Portugal's dropped by 0.6 per cent.

Beyond the eurozone, the manufacturing production in the United Kingdom recorded a positive growth rate in the final quarter of 2016 at 1.9 per cent, despite an expected slowdown in the aftermath of Brexit. Manufacturing output in the Russian Federation grew by a moderate rate of 1.0 per cent, continuing its shaky recovery after the country's economy was severely hit by the drop in oil prices. The pace of growth remained slow in Czechia and Hungary due to the reduction in EU investment funds and even less positive results came from Switzerland, where manufacturing output dropped by 1.6 per cent compared to the same period of the previous year.

Overall manufacturing production in North America grew by 0.2 per cent compared to the fourth quarter of the previous year. The still strong dollar made American-made goods more expensive and less competitive compared to foreign produced goods, which led to weak exports and subsequently to a negligible 0.2 per cent improvement in total manufacturing output in the United States on a year-to-year basis. Positive growth was reported in the production of motor vehicles, computers, electronic and optical products, but the majority of manufacturing industries reported a decline. In Canada, manufacturing growth in the fourth quarter of 2016 varied considerably by industry. While the production of pharmaceuticals and chemicals remained strong, production in fabricated metal products and in the automotive industry dropped. Aggregated growth of manufacturing output in Canada was 0.2 per cent in the fourth quarter of 2016.

The disruption of a long period of consecutive contraction in the industrialized East Asian economies was confirmed by a positive result in the fourth quarter of 2016 - nearly 2.9 per cent improvement was observed compared to the fourth quarter of 2015. A major force stimulating this change was Japan, which recorded a positive growth rate of 2.7 per cent following a nearly two-year period of consecutive slumps, except for the last quarter, when the first signs of improvement arose. This upswing is primarily attributable to the boost in all three key sectors in Japan - the automotive industry, computers, electronic and optical products and machinery and equipment. Taking advantage of the weakening yen and a pickup in global trade, manufacturing production in the Republic of Korea witnessed a gain of 1.7 per cent. Malaysia's total manufacturing output recorded a 4.9 per cent rise in the fourth quarter of 2016 on a year-to-year basis, and very strong growth figures were also observed in Singapore.

Despite this overall improvement, global growth still looks fragile due to the uncertainty in Europe generated by Brexit and the upcoming U.S. secession from the Trans-Pacific Partnership. On the other hand, a new free-trade agreement between the EU and Canada looks promising for the manufacturing of a number of countries.

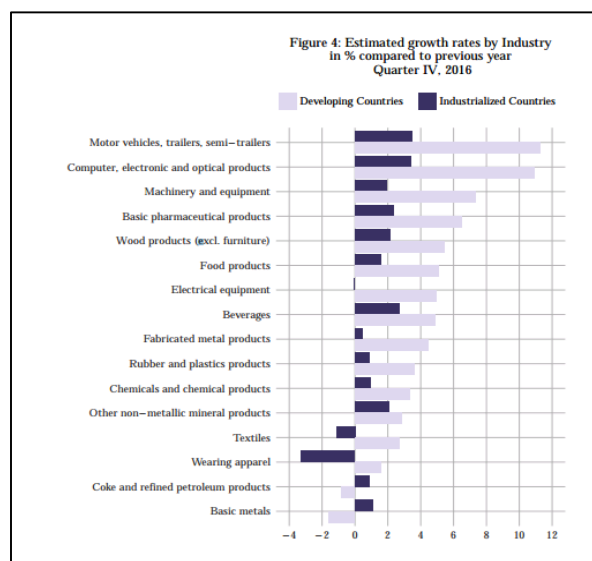
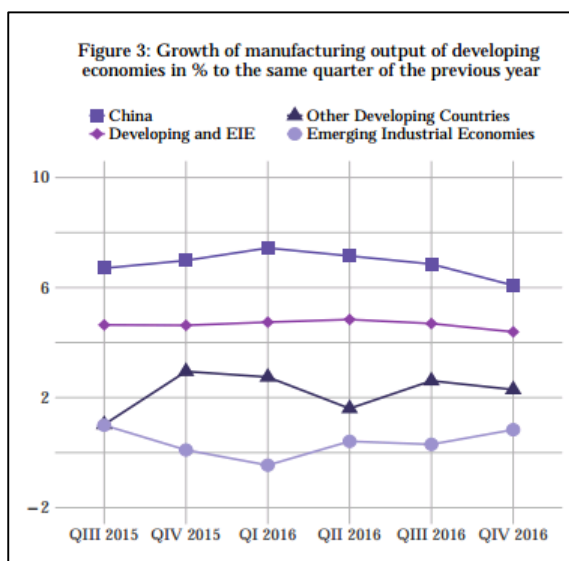
(Source: World Manufacturing Production- Statistics for Quarter IV, 2016; United Nations Industrial Development Organisation - [www.unido.org](http://www.unido.org))

### Developing and Emerging Industrial Economies

The overall growth of manufacturing output in developing and emerging industrial economies was affected by gloomy signals emanating from the major economies in this group. Although manufacturing

activity in China continued to expand, its pace slowed compared to the previous quarter. In the final quarter of 2016, manufacturing production in China rose by 6.1 per cent over the same period of the previous year, reflecting a slowdown from the 6.9 per cent growth rate recorded in the previous quarter. This slightly steeper deceleration was mainly driven by negative growth in the production of basic metals, China's strongest industry. Following an uninterrupted downward trajectory since late 2013, the trend in China now seems to point towards stabilization at a sustainable pace.

Latin American economies, which have recently faced a severe decline due to subdued global demand, low commodity prices and domestic political turbulence, have reduced their declining growth rate to 1.0 per cent. On a sequential basis, the fall in manufacturing activity in Brazil has softened throughout 2016, dropping only by 2.9 per cent in a year-to-year comparison in the final quarter of 2016. The largest expansion was seen in the manufacturing of motor vehicles, closely followed by manufacturing of computer, electronic and optical products. Other larger Latin American manufacturers, namely Mexico and Colombia, recorded a positive growth of 2.0 per cent and 1.5 per cent, respectively, while Argentina, Chile and Peru experienced contractions.



Growth performance was much higher in Asian economies, where manufacturing output rose by 5.5 per cent in the fourth quarter of 2016, a decent result considering that the production growth rate of Asian developing economies has not dropped below 6.0 per cent since the global financial crisis. Viet Nam again confirmed its position as one of the fastest growing Asian economies with a 9.6 per cent gain, benefiting mostly from its attractiveness for foreign direct investment and export oriented industries. Indonesia's manufacturing output expanded by 2.3 per cent in a year-by-year comparison, decelerating from much higher growth rates recorded in previous quarters, while India's manufacturing production output ended the year with a trivial, barely 0.5 per cent rise, the first positive growth figure registered in 2016. According to UNIDO estimates, positive developments were observed in other Asian economies: manufacturing output rose by 3.6 per cent in Saudi Arabia, almost 4.0 per cent in Pakistan and 1.3 per cent in Jordan. Bangladesh managed to maintain its robust growth in the fourth quarter of 2016, while manufacturing output in Mongolia contracted.

Estimates based on the limited available data indicate that manufacturing output in Africa decreased by 0.5 per cent in the final quarter of 2016. In terms of individual countries, a 0.6 per cent drop was registered in South Africa, the region's most industrialized economy. Egypt and Tunisia's manufacturing output also decreased compared to the same period of the previous year, while Morocco and Cote d'Ivoire registered a positive growth rate according to UNIDO estimates.

Among the other developing economies, the manufacturing output of East European countries achieved relatively higher growth rates. Manufacturing output rose by 4.1 per cent in Poland, 4.7 per cent in Romania, 4.3 per cent in Bulgaria and over 5.0 per cent in Serbia and Croatia. Manufacturing production in Turkey grew by 1.4 per cent, reversing the decline registered in the previous period.

(Source: World Manufacturing Production- Statistics for Quarter IV, 2016; United Nations Industrial Development Organisation - [www.unido.org](http://www.unido.org))

**Key Findings - Global manufacturing**



Global manufacturing production maintained a positive growth in nearly all industries in the final quarter of 2016. High- and medium-high-technology manufacturing industries held top positions, when looking at the year-by-year developments - the manufacture of computers, electronics and optical products grew by 6.3 per cent, the manufacture of motor vehicles rose by 6.2 per cent and the production of pharmaceutical products by 4.0 per cent. However, the production of other transport equipment, another high-technology sector, contracted by 0.9 per cent compared to the same period of the previous year. The largest loss was recorded in the tobacco industry, with its global production declining by 5.8 per cent.

As regards durable and capital goods, the production of machinery and equipment experienced an exceptionally high growth rate at 3.7 per cent in the fourth quarter of 2016. The manufacture of non-metallic mineral products, which essentially supply construction materials, registered a growth figure of 2.5 per cent worldwide. The manufacture of fabricated metal products and furniture both rose at a moderate pace of 1.7 per cent. Worldwide manufacturing of basic metals has systematically lost strength over the last few years and reached a negative growth rate of 0.7 per cent in the fourth quarter of 2016, mostly due to a visibly decreased production of basic metals in China.

Global manufacturing output maintained relatively high growth rates in the production of basic consumer goods. The manufacture of food products rose by 3.1 per cent and beverages by 3.7 per cent, while the manufacture of wearing apparel increased by 0.5 per cent only. In low-technology manufacturing sectors, the global production of wood products rose by 3.3 per cent while the growth pace of manufacturing of paper products, textiles and leather products remained below 2.0 per cent.

The growth performance of developing and emerging industrial economies outperformed industrialized economies in nearly all manufacturing industries, including a number of high-technology industries, as illustrated in Figure 4. The fastest growing industry in both country groups was the automotive industry, reflecting strong growth of automobile production in China as well as in European countries.

(Source: World Manufacturing Production- Statistics for Quarter IV, 2016; United Nations Industrial Development Organisation - [www.unido.org](http://www.unido.org))

## **GLOBAL PHARMACEUTICAL INDUSTRY**

The volume of medicines used globally will reach 4.5 trillion doses by 2020 and cost \$1.4 trillion, both representing significant increases from 2015. The largest pharmaceutical-using countries will be the pharmerging markets, with two-thirds of the global medicine volumes, mostly comprised of generic medicines and dramatic increases in the utilization of medicines due to broad-based health system expansions. Developed markets will continue to account for the majority of medicine spending due to both higher prices per unit and the mix of newer medicines that bring meaningful clinical benefit to patients facing a wide range of diseases.

### Medicine use in 2020

In 2020, more of the world's population will have access to medicine than ever before, albeit with substantial disparities. Patients will receive 4.5 trillion doses, up 24% from 2015, with most of the increase from countries closing the gap in per capita usage of medicines between developed and pharmerging countries. Over 50% of the world's population will consume more than 1 dose per person per day of medicines, up from one third of the world in 2005, driven by India, China, Brazil and Indonesia. Developed markets will continue to use more original branded and specialty medicines per capita while pharmerging markets will use more non-original brands, generics and over the counter medicines. The use of new medicines – first available in the prior 10 years – will represent 0.1% of volumes in pharmerging markets, compared to 2-3% in developed markets.

### Medicine spending in 2020

Global spending on medicines will reach \$1.4 trillion by 2020, an increase of 29-32% from 2015 compared to an increase of 35% in the prior 5 years. Spending will be concentrated in developed markets, with more than half for original brands and focused on non-communicable diseases. Specialty therapies will continue to be more significant in developed markets than in pharmerging markets and different traditional medicines will be used in developed markets compared to pharmerging markets. Spending growth will be driven by brands in developed markets and increased usage in pharmerging markets, while being offset by patent expiries. Brand spending in developed markets will increase by \$298 billion in the 5 years to 2020 driven by new products and price increases primarily in the U.S., but will be offset by an estimated \$90 billion in net price reductions. Small molecule patent expiries will have a larger impact in

2016-2020 than in the prior five years, and there will be an increased impact from biologics. In 2020, the U.S., EU5, and Japan will have important differences in spending and growth dynamics from today. Pharming markets' spending will grow primarily from increased use of medicines while China, the leading pharming country, will reach \$160-190 billion in spending with slowing growth to 2020.

#### Transformations in disease treatment

The overwhelming inertia in medicine use - where 97% of medicines used have been available for more than 10 years - masks the contribution from transformative disease treatments, orphan drugs for rare diseases and technology-enabled changes in care that can harness big data to better inform decisions help drive patient behaviour changes and improve outcomes. The seemingly intractable problems of neglected tropical diseases, compounded by poverty and war in Africa, appear to finally be responding to philanthropy-funded research and engagement resulting in fundamental changes by 2020. The use of medicines in 2020 will include 943 New Active Substances introduced in the prior 25 years, and new medicines in recent years will be weighted to specialty and biologics. Patients will have greater access to breakthrough therapies and clusters of innovation around hepatitis C, a range of cancers, autoimmune diseases, heart disease, and an array of other rare diseases. The ubiquity of smartphones, tablets, apps and related wearable devices combined with electronic medical records and exponentially increasing real-world data volumes will open new avenues to connect healthcare information while offering providers and payers new mechanisms to control costs.

#### Implications

The continued expansion of healthcare access around the world portends a fundamental gap in delivery capacity where added patient access outruns staffing, infrastructure and funding sources. By 2020 we will see a substantial shift in many major markets away from the siloed budgeting that manages drug spending separately from other healthcare costs. Emerging economies will be focused on providing access and essential medicines to that in need to close endemic healthcare gaps.

Providers in more parts of the world will be subject to performance or outcomes-based contracts and payment systems, bringing sharper scrutiny to patient outcomes and costs associated with patient care. More healthcare will be delivered using technology-enabled means, by providers other than doctors and in patients' homes, pharmacies and community-based facilities. The use of technology will be key to the advancement of healthcare, especially in emerging markets where the expense of large scale infrastructure projects would delay progress.

Patients will have many more treatment options, especially in cancer and rare diseases, and will be informed, motivated and engaged partners in treatment choices. Their financial stake will also rise as private and public payers in developed economies have already begun to increase patients' levels of co-payment. In low- and middle-income countries direct out-of-pocket cash payments will shift to premiums for private or supplementary insurance as countries strive for universal health coverage.

The outlook to 2020 includes higher levels of medicine spending and therefore higher revenues for manufacturers than in the last five years. The extent and nature of the issues faced by healthcare stakeholders and the sources of the spending growth projected in this report belie a more complex challenge to the sustainability of the pharmaceutical industry. Critical adaptations will be necessary to thrive into the next decade, and key among them will be listening and providing valuable solutions to the problems their customers face.

(Source: Global Medicines Use in 2020 - Outlook and Implications IMS Institute for Healthcare Informatics [www.imshealth.com](http://www.imshealth.com) )

#### **MEDICINE USE IN 2020 - ACCESS TO MEDICINES INCREASES BY 2020 BUT SIGNIFICANT DIFFERENCES EXIST BY COUNTRY**

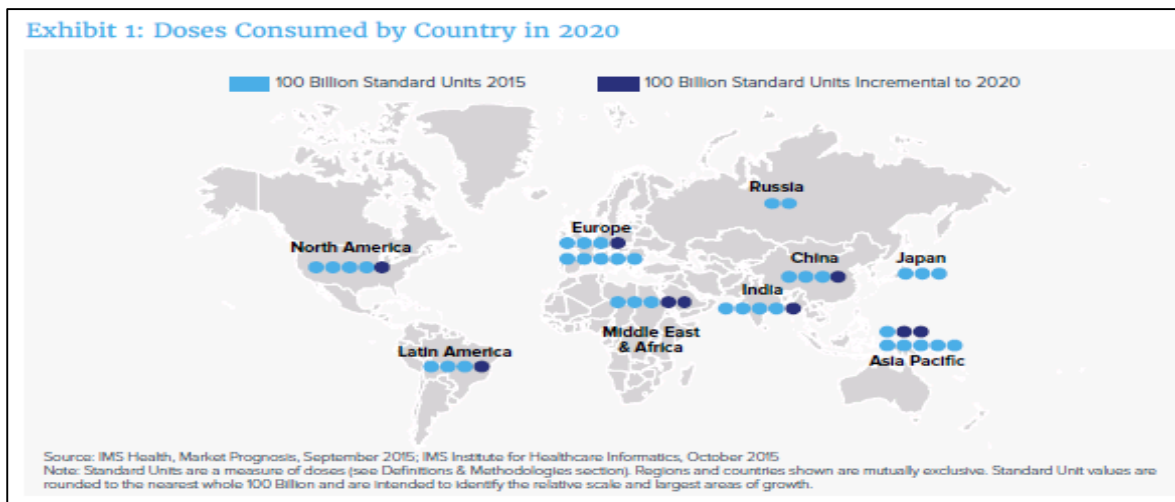
- Global medicine use in 2020 will reach 4.5 trillion doses, up 24% from 2015
- Over 50% of the world's population will consume more than 1 dose per person per day of medicines, up from one third of the world in 2005, driven by India, China, Brazil and Indonesia
- Closing the gap in per capita use of medicines differs by country; increased usage is primarily in emerging markets, while developed markets volumes remain more stable

- Developed markets will continue to use more original branded and specialty medicines per capita while pharmerging markets use more non-original brands, generics and over the counter medicines
- In 2020 the use of new medicines, introduced in the prior 10 years, will represent 0.1% of volumes in pharmerging markets, compared to 2-3% in developed markets

Medicines in 2020 will include a vast array of treatments ranging from those that provide symptom relief available without a prescription to lifesaving genetically personalized therapies unique to a single patient. Total use of medicines in 2020 will reach 4.5 trillion doses, up 24% from 2015 levels. Over half of the world's population will consume more than 1 dose per person per day of medicines, up from one-third in 2005 and driven by India, China, Brazil and Indonesia. Success in closing the gap in per capita use of medicines differs by country; increased usage is primarily in emerging markets, while developed markets' volumes remain more stable. Developed markets will continue to use more original branded and specialty medicines per capita while pharmerging markets will use more non-original brands, generics and over the counter products. Furthermore, the adoption of newer medicines will remain higher in developed markets than in pharmerging markets.

### Medicine Use Comparisons

Most of the global increase in the volumes of medicines used in the 5 years to 2020 will be in India, China, Brazil, Indonesia, and Africa (see Exhibit 1). The largest increases align to areas with the most development gains and often in areas with the lowest usage previously.



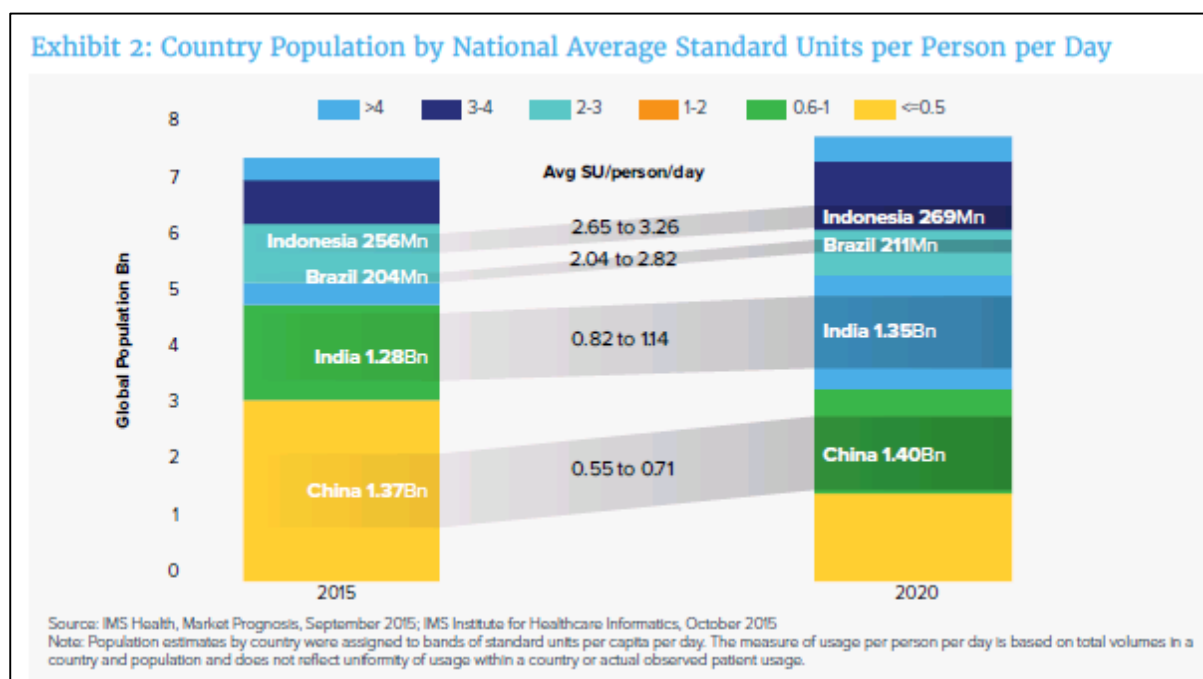
Usage of medicines in Africa and Middle-Eastern countries will increase from 300 to 500 billion standard units in 2020. Within the region, Saudi Arabia and other gulf states will substantially close the gap to developed markets' per capita usage of medicines, while millions of people in sub-Saharan Africa will make modest gains from some of the lowest levels of volume usage in the world. China and India will have each completed ten years of healthcare access expansion by 2020, with nearly all of the Chinese population having basic medical insurance. Most of the rest of the Asia Pacific increased usage will come from Indonesia.

In 2020, Europe's 889 million people will have only modest increases in usage rising from about 818 billion to 916 billion doses, mostly occurring in central and eastern European countries such as Poland, which will approach developed market average usage. Asia Pacific, with 1.3 billion people (excluding China, India and Japan) will increase usage substantially, with half of the increase from Indonesia's shift to 3.26 standard units (SUs) per person per day in 2020. The Middle East and Africa region with 1.6 billion people and 2.5 times the population of Latin America (657 million) will have only 20% more usage overall.

### Rising per capita use in pharmerging markets

As the world's population tops 7.6 billion in 2020, per capita usage of medicine will reach about 1.6 Sus per person per day. Most developed countries have usage above 2 SUs per person per day and much of the increased usage in 2020 is driven by China, India, Brazil and Indonesia where substantial increases will have been made in average medicine volume usage (see Exhibit 2).

These four countries with a combined population of 3.23 billion in 2020 - up from 3.11 billion in 2015 - will account for nearly half of the increased volume in medicine usage globally from 2015-2020. India's level of medicine usage is a reflection of both a very basic healthcare infrastructure and the ease of access for medicines where even the most complex medicines can be obtained at a corner pharmacy if the patient can afford them.



China's increased usage belies a more complex system where nearly all citizens will be covered by health insurance but access to medicines will usually require a hospital visit and out-of-pocket costs, discouraging some patients from seeking and adhering to treatment. The gap in average medicine usage between developed markets and pharmerging markets is closing, albeit slowly (see Exhibit 3). The use of medicines requires both the healthcare infrastructure to diagnose diseases and administer drugs appropriately, as well as the financial wherewithal to pay for them. While costs are often substantially lower for medicines in pharmerging markets, so is the ability to pay. The rise of government safety nets and private insurance is one key factor that will increase volume usage across pharmerging markets. The extent and pace of investments, both public and private, will be a key determinant of continued increases in usage

Saudi Arabia's commitment to wider healthcare access brings it to roughly the same level of usage as the average developed market by 2020, and represents the largest increase among the pharmerging countries. Other countries that will see a closing of the usage gap in 2020 by ten percentage points or more include Brazil, Egypt, Bangladesh, Indonesia, Turkey, Colombia and Algeria.

(Source: Global Medicines Use in 2020 - Outlook and Implications IMS Institute for Healthcare Informatics [www.imshealth.com](http://www.imshealth.com) )

### GLOBAL SPENDING ON MEDICINES IN 2020

Global spending on medicines will reach \$1.4 trillion by 2020, an increase of 29-32% from 2015 compared to an increase of 35% in the prior 5 years

- Spending on medicines in 2020 will remain concentrated to developed markets with more than half for original brands and focused on non-communicable diseases
- Specialty therapies will continue to be more significant in developed markets than in pharmerging markets and different medicines will be used in developed markets compared to pharmerging markets
- Traditional therapies will continue to focus on different diseases in developed and pharmerging markets
- Spending will increase by \$349 billion over 2015, driven by brands and increased usage in pharmerging markets and offset by patent expiries

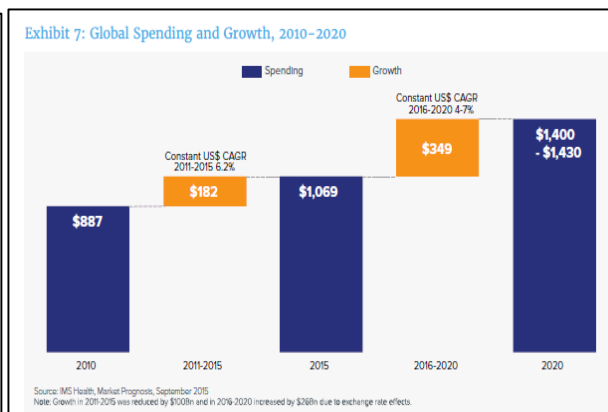
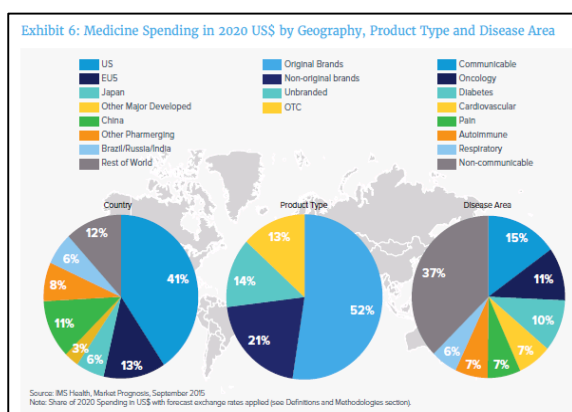
- Brand spending in developed markets will increase by \$298 billion in the 5 years to 2020 driven by new products, wider usage and price increases, primarily in the U.S., but will be offset by net price reductions
- Small molecule patent expiries will have a larger impact 2016-2020 than in the prior five years, and there will be an increased impact from biologics
- In 2020, the U.S., EU5 and Japan will have important differences in spending and growth from today
- Drug spending per capita will increase substantially for most pharmerging countries, however, China's growth is expected to slow to 2020

Global spending on medicines will reach \$1.4 trillion by 2020, an increase of 29-32% from 2015 compared to an increase of 35% in the prior 5 years. Spending on specialty therapies will continue to be more significant in developed markets than in pharmerging markets, and different traditional medicines will continue to be used in developed markets compared to pharmerging markets. Spending growth will be driven by brands, as well as increased usage in pharmerging markets, and will be offset by patent expiries and net price reductions. The patent expiry impact will be larger in 2016-2020 than in the prior five years on an absolute basis and will include \$41 billion of impact from biosimilars.

### Spending and growth to 2020

Developed markets will contribute 63% of the spending, led by the U.S (see Exhibit 6). Original brands will represent 52% of spending and 85% of global spending will be for medicines to treat non-communicable diseases. These distributions of costs belie the very different perspective on a volume basis where lower-cost/higher-volume medicines dominate the overall use of medicines.

Using actual and forecast exchange rates, the absolute global spend for pharmaceuticals will change by \$349 billion in the 2016-2020 time period compared to \$182 billion in the 2010-2015 period (see Exhibit 7). The last five years had a \$100 billion reduction of growth due to currency effects, while the next five years will be lifted by \$26 billion by the weakening of the dollar against global currencies.



The global economic crisis has been a key global issue during the past five years though much of its worst effects have now passed. Some pharmerging countries like China, Brazil, Argentina, and Venezuela have had severe economic and social issues recently which are expected to contribute to slowing growth during the forecast period. Significant risks of further economic slowdown continue as a result of the ongoing disruption in the Middle East, the weaker Chinese economy, and Latin American countries with severe economic distress and some with hyperinflation.

Medicine spending will increase 31-34% over the next five years (29-32% on a constant dollar basis) compared to a 24% increase in the volumes of medicine used. Volume growth will be driven by demographic trends such as an aging population in developed markets and rising incomes and expanded access to healthcare in pharmerging markets. The remainder of the increase in spending will be driven by the costs of medicines which increase due to the wider adoption of newer more expensive therapies and an increase in prices per unit which occur in some countries, notably the United States.

### U.S. spending on medicines

U.S. spending on medicines will reach \$560-590 billion in 2020, a 34% increase in spending over 2015 on an invoice price basis. This growth will be driven by innovation, invoice price increases (offset by off-

invoice discounts and rebates) and the impact of loss of exclusivity (see Exhibit 13). Spending growth in the next five years will differ from the last four which included the largest patent expiry cluster ever in 2012 and the largest year for new medicines in 2014. Of the \$24 billion in new brand spending for 2014, \$12 billion was driven by hepatitis C treatments as 140,000 more patients were treated than in the prior year. This increased volume accounted for about \$9 billion of the increased spending with the remainder due to higher treatment cost per patient relative to earlier, less effective and less well tolerated treatments.

The impact of patent expiries over the next five years, while higher in absolute dollars, will be lower in percentage contribution than the past five years and no single year will reach the level of 2012. Generic medicines will continue to provide the vast majority of the prescription medicine usage in the U.S., rising from 88% to 91-92% of all dispensed prescriptions by 2020. Invoice price growth – which does not reflect discounts and rebates received by payers - will continue at historic levels through 2020 after a period from 2013 to 2015 where increases were much higher but substantially offset by off-invoice discounts and rebates. Net price trends for protected brands remain constrained by payer negotiated discounts and rebates and net prices are expected to grow at 5-7% per year. Brands, on average, will concede as much as one-third of their invoice prices in discounts to payers over the forecast period.

The Affordable Care Act (ACA) will continue to have an effect on medicine spending during the next five years primarily due to expanded insurance coverage. ACA access expansion will be largely complete by 2020, bringing modest new demand for medicines, but an increasing share of medicines will be paid for by Medicare, Medicaid, and other government funded or mandated programs (including 340b) each commanding substantial discounts from list prices. The wider adoption of provisions of the law that encourage greater care coordination will see at least a third of healthcare covered by Accountable Care Organizations (ACOs) under the Medicare shared savings program or ACO-like arrangements negotiated between commercial insurers and institutions. These organizational and payment changes will reinforce the shift to outcomes and evidence-based payments as opposed to the volume of services provided.

By 2020, the Affordable Care Act will be ten years old and moving into adolescence in terms of major implementations, with further evolution and maturing still to come. The impacts of the various provisions of the law are cumulative and in important ways they are the underpinning of the general growth trend in the volume of medicines. Some parts of the ACA will enable conversion to a more rational system based on a better understanding of outcomes and costs. There will be some unintended consequences, that will likely impact patients before they are addressed with future policy amendments, and some of them can be expected to be non-trivial. The rising use of high-deductible insurance plans, for example, which have demonstrable impacts on patients' adherence rates, in some ways put employers and patients who choose these plans at odds with holistically-focused ACOs.

#### Japan spending on medicines

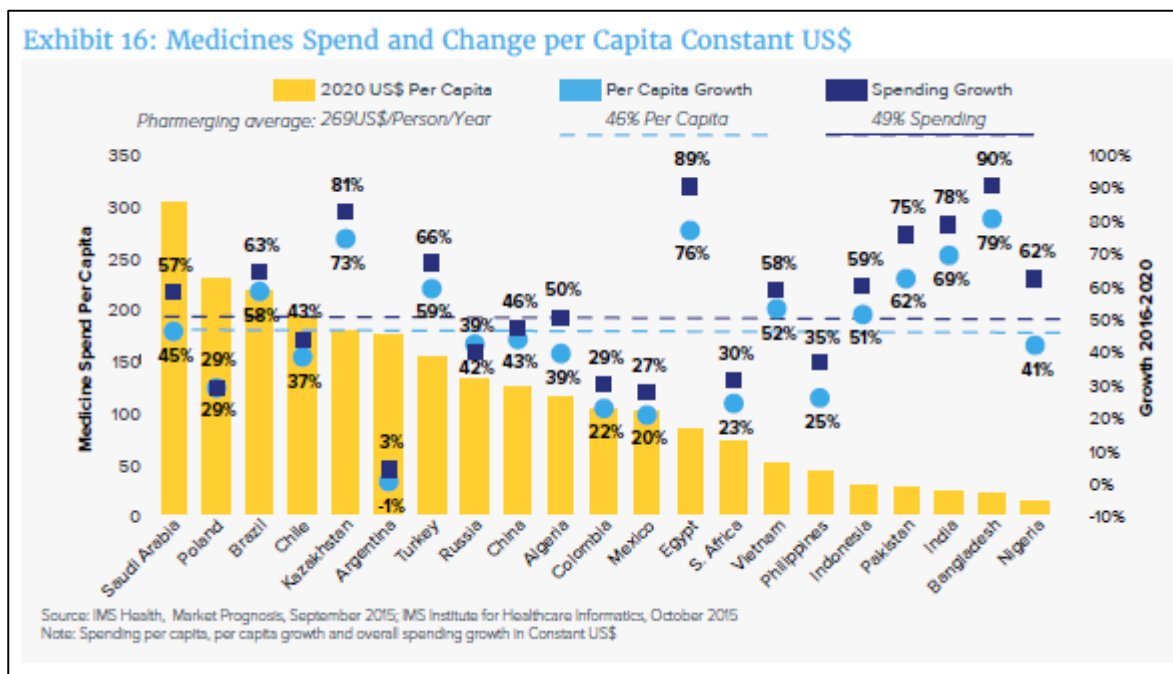
Japan's growth is expected to return to historic patterns through 2020 and the long-term effects of the new price regime will see average prices at a market level be essentially unchanged from 2015. Spending will increase by 3-4% over the next five years, the lowest aggregate increase of any developed market. The price regime, in effect since 2010, applies biennial price cuts differentially more to older off-patent brands, less to newer original brands, and separately incentivizes generic dispensing. Spending in 2020 will see wider use of specialty original brands but lower overall brand spending as older brands will face more severe price cuts.

The incentives to wider generic usage will double generic spending, as generic penetration of the unprotected market is targeted by the Ministry of Labor Health and Welfare (MLHW) to reach 80% by 2020, up from 54.4% for the quarter ending June 2015.<sup>1</sup> The 2010-2015 period saw substantial increase in the average prices of medicines as policies designed to reward innovators were implemented. The introduction of a value added tax (VAT) in 2014, as part of national economic reforms, slowed growth, but it is expected to return to historic levels of mid-single-digit growth to 2020. Further planned increases to sales taxes in the 2016-2018 time period could offset the expected growth and result in a zero growth scenario in those years.

#### Pharmerging markets spending on medicines

Growth in spending on medicines in pharmerging markets of \$125 billion to 2020 is driven primarily by wider use of medicines. The per capita increases in volume and spending reflect the strong commitment to wider access to healthcare from government and expanded private insurance markets that many pharmerging countries are experiencing.

The difference in per capita spending growth and overall spending growth over the next five years is indicative of population growth, while the overall high level of per capita spending growth reflects both access expansions and the rising mix of higher cost medicines being used in pharmerging markets. Saudi Arabia is notable in that it will spend \$300 per person in 2020, with nearly the same volume per person as average developed markets. Many of the countries with the highest per capita spending growth to 2020 have the lowest spend per capita, suggesting that most people in those countries have substantially worse healthcare than in higher spend pharmerging or developed markets and that the increases will go some way but ultimately still fail to address global healthcare inequities.



### China spending on medicines

China's decade long access expansion will have provided basic medical insurance to nearly the entire 1.4 billion populations by 2020 but further rapid growth in spending is not expected. Per capita medicine volumes will continue to increase but at a slower rate than earlier in the decade and spending growth will slow to below 10% through 2020 (see Exhibit 17). China's economy has slowed recently and most medicine spending will still require substantial patient contributions, which will hamper increased spending overall. China remains the largest pharmerging market and, while slower than earlier in the decade, is expected to be at or above GDP growth through 2020.

(Source: Global Medicines Use in 2020 - Outlook and Implications IMS Institute for Healthcare Informatics [www.imshealth.com](http://www.imshealth.com) )

## TRANSFORMATIONS IN DISEASE TREATMENTS - INNOVATION DRIVES TRANSFORMATION OF DISEASE TREATMENTS IN 2020

- Use of medicines in 2020 will include 943 New Active Substances introduced in the prior 25 years; new medicines in recent years will be weighted to specialty and biologics.
- Patients will have greater access to breakthrough therapies and clusters of innovation around hepatitis C, autoimmune diseases, heart disease, orphan diseases and others by 2020
- Cancer treatments represent the largest category of the 225 new medicines expected to be introduced within the next five years
- Technology will enable changes to treatment protocols, shift patient engagement, accountability and patient-provider interaction accelerating the adoption of behaviour changes proven to increase patient adherence to treatments
- By 2020, over 470 drugs will be available to treat orphan diseases for the 7,000 rare diseases with no or limited treatments available
- While global medicine spending on orphan drugs is expected to be 1-2%, it will be as much as 10% in developed markets such as the U.S.

An increase in the number and quality of innovative new drugs will drive transformation of disease treatments by 2020, as the investments in research and development made in the last two decades emerge and reach patients in growing numbers. Key aspects of innovation include biomarkers, genomics, genetic testing to match patients with treatments, improved success rates in clinical development, and addressing concerns about rising costs. The evolution of development incentives including fast-track approvals for “breakthroughs”, continued pre-competitive collaborations, patient pooling of data, and large real-world evidence collaborations will all continue to stimulate research and development activities into the next decade.

#### New medicines available in 2020

In 2020, there will be 943 New Active Substances (NAS) introduced in the prior 25 years and the vast majority will be widely available to populations around the world (see Exhibit 18). These treatments often take years to reach patients outside the major developed markets, so the cluster of innovations in the next five years will be less widely available. Increasingly, the new medicines available will treat oncology and orphan diseases and provide a range of specialty small molecule medicines.

Patients will have greater access to breakthrough therapies and clusters of innovation around hepatitis C, cancer, autoimmune diseases, heart disease and orphan drugs by 2020. Cancer treatments represent the largest category of the 225 new medicines expected to be introduced within the next five years, including important new developments. For example, myeloma will see survival rates rise above 50% if the new treatments are as effective as early trials suggest. Over 90% of expected new cancer treatments will be targeted therapies – those that use a cancer cell process, mechanism or genetic marker to select or deliver treatment – of which one-third will use a biomarker. An estimated one-third of cancer treatments will target rare cancers deemed orphan diseases.

By 2020, over 470 drugs, including 75 incremental expected to be launched over the next five years, will be available to treat orphan diseases for the 7,000 rare diseases with no or limited treatments available. While global medicine spending on orphan drugs is expected to be 1-2% of global spending, it will be as much as 10% of in developed markets such as the U.S.

A number of transformational treatments will be available in 2020 including functional cures for hepatitis C, a cluster of small molecule and biologic immunology treatments for rheumatoid arthritis and new treatments for an array of diseases which have previously only been treated with decades old, often generic, small molecule treatments. By 2020, there will be a small but important number of cell- and gene-based therapies available to patients, often with short or one-time dosing, for treating diseases with significant challenges including but not limited to cancers, HIV, genetic disorders and autoimmune diseases.

#### Technology-enabled transformations

Technology is permeating all aspects of life globally with mobile phones more common in remote Indian villages than computers or landlines and the prevalence of electronic medical records now reach almost every developed nation and many emerging ones. Smartphones, mobile apps, wearable technology, and the modularity with which these technologies can be used together have reached such critical mass that innovations are happening more quickly, cheaply, and with greater specificity to individual micro-populations. Much of the mobile health available today is in its infancy, and the mining of healthcare big data for better decision making is still more promise than reality, but by 2020 major changes will have occurred. Researchers and payers will have substantial and exponentially growing volumes of data proving evidence supporting the benefits of specific approaches, interventions, and drugs as well as refined approaches for using technology to develop insights faster and at lower cost. There will be large consensus by 2020 on issues including:

Adherence initiatives will have been put into place as a result of substantial evidence around what works to manage and improve adherence encompassing technology, coordination of care and payer/ provider incentives for improved performance and outcomes.

Wearable devices will be widely used for monitoring activity, vital signs, and effectiveness of recommended treatment to actual patient experience. High quality clinical grade devices will be commonplace for high-risk patients and will build upon the ubiquity of mobile devices and connect health data between patients and providers rapidly during critical diagnosis and around health events.



Big data will have driven a broad based normalization of care across a wide variety of diseases, informed by population health concepts, and measurable thanks to widely adopted electronic medical records in most developed and some pharmerging markets.

Diabetes patients from diagnosis will be supported by a range of technology solutions related to diet, exercise, blood sugar testing, and drug adherence. A continuing stream of new medicines will increase the options for doctors and patients but also create a confusing array of therapies to navigate and highlighting the need for scientific evidence to support usage.

Behaviour modification as a general concept, accounts for the majority of potential impact on patient outcomes with some diseases and more effective behaviour changes (e.g. diet and exercise) may be better enabled with wearable's and mobile health solutions.

In 2020, every patient with multiple chronic conditions will be able to use wearables, mobile apps and other technologies to manage their health, interact with providers, and connect with fellow patients and family members. Maximizing the benefit of these tools will still depend on evolving proof of concept technologies to evidence based and scalable solutions. By 2020, dozens of clinical trials will prove definitively which approaches are effective and enable the fundamental shifts in the use of technology to both advance healthcare outcomes and enable better outcomes at lower costs.

(Source: Global Medicines Use in 2020 - Outlook and Implications IMS Institute for Healthcare Informatics [www.imshealth.com](http://www.imshealth.com) )

## IMPLICATIONS

Evolutionary changes reframe stakeholders approach to medicine use and will ultimately determine how much of the promise of innovative healthcare reaches patients around the world in 2020 and beyond.

There will be several important and evolutionary changes by 2020 that will reframe stakeholders approach to medicine use. The interconnected nature of decisions in healthcare will inevitably lead to tensions, and resolving those conflicts, will ultimately determine how much of the promise of healthcare reaches patients around the world in 2020 and beyond.

### Fundamental change across stakeholders

The combination of demographic pressures - population growth, aging populations - and relatively slow or slowing economic growth will have built substantial pressure for most countries to develop new funding models for healthcare by 2020. Medicines in 2020 will include a vast array of treatments ranging from those that provide symptom relief available without a prescription to lifesaving genetically personalized therapies unique to a single patient. The role of medicines in global healthcare will have evolved to one which often replaces more complex interventions and in many cases will be accompanied by a societal expectation that medicines can achieve tremendous results, and that whatever the innovation, it should be affordable and accessible to those who need it. This consensus is clearly present in the discussions of access to treatments for HIV, hepatitis C, and many other medicines, and is included in the policies or ideologies of both developed and developing world countries. While the U.S. has long dominated the world's spending on medicines, the next five years will likely see key pharmerging markets, particularly India and China pass the U.S. in using the highest volumes of medicines, largely driven by their populations, and yet demonstrating that they continue to have limited access per capita to the most transformative innovative medicines.

The number of clinically desirable and costly breakthrough drugs, combined with the larger volume driven costs of existing lower-cost treatment options will strain even the most well managed budgets. The expected growth of medicine usage implies by its very nature that healthcare delivery capacity will need to expand or change significantly. The wider use of newer technologies is likely to enable system expansion without linear cost growth, but difficult decisions that balance overall population benefit and individual patient need will remain challenging issues for stakeholders to resolve.

Health systems globally will largely be on sounder footing in 2020 than today, with broader population access, better evidence basis for the treatment protocols, a faster cycle in adopting better protocols

informed by larger volumes of real world data, and a more uniform set of policies to appropriately adopt innovation. Key to this set of improvements and an ongoing evolution of better health and healthcare will be a sustainable set of rewards for innovation, including transparent price negotiation systems, and the wider adoption of intellectual property protection for innovation.

(Source: Global Medicines Use in 2020 - Outlook and Implications IMS Institute for Healthcare Informatics [www.imshealth.com](http://www.imshealth.com))

## GLOBAL PHARMACEUTICAL INDUSTRY – COUNTRY RANKINGS

Appendix 1 - Global Country Rankings								
Exhibit	2010	Index	Exhibit	2015	Index	Exhibit	2020	Index
1	U.S.	100	1	U.S.	100	1	U.S.	100
2	Japan	22	2	China	27	2	China	30
3	China	19	3	Japan	18	3	Japan	14
4	Germany	11	4	Germany	10	4	Germany	9
5	France	10	5	France	8	5	Brazil	8
6	Italy	7	6	U.K.	7	6	U.K.	6
7	U.K.	6	7	Brazil	6	7	Italy	5
8	Spain	6	8	Italy	6	8	France	5
9	Canada	6	9	Canada	5	9	India	5
10	Brazil	5	10	Spain	4	10	Canada	4
11	South Korea	4	11	Venezuela	4	11	Spain	4
12	Australia	3	12	India	4	12	Russia	3
13	India	3	13	Russia	3	13	South Korea	3
14	Mexico	3	14	South Korea	3	14	Mexico	2
15	Venezuela	3	15	Australia	3	15	Turkey	2
16	Russia	2	16	Mexico	2	16	Australia	2
17	Poland	2	17	Argentina	2	17	Saudi Arabia	2
18	Turkey	2	18	Turkey	2	18	Poland	2
19	Switzerland	2	19	Poland	2	19	Argentina	1
20	Netherlands	2	20	Saudi Arabia	1	20	Egypt	1

Source: IMS Health, Market Prognosis, September 2015

Appendix notes:  
Rankings based on Constant US\$. Argentina and Venezuela based on US\$ with variable exchange rates due to hyperinflation. Index reflects comparison to the U.S. of spending in Constant US\$.

(Source: Global Medicines Use in 2020 - Outlook and Implications IMS Institute for Healthcare Informatics [www.imshealth.com](http://www.imshealth.com) )

## INDIAN MANUFACTURING SECTOR

### Introduction

Manufacturing has emerged as one of the high growth sectors in India. Prime Minister of India, Mr Narendra Modi, had launched the ‘Make in India’ program to place India on the world map as a manufacturing hub and give global recognition to the Indian economy. India is expected to become the fifth largest manufacturing country in the world by the end of year 2020\*.

### Market Size

The Gross Value Added (GVA) at basic constant (2011-12) prices from the manufacturing sector in India grew 7.9 per cent year-on-year in 2016-17, as per the 2nd provisional estimate of annual national income published by the Government of India. Under the [Make in India initiative](#), the Government of India aims to increase the share of the manufacturing sector to the gross domestic product (GDP) to 25 per cent by 2022, from 16 per cent, and to create 100 million new jobs by 2022. Business conditions in the Indian manufacturing sector continue to remain positive

### Investments

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

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

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

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

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

### Government Initiatives

In a bid to push the 'Make in India' initiative to the global level, Mr Narendra Modi, Prime Minister of India, pitched India as a manufacturing destination at the World International Fair in Germany's Hannover in 2015. Mr Modi showcased India as a business friendly destination to attract foreign businesses to invest and manufacture in the country.

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

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

#### Road Ahead

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

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

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

promote advance practices in manufacturing.

Exchange Rate Used: INR 1 = US\$ 0.015 as on October 30, 2017

(Source: *Indian Manufacturing Industry Analysis - India Brand Equity Foundation - [www.ibef.org](http://www.ibef.org)*)

## **INDIAN PHARMACEUTICALS MARKET**

### Introduction

The Indian pharmaceuticals market is the third largest in terms of volume and thirteenth largest in terms of value, and it accounts for 20 per cent in the volume terms and 1.4 per cent in value terms of the Global Pharmaceutical Industry as per a report by Equity Master. India is the largest provider of generic drugs globally with the Indian generics accounting for 20 per cent of global exports in terms of volume. Of late, consolidation has become an important characteristic of the Indian pharmaceutical market as the industry is highly fragmented.

India enjoys an important position in the global pharmaceuticals sector. The country also has a large pool of scientists and engineers who have the potential to steer the industry ahead to an even higher level. Presently over 80 per cent of the antiretroviral drugs used globally to combat AIDS (Acquired Immuno Deficiency Syndrome) are supplied by Indian pharmaceutical firms.

The UN-backed Medicines Patent Pool has signed six sub-licences with Aurobindo, Cipla, Desano, Emcure, Hetero Labs and Laurus Labs, allowing them to make generic anti-AIDS medicine TenofovirAlafenamide (TAF) for 112 developing countries.

(Source: *Indian Pharmaceuticals Industry Analysis - India Brand Equity Foundation - [www.ibef.org](http://www.ibef.org)*)

### Market Size

The Indian pharma industry, which is expected to grow over 15 per cent per annum between 2015 and 2020, will outperform the global pharma industry, which is set to grow at an annual rate of 5 per cent between the same period!. The market is expected to grow to US\$ 55 billion by 2020, thereby emerging as the sixth largest pharmaceutical market globally by absolute size, as stated by Mr Arun Singh, Indian Ambassador to the US. Branded generics dominate the pharmaceuticals market, constituting nearly 80 per cent of the market share (in terms of revenues). The sector is expected to generate 58,000 additional job opportunities by the year 2025. \*

India's pharmaceutical exports stood at US\$ 16.4 billion in 2016-17 and are expected to grow by 30 per cent over the next three years to reach US\$ 20 billion by 2020, according to the Pharmaceuticals Export Promotion Council of India (PHARMEXCIL).

Indian companies received 55 Abbreviated New Drug Application (ANDA) approvals and 16 tentative approvals from the US Food and Drug Administration (USFDA) in Q1 of 2017. The USFDA approvals are expected to cross 700 ANDA in 2017, thereby recording a year-on-year growth of 17 per cent. The country accounts for around 30 per cent (by volume) and about 10 per cent (value) in the US\$ 70-80 billion US generics market.

India's biotechnology industry comprising bio-pharmaceuticals, bio-services, bio-agriculture, bio-industry and bioinformatics is expected to grow at an average growth rate of around 30 per cent a year and reach US\$ 100 billion by 2025. Biopharma, comprising vaccines, therapeutics and diagnostics, is the largest sub-sector contributing nearly 62 per cent of the total revenues at Rs 12,600 crore (US\$ 1.89 billion).

### Investments

The Union Cabinet has given its nod for the amendment of the existing Foreign Direct Investment (FDI) policy in the pharmaceutical sector in order to allow FDI up to 100 per cent under the automatic route for manufacturing of medical devices subject to certain conditions.

The drugs and pharmaceuticals sector attracted cumulative FDI inflows worth US\$ 14.71 billion between April 2000 and March 2017, according to data released by the Department of Industrial Policy and Promotion (DIPP).

Some of the major investments in the Indian pharmaceutical sector are as follows:

- The exports of Indian pharmaceutical industry to the US will get a boost in FY18, as branded drugs worth US\$ 50 billion will become off-patented. #
- Private equity and venture capital (PE-VC) investments in the pharmaceutical sector have grown at 38 per cent year-on-year between January-June 2017, due to major deals in this sector.
- Indian pharmaceutical firm, Eric Lifesciences Pvt Ltd, has launched its initial public offering (IPO) worth Rs 2,000 crore (US\$ 311 million) in June 2017.
- Indian pharmaceutical company, Cadila Healthcare Ltd, is planning to raise Rs 1,000 crore (US\$ 155 million) via a qualified institutional placement (QIP) of shares shortly.
- Capital International Group, a private equity fund, has acquired a three per cent stake in Intas Pharmaceuticals Ltd from ChrysCapital Llc for a consideration of US\$ 107 million, thereby valuing Intas Pharma at approximately US\$ 3.5 billion.
- Aurobindo Pharma Ltd, has acquired four biosimilar products from Swiss firm TL Biopharmaceutical AG, which will require TL Biopharmaceutical to supply all the developmental data for four molecules, which will be developed, commercialised and marketed by Aurobindo Pharma

- Piramal Enterprises Ltd acquired a portfolio of spasticity and pain management drugs from UK-based specialty biopharmaceutical company Mallinckrodt Pharmaceuticals, in an all-cash deal for Rs1,160 crore (US\$ 171 million).
- Aurobindo Pharma has bought Portugal based Generis Farmaceutica SA, a generic drug company, for EUR 135 million (US\$ 144 million).
- Sun Pharmaceutical Industries Ltd, India's largest drug maker, has entered into an agreement with Switzerland-based Novartis AG, to acquire the latter's branded cancer drug Odomzo for around US\$ 175 million.
- Kedaara Capital Advisors LLP, a private equity (PE) firm, plans to invest Rs 430 crore (US\$ 64.5 million) to acquire a minority stake in Hyderabad-based diagnostics chain Vijaya Diagnostic Centre Pvt Ltd.
- Sun Pharmaceuticals Industries Limited plans to acquire 85.1 per cent stake in Russian company Biosintez for US\$ 24 million for increasing its presence in Russia through local manufacturing capability.
- Abbott Laboratories, a global drug maker based in US, plans to set up an innovation and development center (I&D) in Mumbai, which will help in developing new drug formulations, new indications, dosing, packaging and other differentiated offerings for Abott's global branded generics business.

### Government Initiatives

The implementation of the Goods and Services Tax (GST) is expected to be a game-changer for the Indian Pharmaceuticals industry. It will lead to tax-neutral inter-state transactions between two dealers, thereby reducing the dependency on multiple states and increasing the focus on regional hubs. It is expected to result in an efficient supply chain management, which is expected to reduce its cost considerably. The cost of technology and investment is expected to reduce on account of tax credit which can be availed now on the duties levied on import of costly machinery and equipment.

Some of the initiatives taken by the government to promote the pharmaceutical sector in India are as follows:

- In the Union Budget 2017-18, the Department of Biotechnology (DBT) received Rs 2,222.11 crore (US\$ 333.31 million), an increase of 22 per cent, to continue implementing the department's national biotech strategy.
- In an attempt to revive the active pharmaceutical ingredient (API) and bulk drug market in India, the Government of India has proposed peak customs duty on the import of APIs and also plans to set up mega drug parks to give a boost to domestic production.
- The Government of India unveiled 'Pharma Vision 2020' aimed at making India a global leader in end-to-end drug manufacture. Approval time for new facilities has been reduced to boost investments.
- The government introduced mechanisms such as the Drug Price Control Order and the National Pharmaceutical Pricing Authority to deal with the issue of affordability and availability of medicines.
- Mr Ananth Kumar, Union Minister of Chemicals and Petrochemicals, has announced setting up of chemical hubs across the country, early environment clearances in existing clusters, adequate infrastructure, and establishment of a Central Institute of Chemical Engineering and Technology.

### Road Ahead

The Indian pharmaceutical market size is expected to grow to US\$ 100 billion by 2025, driven by increasing consumer spending, rapid urbanisation, and raising healthcare insurance among others.

Going forward, better growth in domestic sales would also depend on the ability of companies to align their product portfolio towards chronic therapies for diseases such as such as cardiovascular, anti-diabetes, anti-depressants and anti-cancers that are on the rise.

The Indian government has taken many steps to reduce costs and bring down healthcare expenses. Speedy introduction of generic drugs into the market has remained in focus and is expected to benefit the Indian pharmaceutical companies. In addition, the thrust on rural health programmes, lifesaving drugs and preventive vaccines also augurs well for the pharmaceutical companies.

Exchange Rate Used: INR 1 = US\$ 0.015 as on October 10, 2017

References: Consolidated FDI Policy, Department of Industrial Policy & Promotion (DIPP), Press Information Bureau (PIB), Media Reports, Pharmaceuticals Export Promotion Council

Note:- According to a study by UBM India, the Indian arm of London-based media and events company;  
\* - According to IIHMR University, Jaipur; # - According to a report by Care Ratings.

(Source: *Indian Pharmaceuticals Industry Analysis - India Brand Equity Foundation - [www.ibef.org](http://www.ibef.org)*)

## **NOTABLE TRENDS IN THE INDIAN PHARMACEUTICALS SECTOR**

### Research and development

Indian pharma companies spend 8-11 per cent of their total turnover on R&D. Expenditure on R&D is likely to increase due to the introduction of product patents; companies need to develop new drugs to boost sales

### Export revenue

India's pharmaceutical export market is thriving due to strong presence in the generics space. Pharmaceuticals Exports Promotion Council expects pharma exports exceeded USD16.4 billion in 2016-17

### Joint Ventures

Multinational companies are collaborating with Indian pharma firms to develop new drugs. Cipla formed an exclusive partnership with Serum Institute of India to sell vaccines in South Africa. 6 leading pharmaceutical companies have formed an alliance 'LAZOR' to share their best practices, so as to improve efficiency & reduce operating costs

### Expansion by Indian players abroad

Cipla, the largest supplier of anti-malarial drugs to Africa, sets up a USD32 billion plant in Africa for the production of anti-retroviral & anti-malarial drugs

### PPP in R&D

Indian Government invited multi-billion dollar investment with 50 per cent public funding through its public private partnership (PPP). In April 2017, Clavita Pharma Pvt. Ltd., signed an MoU with GITAM University for research activities, exchange of visits between professionals of Clavita and GITAM University faculty, organise joint meetings and training programmes

### Draft Patents (Amendment) Rules, 2015

The time limit given for submitting the application for grant has been reduced to 4 months from 12 months, providing an extension of 2 months

### Product Patents

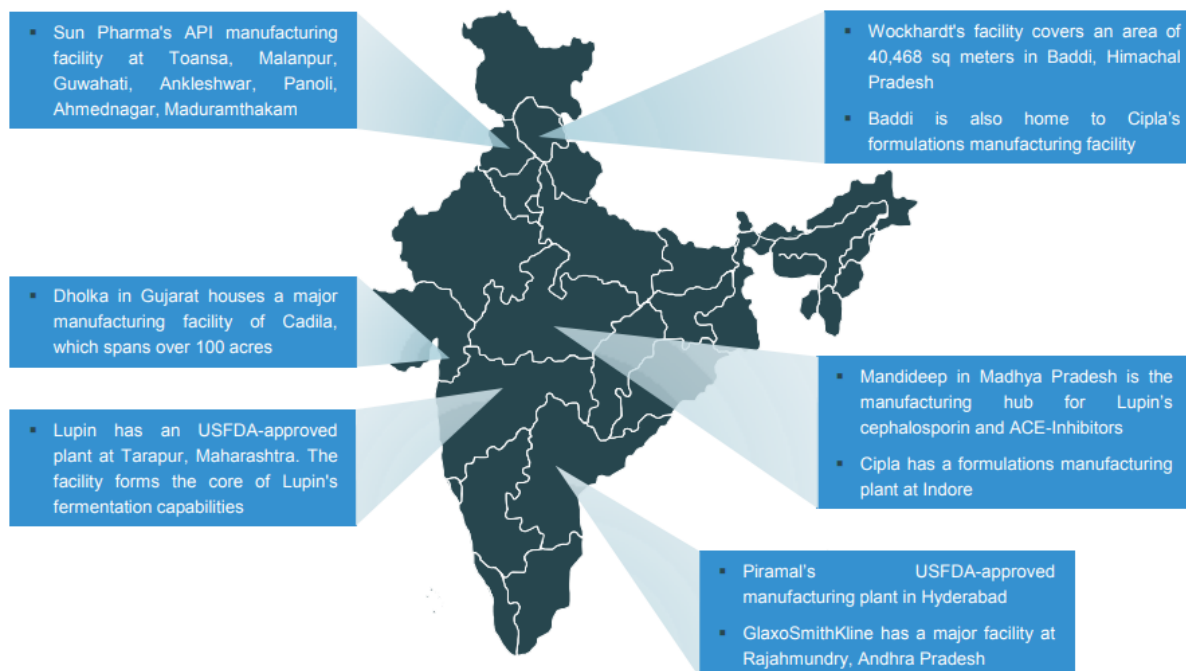
The introduction of product patents in India in 2005 gave a boost to the discovery of new drugs. India reiterated its commitment to IP protection following the introduction of product patents In December 2016, Suven Life Sciences was granted product patent for the treatment of neurodegenerative diseases

### Less time for approval

In order to compete with global players in pharmaceutical industries, approval process of drugs have been simplified by the authorities & approval time for new facilities has been drastically reduced

(Source: *Pharmaceuticals July 2017 - India Brand Equity Foundation - [www.ibef.org](http://www.ibef.org)*)

STATES HOSTING KEY PHARMACEUTICAL VENTURES



(Source: *Pharmaceuticals May2017 - India Brand Equity Foundation - [www.ibef.org](http://www.ibef.org)*)

## GROWTH DRIVERS

### Supply-side drivers

- Cost advantage
- Skilled manpower
- India a major manufacturing hub for generics
- India accounts for 22 per cent of overall USFDA approved plants
- Increasing penetration of chemists

### Demand-side drivers

- Increasing fatal diseases
- Accessibility of drugs to greatly improve
- Increasing penetration of health insurance
- Growing number of stress-related diseases due to change in lifestyle
- Better diagnostic facilities

### Policy Support

- National Health Policy 2015, which focuses on increasing public expenditure on healthcare segment
- Reduction in approval time for new facilities
- Plans to set up new pharmaceutical education & research institutes
- Exemptions to drugs manufactured through indigenous R&D from price control under NPPP-2012

(Source: *Pharmaceuticals July 2017 - India Brand Equity Foundation - [www.ibef.org](http://www.ibef.org)*)

## SUPPLY SIDE DRIVERS

### Launch of patented Drugs



Following the introduction of product patents, several multinational companies are expected to launch patented drugs in India. Growth in the number of lifestyle diseases in India could boost the sale of drugs in this segment. High Court allowing exporting patent drugs, to foreign players in the Indian market.

#### Medical infrastructure

Pharma companies have increased spending to tap rural markets and develop better medical infrastructure. Hospitals' market size is expected to increase by USD200 billion by 2024. In October 2016, the government gave a nod to set up the country's 1st medical devices manufacturing park in Chennai

#### Scope in generics market

India's generic drugs account for 20 per cent of global exports in terms of volume, making it country the largest provider of generic medicines globally. The generics drug market accounts for around 70 per cent of the India pharmaceutical industry & it is expected to reach USD27.9 billion by 2020.

#### Over-The-Counter (OTC) drugs

India's OTC drugs market is expected to rise at a CAGR of 16.3 per cent to USD6.6 billion over 2008–16 and is further expected to grow on the account of increased penetration of chemists, especially in rural regions

#### Patent Expiry

The total sales value of the drugs with expiring patent in 2015 is USD66 billion and drugs with expiry protection in 2014 valued around USD34 billion

(Source: *Pharmaceuticals July 2017 - India Brand Equity Foundation* - [www.ibef.org](http://www.ibef.org))

### **DEMAND DRIVERS**

#### Accessibility

Over USD200 billion to be spent on medical infrastructure in the next decade. New business models expected to penetrate tier-2 & 3 cities. Over 160,000 hospital beds expected to be added each year in the next decade. India's generic drugs account for 20 per cent of global exports in terms of volume, making the country the largest provider of generic medicines globally

#### Acceptability

Rising levels of education to increase acceptability of pharmaceuticals. Patients to show greater propensity to self-medicate, boosting the OTC market. Acceptance of biologics & preventive medicines to rise. A skilled workforce as well as high managerial & technical competence. Surge in medical tourism due to increased patient inflow from other countries

#### Affordability

Rising income could drive 73 million households to the middle class over the next 10 years. Over 650 million people expected to be covered by health insurance by 2020. Government-sponsored programmes set to provide health benefits to over 380 million BPL people by 2017. By 2017, the government plans to provide free generic medicines to half the population at an estimated cost of USD5.4 billion

#### Epidemiological factors

Patient pool expected to increase over 20 per cent in the next 10 years, mainly due to rise in population. New diseases & lifestyle changes to boost demand. Increasing prevalence of lifestyle diseases

(Source: *Pharmaceuticals July 2017 - India Brand Equity Foundation* - [www.ibef.org](http://www.ibef.org))

### **FAVOURABLE POLICY MEASURES SUPPORT GROWTH**

#### Reduction in approval timer new facilities

Steps taken to reduce approval time for new facilities. NOC for export licence issued in 2 weeks compared to 12 weeks earlier

#### Collaborations

MoUs with USFDA, WHO, Health Canada, etc. to boost growth in the Indian Pharma sector by benefiting from their expertise. In 2015, NIPER (Mohali) signed MoUs with pharmaceutical industry leaders Bharat Biotech, Dr Reddy, Cadila Healthcare, Sun Pharma & Panacea Biotech. In 2016, Strides Arcolab & US-based Gilead Sciences Inc. entered into a licensing agreement for manufacturing & distributing Gilead Sciences' cost-efficient TenofovirAlafenamide (TAF) product in order to treat HIV patients in developing economies

#### Support for technology upgrades and FDIs

Government is planning to relax FDI norms in the pharmaceutical sector. In March 2017, In March 2017, the government to create a digital platform to regulate and track the sale of quality drugs, and it can be used by people living in the country as well as abroad

#### Industry infrastructure

Under the Union Budget 2017-18, the government has announced to set up 1.5 lakh Health Care Centres and open 2 new AIIMS in Jharkhand and Gujarat. In 2016, the government has planned to set up 6 pharma parks at an investment of about US\$ 27 million

#### Pharma Vision 2020

Pharma Vision 2020 by the government's Department of Pharmaceuticals aims to make India a major hub for end-to-end drug discovery

#### Exceptions

Full exemption from excise duty is being provided for HIV/AIDS drugs & diagnostic kits supplied under National AIDS Control Programme funded by the Global Fund to fight AIDS, TB & Malaria (GFATM). The customs duties on the said drugs are also being exempted

(Source: *Pharmaceuticals July 2017 - India Brand Equity Foundation - [www.ibef.org](http://www.ibef.org)*)

### **NATIONAL PHARMA PRICING POLICY 2012**

#### Market-based pricing

Cost-based pricing is complicated and time consuming than market based pricing. Market-based pricing is expected to create greater transparency in pricing information and would be available in public domain. Prices of NLEM drugs linked to WPI.

#### Essentiality of drugs

Essentiality of drugs is determined by including the drug in National List of Essential Medicines (NLEM) (348 drugs at present). Promote rational use of medicines based on cost, safety & efficacy

#### Price control of formulations only

The regulation of prices of drugs on the basis of regulating the prices of formulations only. Only finished medicines are to be considered essential which would prevent price control of APIs, which are not necessarily used for essential drugs.

(Source: *Pharmaceuticals July 2017 - India Brand Equity Foundation - [www.ibef.org](http://www.ibef.org)*)

### **OPPORTUNITIES: INDIAN PHARMACEUTICALS MARKET**

#### Clinical trials market

India is among the leaders in the clinical trial market. Due to a genetically diverse population and availability of skilled doctors, India has the potential to attract huge investments to its clinical trial market. From 2009 to 2015, 3043 clinical trial has been carried out in India

#### High-end drugs

Due to increasing population & income levels, demand for high-end drugs is expected to rise. Growing demand could open up the market for production of high-end drugs in India.

#### Penetration in rural Market

With 70 per cent of India's population residing in rural areas, pharma companies have immense opportunities to tap this market. Demand for generic medicines in rural markets has seen a sharp growth. Various companies are investing in the distribution network in rural areas.

### CRAMS

The Contract Research & Manufacturing Services industry (CRAMS) – estimated at USD8 billion in 2015, is expected to reach has a huge potential for Investments. The market has more than 1,000 players

(Source: *Pharmaceuticals July 2017 - India Brand Equity Foundation - [www.ibef.org](http://www.ibef.org)*)

## **ADVANTAGE INDIA**

### Cost efficiency

Low cost of production and R&D boosts efficiency of Indian pharma companies. India's cost of production is approximately 60 per cent lower than that of the US & almost half of that of Europe. Due to lower cost of treatment, India is emerging as a leading destination for medical tourism As of February 2017, India's ability to manufacture high quality, low priced medicines, presents a huge business opportunity for the domestic industry.

### Economic drivers

Economic prosperity to improve drug affordability. Increasing penetration of health insurance. With increasing penetration of chemists, especially in rural India, OTC drugs will be readily available

### Diversified portfolio

Accounts for over 10 per cent of the global pharmaceutical production. Over 60,000 generic brands across 60 therapeutic categories. Manufactures more than 500 different APIs. 35.7 per cent of all drug master filings from India are registered in the USA in 2015

### Policy support

Government unveiled 'Pharma Vision 2020' aimed at making India a global leader in end-to-end drug manufacture. Reduced approval time for new facilities to boost investments. In this sector, 100 per cent FDI is allowed under automatic route

2016 Market size: USD27.57 Billion

2020F Market size: USD55 Billion

(Source: *Pharmaceuticals July 2017 - India Brand Equity Foundation - [www.ibef.org](http://www.ibef.org)*)

## OUR BUSINESS

Some of the information contained in the following discussion, including information with respect to our business plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read the chapter titled “*Forward-Looking Statements*” beginning on page 19 of this Draft Red Herring Prospectus, for a discussion of the risks and uncertainties related to those statements and also the section “*Risk Factors*” 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 fiscal year ends on March 31 of each year, so all references to a particular fiscal are to the twelve-month period ended March 31 of that year.

The financial information used in this section, unless otherwise stated, is derived from our Financial Information, as restated prepared in accordance with Indian GAAP, Companies Act and SEBI Regulations. The following information is qualified in its entirety by, and should be read together with, the more detailed financial and other information included in this Draft Red Herring Prospectus, including the information contained in the sections titled “*Risk Factors*” and “*Financial Information*” beginning on pages 20 and 187, respectively.

### OVERVIEW OF THE BUSINESS

Our Company was originally incorporated as “Affine Formulations Private Limited” at Indore, Madhya Pradesh as a Private Limited Company under the provisions of the Companies Act, 1956 vide Certificate of Incorporation dated July 4, 2006 bearing Corporate Identification Number U24232MP2006PTC018755 issued by Registrar of Companies, Madhya Pradesh and Chattisgarh. Subsequently, our Company was converted into Public Company pursuant to Shareholders resolution passed at the Annual General Meeting of our Company held on September 5, 2016 and the name of our Company was changed to “Affine Formulations Limited” and a fresh Certificate of Incorporation consequent upon Conversion from Private Company to Public Company dated September 20, 2016 was issued by the Registrar of Companies, Gwalior. The Corporate Identification Number (CIN) of our Company is U24232MP2006PLC018755.

Incorporated in 2006, Affine Formulations Limited is an ISO 9001:2015 certified Company engaged in manufacturing and trading of finished pharmaceutical formulations in a dosage forms viz, Non Beta (Tablets, Capsules) and Beta (Tablets, Capsules & Dry Syrups).

Our Company manufactures the products and sell them to the pharmaceutical companies which then market those products under their own brand name.

Our Company is promoted by Shailendra Biyani, Pradhyumn Nyati and Vijay Kumar Nyati. Our individual promoters manage and control the major affairs of our business operations. With requisite experience in this industry, our promoters along with the team of management are actively involved in the day-to-day affairs of our company’s operations adding valuable knowledge and experience required for sustainable growth.

Our manufacturing facility has Quality Control Department headed by Quality Control Manager responsible for testing and analysis of raw materials as well as finished products in order to ensure that quality is not compromised at any stage of production. Though most of commonly used instruments for day to day use in Quality check are available in house. However for Infrared Spectroscopy (I.R.) Spectroscopy, G.L.C check etc. are done with the help of commercial government approved testing labs of ITL Labs, Delhi.

### LOCATIONAL PRESENCE

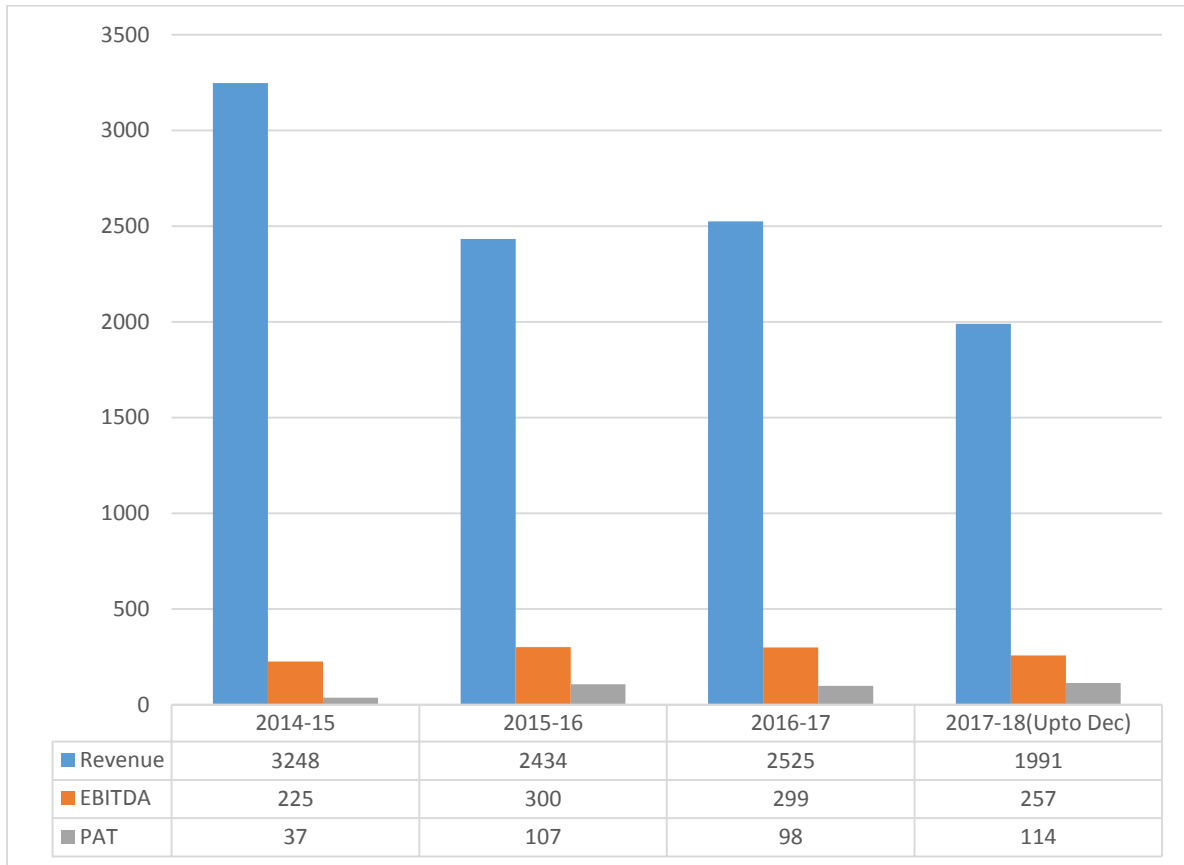
Registered Office - 28/10, Talwali Dewas Naka, Indore, Madhya Pradesh 452010, India.

Manufacturing facility - 1947/3, Vill. Bhatian, Tehs. Nalagarh, Dist. Solan, Himachal Pradesh, India.

### FINANCIAL SNAPSHOT

Details of our Total Revenue, EBITDA and Profit after Tax from FY 2014-15 to period ended 31<sup>st</sup> December, 2017 is as under:

Amount in Rs. Lakhs



**Top 5 customers for period ended 31<sup>st</sup> Dec, 2017**

Amount Rs. in Lakhs

Customer Name	Amount	Percentage to Total Sales
Nava Healthcare	305.34	15.41%
Krishna Generics	152.63	7.70%
Pro Biotech	116.97	5.90%
Pharma Corp. Inc. Pvt. Ltd.	89.53	4.52%
Astra Laboratories	68.17	3.44%
<b>Total</b>	<b>732.64</b>	<b>36.97%</b>

**Product wise sales for the period ended December 31, 2017**

Amount Rs. in Lakhs

Product	Units	Quantity	Amount	Percentage
Tablets	Box	14,26,537	1,346.78	67.95%
Capsules	Box	81,729	208.71	10.53%
Dry Syrups	Bottles	16,09,024	231.23	11.67%
Raw Goods	Kgs	2,991.6	195.28	9.85%
<b>Total</b>			<b>1,982.01</b>	<b>100%</b>

**Geography wise sales for the period ended December 31, 2017**

State	Amount (in Lakhs)	Percentage
Madhya Pradesh	720.77	36.37%
Himachal Pradesh	419.62	21.17%
Delhi	334.12	16.86%
Gujarat	195.68	9.87%

Tamil Nadu	123.97	6.25%
Maharashtra	81.88	4.13%
Uttar Pradesh	38.10	1.92%
Punjab	19.89	1.00%
Jammu & Kashmir	17.51	0.88%
Uttarakhand	16.12	0.81%
Andhra Pradesh	12.11	0.61%
Chandigarh	2.25	0.11%
<b>Total</b>	<b>1,982.01</b>	<b>100%</b>

## OUR PRODUCTS PORTFOLIO

Below is a brief description of our main product areas:

### 1. Anti-Biotic

Anti-biotic or anti-bacterial are a type of anti-microbial used specifically against bacteria, and are often used in medical treatment of bacterial infections. They may either kill or inhibit the growth of bacteria.

### 2. Anti-Inflammatory and Analgesic

Anti-inflammatory, refers to the property of a substance or treatment that reduces inflammation or swelling. Anti-inflammatory drugs make up about half of analgesics, remedying pain by reducing inflammation as opposed to opioids, which affect the central nervous system to block pain signalling to the brain. Analgesics are drugs designed specifically to relieve from severe pain.

### 3. Anti-Allergic

This combination medication is used to temporarily relieve symptoms caused by the common cold, flu, allergies, or other breathing illnesses (such as sinusitis, bronchitis). Antihistamines help relieve watery eyes, itchy eyes/nose/throat, runny nose, and sneezing.

### 4. Cardiac Products

Cardiac Products are drugs specialty of internal medicine concerned with disorders of the heart and it deals with the diagnosis and treatment of such conditions as congenital heart defects, coronary artery disease

### 5. Antifungal

An antifungal drugs are also known as an antimycotic medication, is used for treatment and prevent mycoses such as athlete's foot, ringworm, candidiasis (thrush), serious systemic infections such as cryptococcal meningitis, and others. Such drugs are usually obtained by a doctor's prescription, but a few are available OTC (over-the-counter).

### 6. Cephalosporins

Cephalosporins are drugs that indicated for the prophylaxis and treatment of infections caused by bacteria susceptible to this particular form of antibiotic. Cephalosporins are active predominantly against Gram-positive bacteria, and successive generations have increased activity against Gram-negative bacteria

### 7. Antiemetic

Antiemetic is a drug that is effective against vomiting and nausea. Antiemetics are typically used to treat motion sickness and the side effects of opioid analgesics, general anaesthetics, antipsychotic medication and chemotherapy directed against cancer. They may be used for severe cases of gastroenteritis, especially if the patient is dehydrated.

### 8. Anti-Diabetic Medication

Drugs used in diabetes treat diabetes mellitus by lowering glucose levels in the blood. With the exceptions of Insulin, exenatide, liraglutide and pramlintide, all are administered orally and are thus also called oral hypoglycemic agents or oral antihyperglycemic agents. There are different classes of anti-diabetic drugs, and their selection depends on the nature of the diabetes, age and situation of the person, as well as other factors.

## 9. Antidiarrheal

Antidiarrheal drug, any drug that relieves symptoms of diarrhea, the frequent passage of a watery loose stool. In general, the antidiarrheal drugs may be divided into different groups based on chemical or functional similarities; these groups include adsorbents, antimotility agents, and bacterial replacements (probiotics).

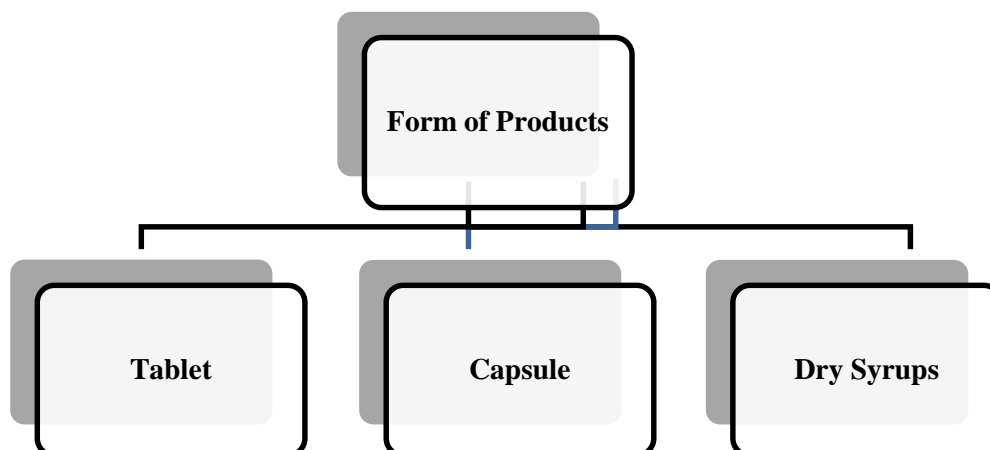
### RAW MATERIALS

Raw materials essential to our business are procured in the ordinary course of business from numerous suppliers. Our manufacturing processes require a wide variety of raw materials including APIs, excipients, essences, pharma-grade sugar, colorants, packaging materials (such as primary, printed and other materials) and approved rectified spirit.

We purchase these raw materials from a list of sources that we maintain, which has been approved by our internal quality control department following set standards as well as by our customers. We carefully assess the reliability of all materials purchased to ensure that they comply with the rigorous quality and safety standards required for our products. In an effort to manage risks associated with raw materials supply, we work closely with our suppliers to help ensure availability and continuity of supply while maintaining quality and reliability.

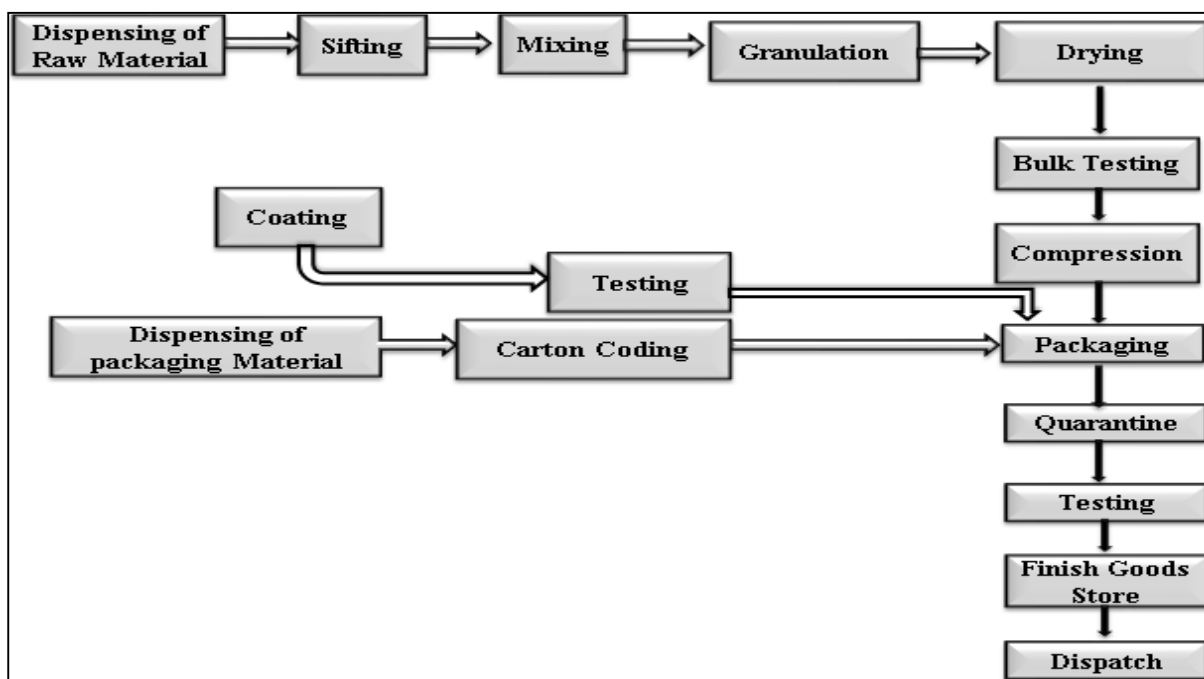
### BRIEF MANUFACTURING PROCESS

#### FORMS OF PRODUCTS



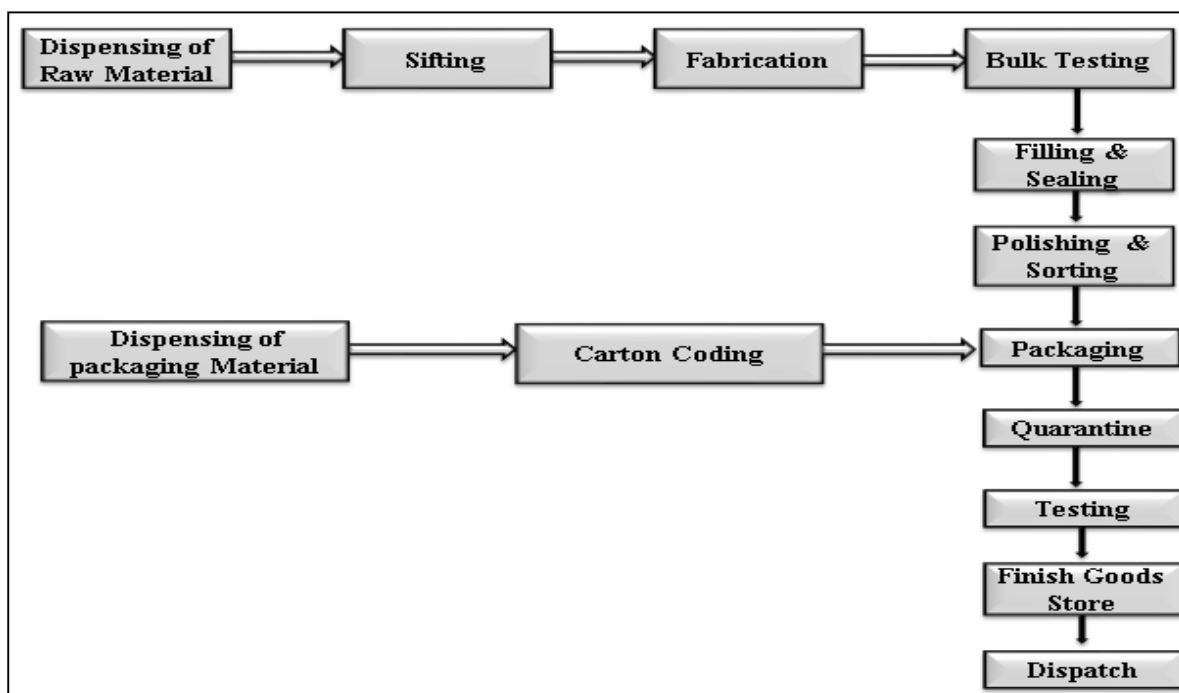
The manufacturing process of Formulations differs from product to product i.e. between Tablets, Capsules and Dry Syrups. However, it typically involves a fixed series of steps under controlled conditions of temperature, relative humidity, hygiene and specific classified conditions to manufacture the finished products. For each product, we identify several alternative specification of manufacturing process and choose the most appropriate for the situation, viz., Stability during shelf life, economic, patent non-infringing, achieving a desired quality standard, environment impact, etc. It is then suitably packed in different packaging material like Strip Packing, Blister Packing, or Sachets depending on the requirements of the customer. The basic series of process for manufacturing is as follows:

#### Manufacturing Process of Tablets



The manufacture of tablets is a complex multi-stage process under which the materials change their physical characteristics a number of times before the final dosage form is produced. The tablets have been made by granulation; wet granulation and dry granulation. Regardless of whether tablets are made by direct compression or granulation, the steps of milling and mixing is the same. Numerous unit processes are involved in making tablets, including particle size reduction and sizing, blending, granulation, drying, compaction, and coating.

### Manufacturing Process of Capsules



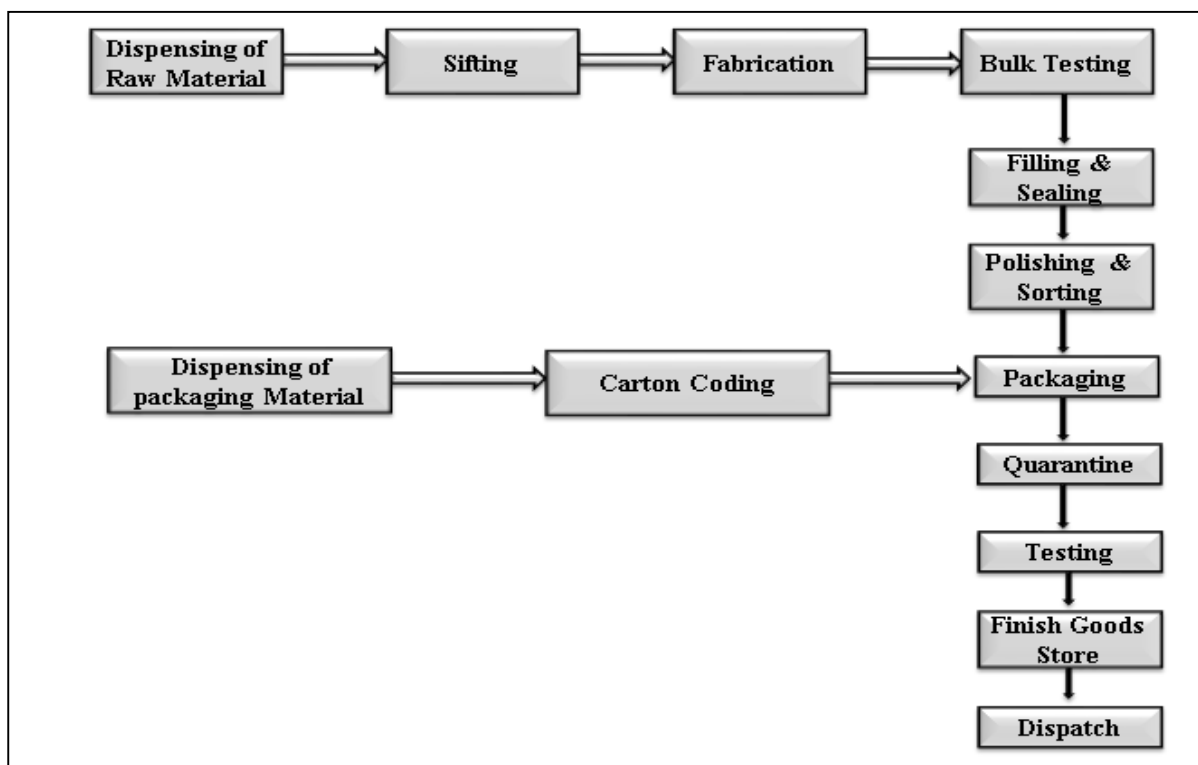
Our Company has automatic capsule filling machine which is suitable for filling powders and pellets. The machine is functional in use as they have capabilities for output and over rules handy operations. It also conforms to the Good Manufacturing Practice (GMP) guidelines with various safety features for better protection. Capsule fillers are used to fill gelatin with pre-determined quantity of liquids, powders, pellets, tablets. Capsules are normally fed into the machine, the filler then align, opens and accurately fills each capsule and recloses. Fillers generate minimum dust with lowest level of product loss. Non-separated, double loaded capsules and improperly inserted capsules are automatically rejected by



machines to maintain the consistency in the quality of product. Most capsule fillers are characterized with fast changeover time to accommodate a variety of capsules in terms of shapes and size.

These machines requires minimal maintenance and easy to clean. Also, the installation of speed adjusting equipment and automatic counters ensures the right quantity of capsules being filled and packed.

### Manufacturing Process of Dry Syrups



At first weighing and dispensing of all ingredients takes place required for manufacturing dry syrups. Filtering of ingredients is done using a mechanical shifter. After filtering all the ingredients the powder is transferred to drum mixer. Drum mixer's provide efficient mixing and leave very little build up within the mixer. The drum mixers are configured in such a manner that proper mixing and as desired quality control of the end product is attained. The next step is filling and scaling of dry powder manufactured by automatic machine into the bottles. These bottles are then labelled using automatic labelling machine. After these bottles are labelled packing and cartoning of these bottles takes place using packing and cartoning machine.

### END USERS

We manufacture medicines which are used by pharmaceutical companies at the domestic market which are then sold in the market under their own brand name for various medical issues and diseases. We sell our products through traders and agents.

### OUR COMPETITIVE STRENGTHS

#### 1. Experienced Promoters and management team

Our Company has experienced management and employees in the business who are capable of meeting the requirements of our customers. Our Company believes that the skills, industry and business knowledge and operating experience of our senior executives, provide us with a significant competitive advantage. We also have a qualified senior management team with diverse experience in the pharmaceutical industry, including in the areas of regulatory affairs, manufacturing, quality control, supply chain management, sales and marketing and finance.

#### 2. Quality Assurance and Standards

Our Company is dedicated towards quality products, processes and inputs. We have an in house testing laboratory which ensures that our products adheres to certified quality standards. Though most of commonly used instruments for day to day use in Quality check are available in house. However for I.R. Spectroscopy, G.L.C check etc. are done with the help of commercial government approved testing labs of ITL Labs, Delhi.

### **3. Wide range of products**

Our Company has been into the business for more than a decade and with a view of expanding its market reach, we have been developing new products which also gives us an advantage of product portfolio diversification. We are engaged in pharmaceutical formulations in a dosage forms viz, Non Beta (Tablets, Capsules) and Beta (Tablets, Capsules & Dry Syrups), Liquid Orals & External Preparations such as Analgesic & Antipyretics, Vitamins & Nutritional Supplements. With more than 100 products range, we are present into varied segments of market.

### **4. Cordial relationship with Customers, suppliers and employees**

Our core competency lies in the relationship with our customers and suppliers. Our cordial relationship with our customers help us getting repetitive orders and relationship with suppliers help us in uninterrupted supply of raw materials. We also enjoy cordial relations with our employees and there has been no union of employees. Further, there have been no strikes, lock-out or any labour protest in our organization since inception.

### **5. Focus on Research and Development (R&D)**

Our R&D efforts are integral to our business and we devote significant resources towards this aspect of our business. We believe in the importance of developing our R&D activities to maintain our competitiveness. We also recognize the importance of maintaining a workforce of qualified employees for R&D. Our Company has its own in-house laboratory for quality control and further improvements. Various trials are undertaken in the laboratory to improve the quality and to reduce cost of production. The facilities available are for checking the different parameter of raw materials, Processes and Finished products.

## **OUR BUSINESS STRATEGY**

### **1. Expansion of Business activity by tapping potential market in the other parts of the Country**

Considering the growing potential of the pharmaceutical industry in India and in order to capitalize on the growth, we intend to expand our operations to other regions of the country, besides the northern region where we are currently present.

### **2. Expanding our Product Portfolio**

Our Company has license to manufacture various dosage forms viz. Non Beta (Tablets, Capsules), Beta (Tablets, Capsules & Dry Syrups), Liquid Orals & External Preparations as Analgesic & Antipyretics, Vitamins & Nutritional Supplements etc. However, as of now Company only manufactures Non Beta (Tablets, Capsules), Beta (Tablets, Capsules & Dry Syrups), our Company plans to further diversify and develop ointment section and shall continue to focus on exploring new and feasible business opportunities.

### **3. Access new markets through obtaining more certifications**

Our Company aims to position itself as a preferred supplier, by increasing the number of registration and marketing activities of its existing and new products, in international markets. Our Company intends to have Certificate of Pharmaceutical Products issued by World Health Organization (WHO) for exports of pharmaceutical products.

### **4. Focus on consistently meeting Quality Standards**

Our Company intends to focus on adhering to the quality standards of the products. Our driving force has always been the quality of our products, as the same would enable us for long standing relationship with our customers. Our technically qualified persons are determined to achieve the objective of zero defects and zero rejection. To complement the efforts of our technical team, we are equipped with testing facilities to ensure that all our products are thoroughly tested prior to dispatch from our factory. Our testing and development laboratory will play an integral role in making improvements in quality of our

products and development of special products. Further, we propose to enhance our efficiency by introducing advanced machinery and reducing our dependency on manual

## 5. Enhancing existing production capacity

Our existing production capacity is utilized upto 75%, our Company aims at enhancing production capacity so that we could cater to increasing demands of our customers. Our Company further proposes to introduce advance machinery for same.

## SWOT ANALYSIS

<p><b>Strengths:</b></p> <ul style="list-style-type: none"> <li>• In-depth knowledge of promoter of industry and their decade of experience,</li> <li>• Track record of Company for more than a decade indicates its ability to survive business and economic cycles, and</li> <li>• Diverse customer base, varied product range</li> </ul>	<p><b>Weakness:</b></p> <ul style="list-style-type: none"> <li>• Intense competition from several unorganized players, and</li> <li>• Long gestation period in product commercialization</li> </ul>
<p><b>Opportunities:</b></p> <ul style="list-style-type: none"> <li>• Capitalise unutilised capacity, and</li> <li>• Growing Indian industry</li> </ul>	<p><b>Threats:</b></p> <ul style="list-style-type: none"> <li>• Change in regulatory norms in our country, and</li> <li>• Defects in quality may lead to litigation and claims</li> </ul>

## COLLABORATIONS

Our Company has not entered into any collaboration agreements as on date of this Draft Red Herring Prospectus.

## UTILITIES & INFRASTRUCTURE FACILITIES

### Infrastructure Facilities

Our Registered office situated at Indore and our manufacturing facility situated at Solan Himachal Pradesh are well equipped with computer systems, internet connectivity, other communication equipment, security and other facilities, which are required for our business operations to function smoothly.

### Water Supply

The company has supply of underground water through bore wells. Pump (5.0 HP) is used to supply water to Two overhead tank (5,000 Ltr.) on 2nd floor which is further used to supply water to a tank on second floor, to laboratory and on ground floor through gravity flow where as to supply DM plant through pump having capacity 0.5 HP.

### Power

Power facility at our office is met by purchasing the same from Madhya Pradesh Paschim Kshetra Vidyut Vitran Company Limited and power facility at manufacturing plant is met by purchasing same from Himachal Pradesh State Electricity Board.

## PLANT & MACHINERY

Our Company has following list of machineries installed at its manufacturing facility:

<b>Sr. No.</b>	<b>Description</b>	<b>Quantity</b>	<b>Name of Vendor / seller</b>
1	MULTY MILL SIFTER INSPECTION BELT, SHIFTER	8	SUNMACH MACHINERY (GUJ)
2	AIR CURTAIN	6	SWASTIK AREO (CHANDIGARH)
3	SEMI AUTOMATIC CAPSULE FILLING MACHINE, CHANGE PART, PIN PLATE ASSEMBLY, VACCUM PUMP, AUTOMATIC CAPS POLISING MACHINE, DUST COLLECTORS, EMPTY CAPS EJECT	1	CAPTECH ENGINEERS
4	DHS, AUTOCLAVE, MULTY COLOUMN	5	CHAMUNDA ENTERPRISES (GUJ)
5	BLISTER PACK MACHINE	1	CHAMUNDA ENTERPRISES (GUJ)
6	DIE PUNCHES	104	RIPPLE TABLET TOOLS (THANE)
7	SPLIT AIR CONDITIONER (AHU)	1	KRISHNA ENTERPRISES
8	DIE PUNCHES	104	RATAN PHARMA INDUSTRIES
9	BLISTER PACK MACHINE	1	CHAMUNDA ENTERPRISES (GUJ)
10	BOILER	1	CHAMUNDA ENTERPRISES (GUJ)
11	FBD, CMBA ROATARY MACHINE , VIBRO SIFTER , COATING MACHINE, DUST EXTRACTOR .	12	SUNMACH MACHINERY (GUJ)
12	BLISTER MACHINE	1	CHAMUNDA ENTERPRISES (GUJ)
13	DG SET	1	SUDHIR GENSETS CO.
14	GMP PALLET	500 KGS	STACK WELL MARKETING
15	ROTTARY TABLETS MACHINE	2	SHARAD MICRO DIE & ENGINEERS
16	SPLIT AIR CONDITIONER (AHU)	2	KRISHNA ENTERPRISES
17	ROTTARY TABLETS MACHINE, 2 PASTE PREPRATION KATTLE, DRUM BLENDER, SPRAY COATING ATTACHMENT	5	SUNMACH MACHINERY (GUJ)
18	GMP PALLET	1	STACK WELL MARKETING
19	SPLIT AIR CONDITIONER (AHU)	2	KRISHNA ENTERPRISES
20	DIE PUNCHES	112	RATAN PHARMA INDUSTRIES
21	OCTAGONAL BLENDER	1	SUNMACH MACHINERY (GUJ)
22	DISPENSING BOOTH	2	SHARMA INTERNATIONAL (DELHI)
23	DM PLANT	1	ARYA TECH ENGINEERS
24	SS LOCKERS, SS CROSS OVER BANACH GRINDER, SS POLISHING MOTOR	4	VISHWAKARMA INDUSTRIES
25	FLY KILLER	4	SWASTIK AREO (CHANDIGARH)

26	DOUBLE SKIN AIR HANDLING UNIT	6	PACE CORPORATION
27	DIE PUNCHES	60	RATAN PHARMA INDUSTRIES
28	LAB EQUIPMENT	64	P L TONDON & CO.
29	FBD-120KG & MASS MIXER	1+1	SUNMACH MACHINERY (GUJ)
30	DOUBLE SKIN AIR HANDLING UNIT	3	PACE CORPORATION
31	RAPID MIXER GRANULATOR	1	SUNMACH MACHINERY (GUJ)
32	SS LOCKERS	4	VISHWAKARMA INDUSTRIES
33	SS SQUARE STOOL	50	VISHWAKARMA INDUSTRIES
34	PROFARATED SHEET, SS SHEET	7	VISHWAKARMA INDUSTRIES
35	AIR COMPRESSOR	1	TRICE ENTERPRISES
36	FILTERS	3	SHARMA INTERNATIONAL (DELHI)
37	AIR CURTAIN	4	SWASTIK AREO (CHANDIGARH)
38	STRIP PACKING MACHINE	1	CHAMUNDA ENTERPRISES (GUJ)
39	SS TANK	1	VISHWAKARMA INDUSTRIES
40	FEED FRAME	4	SHARAD MICRO DIE & ENGINEERS
41	PLASTIC CARRATE	50	NEELKAMAL LIMITED
42	MHE- JR	2	NEELKAMAL LIMITED
43	UPRIGHT WITH FOOTFLATES	260	NEELKAMAL BITO STORAGE SYSTEM PVT LTD
44	TRACK ROLLER WITH GEAR	2	PHILIPSONS ENGINEERS SERVICES
45	HDPE PERFORATED DECK & INJECTION MOLDED	50	NEELKAMAL LIMITED
46	DISOLUTION TEST OPERATOR, SS LIQUID TANK, DEFOILER MACHINE	18	CHAMUNDA ENTERPRISES (GUJ)
47	BLISTER WATER COOLER	2	SHREE JEE AIR CONDITIONING CO.
48	MULTY COLOUMN DISTILATION PUMP SET , STRIP MACHINE, FBD HEATING PAD, PASTE CATTOL	6	D MARK ENGINEERS
49	SS TABLE FABTRICATION PACKING CONVEYOR	6	VISHWAKARMA INDUSTRIES
50	DIE PUNCHES	72	RATAN PHARMA INDUSTRIES
51	BOILER FITING , PIPE LINE	4	MAHENDRA SINGH
52	BLISTER HEATER	1	BHALLA TRADING CO.
53	MULTY MILLS SIEVE	6	MAN MECH INDUSTRIES
54	COATING PAN	2	PHILIPSONS ENGINEERS SERVICES
55	STRIP PACKING MACHINE	1	PHILIPSONS ENGINEERS SERVICES
56	ANALYTIK JENA DOUBLE BEAM UV SPECTROPHOTOMETER	1	LAB SYSTEM & BIOTECH INDIA P LTD
57	SPLIT AIR CONDITIONER (AHU)	1	KRISHNA ENTERPRISES
58	HEATER FOR BLISTER MACHINE	48	BHALLA TRADING CO.

59	BLISTER PACK MACHINE	2	CHAMUNDA ENTERPRISES (GUJ)
60	DIE PUNCHES	40	RATAN PHARMA INDUSTRIES
61	COATING PAN BLOWER	2	D MARK ENGINEERS
62	DIE PUNCHES	184	RATAN PHARMA INDUSTRIES
63	BLISTER CHANGE PART , ROOLER	1	HARI OM ENGINEERS WORKS
64	DIE PUNCHES	135	RATAN PHARMA INDUSTRIES
65	HEATER FOR COATING PAN	10	BHALLA TRADING CO.
66	HEATER FOR FBD MACHINE	8	BHALLA TRADING CO.
67	HEATER FOR BLISTER MACHINE	16	BHALLA TRADING CO.
68	COMPLETE ASSEMBLY FOR CUTTER UNIT	2	V.M. SERVICES (GUJ)
69	PRINTING DRUM, SCORING UNIT HOLDER PHOTO CONTROL WITH LED	1	V.M. SERVICES (GUJ)
70	DIE PUNCHES	90	RIPPLE TABLET TOOLS (THANE)
71	DHARA AUTOMATICALLY BOTTLE, JAR AIRJET & VACCUM CLEANING MACHINE, AUTOMATIC HEAD, LABELING MACHINE, ROPP CAP MACHINE	5	DHARA ENGINEERS (GUJ)
72	ALU ALU MACHINE	1	ACCURATE MACHINES (GUJ)
73	DEHUMIDIFIER	1	THERAMAX REMEDIES
74	STRIP PACKING MACHINE	2	RANA ENGINEERS WORKS
75	AIR COMPRESSOR	1	KAILA ENGINEERING
76	DRAIN VALVE, AIR FILTER & COALESCING FILTER	3	KAILA ENGINEERING
77	DEHUMIDIFIER	1	MONGIA & CO.
78	SEMI AUTOMATIC INDUCTION SEALING MACHINE	1	ENGINEERS CONSORTIUM
79	DEEP FREEZER WITH COPELAND COMPRESSOR & DEHUMIDIFIER WITH COPELAND COMPRASSOR	1+1	MONGIA & CO.

*Note: All of the machineries installed at our manufacturing facility is new.*

## **HUMAN RESOURCES**

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

As on date of this Draft Red Herring Prospectus, we have 31 employees on payroll. Our manpower is a prudent mix of the experienced and youth which gives us the advantage of stability and growth. Our work progress and skilled/ semi-skilled/ unskilled resources together with our management team have enabled us to successfully implement our growth plans.

Our employees are not currently unionized, and there have been no work disruptions, strikes, lockouts or other employee unrest to date. The Company believes that its relations with its employees are good.

## **CAPACITY AND CAPACITY UTILISATION**

The production and utilized capacities of our Company for our products for the past three years and also the projected capacities and utilizations for the subsequent three years are set forth in the following tables:

*Quantity In Lakhs*

Product Name	Installed	Actual Utilization					
		2015-16		2016-17		2017-18	
Tablet	13,440	8,736	65%	9,408	70%	10,080	75%
Capsules	672	436.8	65%	470.4	70%	504	75%
Dry Syrups	168	109.2	65%	117.6	70%	126	75%

*Quantity In Lakhs*

Product Name	Installed	Projected Utilization					
		2018-19		2019-20		2020-21	
Tablet	13,440	10,752	80%	11,424	85%	12,096	90%
Capsules	672	537.6	80%	571.2	85%	604.8	90%
Dry Syrups	168	134.4	80%	142.8	85%	151.2	90%

#### **EXPORT AND EXPORT OBLIGATIONS**

Our Company does not has any export obligation as on date of filing Draft Red Herring Prospectus.

#### **COMPETITION**

Our Company operates in the pharmaceutical sector which faces competition from domestic as well as international players. Competition emerges not only from the organized and unorganized sector but also from small and big players. Its competitiveness depends on several factors including quality, price and customer service. Internationally, competition typically comes from low-cost operations in other emerging countries.

#### **MARKETING**

The efficiency of the marketing and sales network is critical to success of our Company. Our success lies in the strength of our relationship with the customers who have been associated with our Company. Our team through their relevant experience and good rapport with these customers owing to timely and quality delivery of service plays an instrumental role in creating and expanding a work platform for our Company.

We believe our relationship with our customers is strong and established as we receive repeated orders. To retain our customers, our team regularly interacts with them and focuses on gaining an insight into the additional needs of customers.

We intend to expand our existing customer base by increasing our presence in existing markets and reaching out to other geographical areas, as well as by adding new products to our product portfolio. Our marketing team is ready to take up challenge so as to scale new heights.

#### **INSURANCE DETAILS**

Our insurance policies are subject to customary exclusions and deductibles. We have taken Standard Fire & Special Perils Policy for a substantial majority of our assets at our office and factory. These policies also insure us against the risk of earthquakes and other natural calamities.


Policy No.	Risk Covered	Sum Assured (Amount in Rs. Lakhs)	Name of the Insurer	Policy Period	
				From	To
1904011218P100568743	Stocks	Rs. 800 Lakhs	United India Insurance Co. Ltd.	April 15, 2018	April 14, 2019

1904011118P100718215	Building, P&M, Stocks, Lift, Equipment	Rs. 1,461 Lakhs	United India Insurance Co. Ltd.	April 15, 2018	April 14, 2019
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We believe that our insurance coverage is adequate for our business needs and operations. We will continue to review our policies to ensure adequate insurance coverage maintained.

#### INTELLECTUAL PROPERTY RIGHTS

We have applied for registration of the following Trademarks with Trademarks Registry, Government of India. The details of trademark applications are as under:

Sr. No.	Trademark	Trademark Type	Class	Applicant	Application No.	Date of Application	Validity/Renewal	Registration status
1.		Device	5	Affine Formulations Limited	3689618	November 28, 2017	-	Formalities Chk Fail

#### LAND AND PROPERTY

##### Owned Properties

Sr. No	Address of Property	Area of the Property	Current Usage
1	1947/3, Vill. Bhatian, Tehs. Nalagarh, Dist. Solan, Himachal Pradesh, India	1 Beegha 17 Beeswa	Manufacturing Unit

##### Land and Properties taken on lease by Company

Sr. No	Address of Property	Rent Period	Licensor/ Lessor	Rent Amount
1	28/10 Talawali Chanda Dewas Naka, Indore 452010, Madhya Pradesh	May 12, 2018 to April 12, 2019	M/S Tirupati Pharma	Rs. 5,000 p.m.
2	Office 306, B.M. Tower, 3/1, Sangita Road, Indore, M.P.	November 01, 2017 to October 01, 2018	Meena Agrawal	Rs. 25,000 p.m.



## **KEY INDUSTRIES REGULATION AND POLICIES**

*Except as otherwise specified in this Draft Red Herring Prospectus, the Companies Act, 1956 / the Companies Act, 2013, We are subject to a number of central and state legislations which regulate substantive and procedural aspects of our business. Additionally, our operations require sanctions from the concerned authorities, under the relevant Central and State legislations and local bye-laws. The following is an overview of some of the important laws, policies and regulations which are pertinent to our business as a player in business of manufacturing of pharmaceuticals formulations. Taxation statutes such as the I.T. Act, and applicable Labour laws, environmental laws, contractual laws, intellectual property laws as the case may be, apply to us as they do to any other Indian company. The statements below are based on the current provisions of Indian law, and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions. The regulations set out below may not be exhaustive, and are only intended to provide general information to Applicants and is neither designed nor intended to be a substitute for professional legal advice.*

### **APPROVALS**

For the purpose of the business undertaken by our Company, our Company is required to comply with various laws, statutes, rules, regulations, executive orders, etc. that may be applicable from time to time. The details of such approvals have more particularly been described for your reference in the chapter titled “Government and Other Statutory Approvals” beginning on page number 268 of this Draft Red Herring Prospectus.

### **APPLICABLE LAWS AND REGULATIONS**

#### **BUSINESS/TRADE RELATED LAWS/REGULATIONS**

##### **The Pharmacy Act, 1948**

The Pharmacy Act was enacted on March 4, 1948 by the Indian Parliament to regulate the profession and practice of pharmacy. The Pharmacy Council of India was constituted for framing and implementing the Education Regulations for minimum qualifications required under the Act for a person to get himself / herself registered as a pharmacist. The Pharmacy Council of India after due inspection gives approval to the institutions who conduct courses of Diploma in Pharmacy or Degree in Pharmacy. The Act provides for the constitution of state pharmacy councils for 117 the maintenance of Registers of Qualified Pharmacists and to prohibit the dispensing of medicine on the prescription of a Medical Practitioner by the persons other than Registered Pharmacists.

##### **The Drugs and Cosmetics Act, 1940 (“DCA”)**

The Drugs and Cosmetics Act, 1940 (the “DCA Act”) regulates the import, manufacture, distribution and sale of drugs in India as well as aspects relating to instalment, packing and testing as well as matters pertaining to drug formulations, instalment and APIs. It provides the procedure for testing and licensing new drugs. These procedures involve obtaining a series of approvals for different stages at which the drugs are tested, before the Drug Controller General of India, an authority established under the DCA Act (“DCGI”) grants the final license to allow the drugs to be manufactured and marketed. Obtaining an approval from DCGI involves an application to be made to the DCGI. Upon examining the medical data, the chemical data and the toxicity of the drug, the DCGI issues a no objection certificate. The no objection certificate allows the manufacturer of the drug to move on to the next stage of testing at the central drug laboratories. The drug is subject to a series of tests at the central drug laboratories, for its chemical integrity and analytical purity. If the drug meets the standards required by the authority, the authority issues a certificate in that respect.

The DCGI issues a manufacturing and marketing license in respect of APIs. These licenses are submitted by the company seeking to produce the drug, to the drug control administration of the state which clears the drug for manufacturing and marketing. The drug control administration also provides the approval for technical staff as per the DCA Act and Drugs and Cosmetics Rules, 1945 framed under the legislation abiding by the WHO and cGMP inspection norms. The approvals for licensing are to be obtained from the drug control administration. The Central Drugs Standard Control Organisation (“CDSCO”) is responsible for testing and approving APIs and formulations in consultation with the DCGI.

The approval process for conducting clinical trials, manufacturing and marketing of a drug depends on

whether the drug is a new chemical entity or a Recombinant Deoxyribonucleic Acid (“RDNA”) product. For new chemical entities, the DCGI is the approving authority. However, for RDNA products, applications have to be submitted to the Department Of Biotechnology (“DBT”) after which they are processed for scientific, safety and efficacy issues by an advisory committee comprising the DBT, the chairman of the review committee on genetic manipulation, the DCGI, the Ministry of Health and Family Welfare, and other experts. If the advisory committee is satisfied, it then recommends the proposal to DCGI who then clears the proposal for Phase I clinical trials. The DCGI reviews the clinical data after every phase based on which it grants approval for entering into the next phase. The Phase III clinical data is 150 examined by the DCGI in consultation with the Genetic Engineering Approval Committee (“GEAC”). Thereafter, the DCGI grants the final approval for manufacturing and marketing the product.

According to the DCA Act and the applicable guidelines for generating pre-clinical and clinical data for RDNA based vaccines, diagnostics and other human clinical trials can be conducted in four sequential phases that may overlap under some circumstances:

- Phase I: In this phase, the drug or treatment is introduced into a small group of healthy human beings to evaluate its safety, determine a safe dosage range and identify its side effects.
- Phase II: This phase involves studies on a selected group of patients to identify possible adverse effects and risks, to determine the efficacy of the product for specific targeted diseases and to further evaluate its safety.
- Phase III: Pursuant to Phase II evaluations demonstrating that a dosage range of the product is effective and has an acceptable safety profile, further trials are undertaken on larger groups of patients to confirm their effectiveness, monitor side effects, compare it to commonly used treatments and collect information that will allow the drug or treatment to be used safely.
- Phase IV: In this phase, a study of post-marketing information with regard to the drug’s risks, benefits and optimal use is carried out.

Further, the DCGI has vide a notification, made registration of human clinical trial mandatory from June 15, 2009, which will be applicable for clinical trials initiated after June 15, 2009.

Under the DCA Act, the Government may, by notification in the official gazette, regulate or restrict the manufacture, sale or distribution of a drug, if it is satisfied that such drug is essential to meet the requirements of an emergency arising due to epidemic or natural calamities and that in the public interest, it is necessary or expedient to do so or that the use of such drug is likely to involve any risk to human beings or animals or that it does not have the therapeutic value claimed or purported to be claimed for it or contains ingredients and in such quantity for which there is no therapeutic justification.

### **The Drugs and Cosmetics Rules, 1945 (“DC Rules”)**

The Drugs and Cosmetics Rules, 1945 enacted to give effect to the provisions of the DCA to regulate the manufacture, distribution and sale of drugs and cosmetics in India. The DC Rules prescribe the procedure for submission of report to the Central Drugs Laboratory, of samples of drugs for analysis or test, the forms of Central Drugs Laboratory’s reports thereon and the fees payable in respect of such reports. The DC Rules also prescribe the drugs or classes of drugs or cosmetics or classes of cosmetics for the import of which a licence is required, and prescribe the form and conditions of such licences, the authority empowered to issue the same and the fees payable therefore. The DC Rules provide for the cancellation or suspension of such licence in any case where any provisions or rule applicable to the import of drugs and cosmetic is contravened or any of the conditions subject to which the licence is issued is not complied with. The DC Rules further prescribe the manner of labelling and packaging of drugs. The DC Rules lay down the process mechanics and guidelines for clinical trial, including procedure for approval for clinical trials. Clinical trials require obtaining of free, informed and written consent from each study subject. The DC Rules also provide for compensation in case of injury or death caused during clinical trials. The Central Drugs Standard Control Organization has issued the guidance for industry for submission of clinical trial application for evaluating safety and efficacy, for the purpose of submission of clinical trial application as required under the DC Rules. The Indian Council of Medical Research has issued the Ethical Guidelines for Biomedical Research on Human Participants, 2006 which envisages that medical and related research using human beings as research participants must, necessarily, inter alia, ensure that the research is conducted in a manner conducive to, and consistent with, their dignity, well-being and under conditions of professional fair treatment and transparency. Further such research is subjected to evaluation at all stages of the same.

### **Good Manufacturing Practice Guidelines (GMP)**

These guidelines are provided under ‘Schedule T’ of Drug and Cosmetic Act, 1940. Good manufacturing practices (GMP) are the practices required in order to confirm the guidelines recommended by agencies that control authorization and licensing for manufacture and sale of food, drug products, and active pharmaceutical products. These guidelines provide minimum requirements that a pharmaceutical or a food product manufacturer must meet to assure that the products are of high quality and do not pose any risk to the consumer or public. Good manufacturing practices, along with good laboratory practices and good clinical practices, are overseen by regulatory agencies in various sectors in India.

#### **The Narcotic Drugs and Psychotropic Substances Act, 1985 “NDPS Act”**

The NDPS Act has been enacted, inter alia to consolidate and amend the law relating to narcotic drugs, to make stringent provisions for the control and regulation of operations relating to narcotic drugs and psychotropic substances, to provide for the forfeiture of property derived from, or used in, illicit traffic in narcotic drugs and psychotropic substances and to implement the provisions of international conventions on narcotic drugs and psychotropic substances. The NDPS Act provides, inter alia, that no person shall produce, manufacture, possess, sell, purchase, transport, warehouse, use, consume, import inter-state, export inter-state, import into India, export from India any psychotropic substance, except for medical or scientific purposes and in the manner and to the extent provided by the provisions of the NDPS Act or this rules or orders made thereunder, and in a case where any such provision, imposes any requirement by way of licence, permit or authorisation also in accordance with the terms and conditions of such licence, permit or authorisation. Accordingly, the Central Government may, inter alia, permit and regulate the manufacture of manufactured drugs (other than prepared opium,) but not including manufacture of medicinal opium or any preparation containing any manufactured drug from materials which the maker is lawfully entitled to possess. Further, rules formulated under the NDPS Act prescribe, among others (i) the forms and conditions of licences for the manufacture of manufactured drugs, the authorities by which such licences may be granted and the fees that may be charged therefor, as also (ii) the forms and conditions of certificates, authorisations or permits, as the case may be, for such import, export or transshipment of narcotic drugs and psychotropic substances, the authorities by which such certificates, authorisations or permits may be granted and the fees that may be charged therefor. State Governments are also granted powers to permit, control and regulate possession, transport, purchase, sale, import inter-state, export inter-state, use or consumption of manufactured drugs other than prepared opium and of coca leaf and any preparation containing any manufactured drug.

#### **Standards of Weights and Measures Act, 1976 and Standards of Weights and Measures (Packaged Commodities) Rules, 1977**

The Standards of Weights and Measures Act, 1976 aims at introducing standards in relation to weights and measures used in trade and commerce. The rules made thereunder, particularly the Standards of Weights and Measures (Packaged Commodities) Rules, 1977 lay down the norms to be followed, in the interests of consumer safety, when commodities are sold or distributed in packaged form in the course of inter-state trade or commerce. This Act and rules formulated thereunder regulate inter alia inter-state trade and commerce in weights and measures and commodities sold, distributed or supplied by weights or measures.

#### **Essential Commodities Act, 1955**

The Essential Commodities Act, 1955 (the “EC Act”) is enacted to control the production, supply and distribution of trade and commerce in the essential commodities for maintaining or increasing supplies and for securing their equitable distribution and availability at fair prices. Section 3 of the EC Act confers wide powers on the Central Government to, inter alia, regulate the production or manufacture of any essential commodity, control the price at which any essential commodity may be bought or sold (in accordance with the directions issued by the Central Government). In furtherance of the above powers, the Central Government may order any person, engaged in the production of an essential commodity, to sell the same to the Central or State Government. Under Section 5, various powers of the Central Government under the EC Act have been delegated to the State Governments. Section 6 of the EC Act provides for seizure / confiscation of an essential commodity by a District Collector.

#### **The Drugs (Price Control) Order, 2013 (“DPCO 2013”)**

The DPCO was issued by the Central Government under section 3 of the ECA and in supersession of the Drugs (Prices Control) Order, 1995, thereby giving effect to the 2012 Policy. The DPCO 2013, inter alia, provides that the Central Government may issue 94 directions to the manufacturers of active

pharmaceutical ingredients or bulk drugs and formulations to increase production or sell such active pharmaceutical ingredient or bulk drug to such manufacturer of formulations and direct the formulators to sell the formulations to institutions, hospitals or any agency, procedures for fixing the ceiling price of scheduled formulations of specified strengths or dosages, retail price of new drug for existing manufacturers of scheduled formulations, method of implementation of prices fixed by Government and penalties for contravention of its provisions. The Government has the power under the DPCO 2013 to recover amounts charged in excess of the notified price from the manufacturer, importer or distributor and the said amounts are to be deposited in the Drugs Prices Equalization Account. The DPCO 2013 prescribes certain instances in which case the provision of the DPCO 2013 will not be applicable. These provisions are applicable to all scheduled formulations irrespective of whether they are imported or patented, unless they are exempted. However, the prices of other drugs can be regulated, if warranted in public interest.

#### **The Drugs and Magic Remedies (Objectionable Advertisements) Act, 1954 (“DMRA”)**

DMRA seeks to control advertisements of drugs in certain cases and prohibits advertisement of remedies that claim to possess magic qualities. In terms of the DMRA, advertisements include any notice, circular, label, wrapper or other document or announcement. It also specifies the ailments for which no advertisement is allowed and prohibits advertisements that misrepresent, make false claims or mislead. Further, the Drugs and Magic Remedies (Objectionable Advertisements) Rules, 1955 have been framed for effective implementation of the provisions of the DMRA.

#### **The Explosives Act, 1884**

The Explosives Act, 1884 (the “Explosives Act”) has been enacted to regulate the manufacture, possession, use, sale, transport and importation of explosives. The Explosives Act stipulates as follows: No person-

- i. who has not completed the age of 18 years;
- ii. (who has been sentenced on conviction of any offence involving violence or moral turpitude for a term of not less than 6 months, at any time during a period of 5 years after the expiration of the sentence;
- iii. who has been ordered to execute under Chapter VIII of the Code of Criminal Procedure, 1973 (2 of 1974), a bond for keeping the peace or for good behaviour, at any time during the term of the bond; or
- iv. whose licence under this Act has been cancelled, whether before or after the commencement of the Indian Explosives(Amendment) Act, 1978 (32 of 1978) for contravention of the provisions of this Act or the Rules made thereunder, at any time during a period of 5 years from the date of cancellation of such licence shall:
  - a) manufacture, sell, transport, import or export any Explosive; or
  - b) possess any such Explosive as the Central Government may, having regard to the nature thereof, by notification in the Official Gazette, specify.

Further, no person shall import, export, transport, manufacture, possess, use or sell any explosive which is not an authorised explosive. The Explosives Act also prescribes safety standards and qualifications required in order to obtain a license for the manufacture, use, possession, sale etc., of explosives.

#### **National Pharmaceuticals Pricing Policy, 2012 (the “2012 Policy”)**

The 2012 Policy replaces the drug policy of 1994 and presently seeks to lay down the principles for pricing of essential drugs specified in the National List of Essential Medicines – 2011 (“NLEM”) declared by the Ministry of Health and Family Welfare, Government of India and modified from time to time, so as to ensure the availability of such medicines at reasonable price, while providing sufficient opportunity for innovation and competition to support the growth of the Industry. The prices would be regulated based on the essential nature of the drugs rather than the economic criteria/market share principle adopted in the drug policy of 1994. Further, the 2012 Policy will regulate the price of formulations only, through market based pricing which is different from the earlier principle of cost based pricing. Accordingly, the formulations will be priced by fixing a ceiling price and the manufacturers of such drugs will be free to fix any price equal to or below the ceiling price.

### **The National List of Essential Medicines, 2015**

The National List of Essential Medicines, 2015 (“NLEM”), has been introduced to replace the National List of Essential Medicines, 2011. This new list provides for 376 drugs as essential instead of the earlier 348. A total of 106 medicines have been added, 70 medicines have been deleted to finalise the new list. The medicines in National List of Essential Medicines (NLEM) should be available at affordable costs and with assured quality. The medicines used in the various national health programmes, emerging and re-emerging infections should be addressed in the list. The Government of India, Ministry of Health & Family Welfare (MOHFW) is mandated to ensure the quality healthcare system by assuring availability of safe and efficacious medicines for its population.

### **The Poisons Act, 1919 (the “Poisons Act”)**

The Poisons Act regulates the import, possession and sale of poisons. It empowers the State Government to frame rules for regulation of possession for sale and sale of poisons. It also empowers the Central Government to prohibit the import of any specified poison into India across any customs frontier defined by the Central Government and also regulates the grant of license. Any contravention of the provisions of the Poisons Act may be punished with imprisonment or fine or both.

### **The Sales Promotion Employees (Conditions of Service) Act, 1976 (the “Sales Promotion Act”)**

The Sales Promotion Act regulates the conditions of service of sales promotion employees and applies to pharmaceutical industry. It provides the conditions of appointment, leave and maintenance of registers and other documents of such employees. It provides enabling provision for application of the provisions of labour laws including The Workmen’s Compensation Act, 1923, The Industrial Disputes Act, 1947, The Minimum Wages Act, 1948, The Maternity Benefit Act, 1961, The Payment of Bonus Act 1965 and The Payment of Gratuity Act, 1972 to sales promotion employees. The Sales Promotion Act provides monetary penalties for breach of its provisions.

### **The Micro, Small and Medium Enterprises Development Act, 2006**

In order to promote and enhance the competitiveness of Micro, Small and Medium Enterprise (MSME) the act 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 as “micro enterprise”, where the investment in plant and machinery does not exceed twenty-five lakh rupees; “Small enterprise”, where the investment in plant and machinery is more than twenty-five lakh rupees but does not exceed five crore rupees; or a medium enterprise , where the investment in plant and machinery is more than five crore but does not exceed ten crore rupees and in the case of the enterprise engaged in the services, “Micro – enterprise” , where the investment in equipment does not exceed ten lakh rupees, “Small Enterprise” where the investment in equipment is more than ten lakh rupees but does not exceed two crore rupees, or “ Medium Enterprise” where the investment in equipment is more than two crore rupees but does not exceed five crore rupees.

### **Anti-Trust Laws**

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

An act to prevent practices having adverse effect on competition, to promote and sustain competition in markets, to protect interest of consumer and to ensure freedom of trade in India. The act deals with prohibition of agreements and Anti-competitive agreements. No enterprise or group shall abuse its dominant position in various circumstances as mentioned under the 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 commission shall issue notice to show cause to the parties to combination calling upon them to respond within 30 days in case it is of the opinion that there has been an appreciable adverse effect on competition in India. In case a person fails to comply with the directions of the Commission and Director General he shall be punishable with a fine which may exceed to Rs. 1 lakh for each day during such failure subject to maximum of Rupees One Crore.

### **GENERAL CORPORATE COMPLIANCE**

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

The consolidation and amendment in law relating to Companies Act, 1956 made way to enactment of Companies Act, 2013. The Companies act 1956 is still applicable to the extent not repealed and the Companies Act, 2013 is applicable to the extent notified. The act deals with incorporation of companies and the procedure for incorporation and post incorporation. The conversion of private company into public company and vice versa is also laid down under the Companies Act, 2013. The procedure relating to winding up, voluntary winding up, appointment of liquidator also forms part of the act. The provision of this act shall apply to all the companies incorporated either under this act or under any other previous law. It shall also apply to banking companies, companies engaged in generation or supply of electricity and any other company governed by any special act for the time being in force. A company can be formed by seven or more persons in case of public company and by two or more persons in case of private company. A company can even be formed by one person i.e., a One Person Company. The provisions relating to forming and allied procedures of One Person Company are mentioned in the act.

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

### **EMPLOYMENT AND LABOUR LAWS**

#### ***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 5A 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 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 scheme. The employer shall prepare a Family Pension Fund contribution card in respect of the entire employee who is member of the fund.

#### ***Employees' State Insurance Act, 1948 (the "ESI Act")***

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. Provided that nothing contained in this sub-section shall apply to a factory or establishment belonging to or under the control of the Government whose employees are otherwise in receipt of benefits substantially similar or superior to the benefits provided under this Act. This Act requires all the employees of the establishments to which this Act applies to be insured in the manner provided there under. Employer and employees both are

required to make contribution to the fund. The return of the contribution made is required to be filed with the Employee State Insurance department.

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

The Payment of Bonus Act, 1965 imposes statutory liability upon the employers of every establishment in which 20 or more persons are employed on any day during an accounting year covered to pay bonus to their employees. It further provides for payment of minimum and maximum bonus and linking the payment of bonus with the production and productivity.

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

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 year period shall be relaxed in case of termination of service due to death or disablement.

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

The Minimum Wages Act, 1948 (“MWA”) came into force with an objective to provide for the fixation of a minimum wage payable by the employer to the employee. Under the MWA, every employer is mandated to pay the minimum wages to all employees engaged to do any work skilled, unskilled, manual or clerical (including out-workers) in any employment listed in the schedule to the MWA, in respect of which minimum rates of wages have been fixed or revised under the MWA. Construction of Buildings, Roads, and Runways are scheduled employments. It prescribes penalties for non-compliance by employers for payment of the wages thus fixed.

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

The Maternity Benefit Act, 1961 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.

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

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.

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

The Child Labour Prohibition and Regulation Act 1986 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.

#### **Trade Union Act, 1926 and Trade Union (Amendment) Act, 2001**

Provisions of the Trade Union Act, 1926 provides that any dispute between employers and workmen or between workmen and workmen, or between employers and employers which is connected with the employment, or non-employment, or the terms of employment or the conditions of labour, of any person shall be treated as trade dispute. For every trade dispute a trade union has to be formed. For the purpose

of Trade Union Act, 1926, Trade Union means combination, whether temporary or permanent, formed primarily for the purpose of regulating the relations between workmen and employers or between workmen and workmen, or between employers and employers, or for imposing restrictive condition on the conduct of any trade or business etc.

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

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, organising awareness programs and workshops, display of rules relating to the sexual harassment at any conspicuous part of the workplace, provide necessary facilities to the internal or local committee for dealing with the complaint, such other procedural requirements to assess the complaints.

### **Industrial Disputes Act, 1947 (“ID Act”) and Industrial Dispute (Central) Rules, 1957**

The ID Act and the Rules made thereunder provide for the investigation and settlement of industrial disputes. The ID Act was enacted to make provision for investigation and settlement of industrial disputes and for other purposes specified therein. Workmen under the ID Act have been provided with several benefits and are protected under various labour legislations, whilst those persons who have been classified as managerial employees and earning salary beyond prescribed amount may not generally be afforded statutory benefits or protection, except in certain cases. Employees may also be subject to the terms of their employment contracts with their employer, which contracts are regulated by the provisions of the Indian Contract Act, 1872. The ID Act also sets out certain requirements in relation to the termination of the services of the workman. The ID Act includes detailed procedure prescribed for resolution of disputes with labour, removal and certain financial obligations up on retrenchment. The Industrial Dispute (Central) Rules, 1957 specify procedural guidelines for lock-outs, closures, lay-offs and retrenchment

## **TAX RELATED LEGISLATIONS**

### **Value Added Tax (“VAT”)**

VAT is a system of multi-point Levy on each of the purchases in the supply chain with the facility of set-off input tax on sales whereby tax is paid at the stage of purchase of goods by a trader and on purchase of raw materials by a manufacturer. VAT is based on the value addition of goods, and the related VAT Liability of the dealer is calculated by deducting input tax credit for tax collected on the sales during a particular period. VAT is a consumption tax applicable to all commercial activities involving the production and distribution of goods and the provisions of services, and each state that has introduced VAT has its own VAT Act, under which, persons Liable to pay VAT must register and obtain a registration number from Sales Tax Officer of the respective State.

### **Service Tax**

Chapter V of the Finance Act, 1994 as amended, provides for the levy of a service tax in respect of ‘taxable services’, as specified in entry 39 defined therein. The service provider of taxable services is required to collect service tax from the recipient of such services and pay such tax to the Government. Every person who is liable to pay this service tax must register himself with the appropriate authorities. According to Rule 6 of the Service Tax Rules, every assessee is required to pay service tax in TR 6 challan by the 5<sup>th</sup> / 6<sup>th</sup> of the month immediately following the month to which it relates. Further, under Rule 7 (1) of Service Tax Rules, the Company is required to file a half yearly return in Form ST 3 by the 25<sup>th</sup> of the month immediately following the half year to which the return relates.

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

The main object of this act is to formulate principles for determining (a) when a sale or purchase takes place in the course of trade or commerce (b) When a sale or purchase takes place outside a State (c) When a sale or purchase takes place in the course of imports into or export from India, to provide for Levy, collection and distribution of taxes on sales of goods in the course of trade or commerce, to declare certain goods to be of special importance trade or commerce and specify the restrictions and conditions to which



State Laws imposing taxes on sale or purchase of such goods of special importance (called as declared goods) shall be subject. CST Act imposes the tax on interstate sales and states the principles and restrictions as per the powers conferred by Constitution.

### **Customs Act, 1962**

The provisions of the Customs Act, 1962 and rules made there under are applicable at the time of import of goods i.e. bringing into India from a place outside India or at the time of export of goods i.e. taken out of India to a place outside India. Any Company requiring to import or export any goods is first required to get it registered and obtain an IEC (Importer Exporter Code). Imported goods in India attract basic customs duty, additional customs duty and education cess. The rates of basic customs duty are specified under the Customs Tariff Act 1975. Customs duty is calculated on the transaction value of the goods. Customs duties are administrated by Central Board of Excise and Customs under the Ministry of Finance.

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

The Central Excise Act, 1944 (“Central Excise Act”) consolidates and amends the law relating to Central Duties of Excise on goods manufactured or produced in India. Excisable goods under the Act means goods specified in the Schedule to the Central Excise Tariff Act, 1985 as being subject to duty of excise. Factory means any premises, including the precincts thereof, wherein or in any part of which excisable goods are manufactured, or wherein or in any part of which any manufacturing process connected with the production of these goods being carried on or is ordinarily carried out. Under the Act a duty of excise is levied on all excisable goods, which are produced or manufactured in India as and at the rates, set forth in the First Schedule to the Central Excise Tariff Act, 1985. Our Company is exempted under Central Excise Notification No. 1/49 and 1/50 dated 12/2012.

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

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

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

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

Taxpayers with an aggregate turnover of Rs. 20 lakhs would be exempt from tax. The exemption threshold for special category of states like North-East shall be Rs. 10 lakhs. Small taxpayers with an aggregate turnover in preceding financial year upto Rs. 75 lakhs (50 lakhs in case of special category states) may opt for composition levy. Under GST, goods and services are taxed at the following rates, 0%, 5%, 12% and 18%. There is a special rate of 0.25% on rough precious and semi-precious stones and 3% on gold. In addition a cess of 15% or other rates on top of 28% GST applies on few items like aerated drinks, luxury cars and tobacco products. The rate of tax for CGST and SGST/UTGST shall not exceed –

- a. 2.5% in case of restaurants etc.
- b. 1% of the turnover in state/UT in case of manufacturer
- c. 0.5% of the turnover in state/ UT in case of other supplier

Export and supplies to SEZ shall be treated as zero-rated supplies. Import of goods and services would be treated as inter-state supplies. Every person liable to take registration under these Acts shall do so

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

## **OTHER LAWS**

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

The Factories Act, 1948 (“Factories Act”) aims at regulating labour employed in factories. A “factory” is defined as “any premises whereon ten or more workers are working or were working on any day of the preceding twelve months, and in any part of which a manufacturing process is being carried on with the aid of power, or is ordinarily so carried on, or whereon twenty or more workers are working, or were 81 working on any day of the preceding twelve months, and in any part of which a manufacturing process is carried on without the aid of power, or is ordinarily so carried on.”. The main aim of the said Act is to ensure adequate safety measures and to promote the health and welfare of the workers employed in factories initiating various measures from time to time to ensure that adequate standards of safety, health and welfare are achieved at all the places.

Under the Factories Act, the State Government may make rules mandating approval for proposed factories and requiring licensing and registration of factories. The Factories Act makes detailed provision for ensuring sanitary conditions in the factory and safety of the workers and also lays down permissible working hours, leave etc. In addition, it makes provision for the adoption of worker welfare measures. The prime responsibility for compliance with the Factories Act and the rules thereunder rests on the “occupier”, being the person who has ultimate control over the affairs of the factory. The Factories Act states that save as otherwise provided in the Factories Act and subject to provisions of the Factories Act which impose certain liability on the owner of the factory, in the event there is any contravention of any of the provisions of the Factories Act or the rules made thereunder or of any order in writing given thereunder, the occupier and the manager of the factory shall each be guilty of the offence and punishable with imprisonment or with fine. The occupier is required to submit a written notice to the chief inspector of factories containing all the details of the factory, the owner, manager and himself, nature of activities and such other prescribed information prior to occupying or using any premises as a factory. The occupier is required to ensure, as far as it is reasonably practicable, the health, safety and welfare of all workers while they are at work in the factory.

## **ENVIRONMENTAL LEGISLATIONS**

### ***The Environment Protection Act, 1986 (“Environment Protection Act”)***

The purpose of the Environment Protection Act is to act as an "umbrella" legislation designed to provide a frame work for Central government co-ordination of the activities of various central and state authorities established under previous laws. The Environment Protection Act authorizes the central government to protect and improve environmental quality, control and reduce pollution from all sources, and prohibit or restrict the setting and /or operation of any industrial facility on environmental grounds. The Act prohibits persons carrying on business, operation or process from discharging or emitting any environmental pollutant in excess of such standards as may be prescribed. Where the discharge of any environmental pollutant in excess of the prescribed standards occurs or is apprehended to occur due to any accident or other unforeseen act, the person responsible for such discharge and the person in charge of the place at which such discharge occurs or is apprehended to occur is bound to prevent or mitigate the environmental pollution caused as a result of such discharge and should intimate the fact of such occurrence or apprehension of such occurrence; and (b) be bound, if called upon, to render all assistance, to such authorities or agencies as may be prescribed.

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

Air (Prevention and Control of Pollution) Act 1981 (“the Act”) was enacted with an objective to protect the environment from smoke and other toxic effluents released in the atmosphere by industries. With a view to curb air pollution, the Act has declared several areas as air pollution control area and also prohibits

the use of certain types of fuels and appliances. Prior written consent is required of the board constituted under the Act, if a person intends to commence an industrial plant in a pollution control area.

#### **Water (Prevention and Control of Pollution) Act, 1974**

The Water (Prevention and Control of Pollution) Act 1974 (“the Act”) was enacted with an objective to protect the rivers and streams from being polluted by domestic and industrial effluents. The Act prohibits the discharge of toxic and poisonous matter in the river and streams without treating the pollutants as per the standard laid down by the Pollution control boards constituted under the Act. A person intending to commence any new industry, operation or process likely to discharge pollutants must obtain prior consent of the board constituted under the Act.

#### **Hazardous Waste (Management and Handling) Rules, 1989**

The Hazardous Waste (Management and Handling) Rules, 1989, as amended, impose an obligation on each occupier and operator of any facility generating hazardous waste to dispose of such hazardous wastes properly and also imposes obligations in respect of the collection, treatment and storage of hazardous wastes. Each occupier and operator of any facility generating hazardous waste is required to obtain an approval from the relevant state pollution control board for collecting, storing and treating the hazardous waste.

#### **The Public Liability Insurance Act, 1991**

This Act imposes liability on the owner or controller of hazardous substances for any damage arising out of an accident involving such hazardous substances. A list of hazardous substances covered by the legislation has been enumerated by the Government by way of a notification. The owner or handler is also required to take out an insurance policy insuring against liability under the legislation. The rules made under the Public Liability Act mandate that the employer has to contribute towards the environment relief fund, a sum equal to the premium paid on the insurance policies. The amount is payable to the insurer.

#### **National Environmental Policy, 2006**

The Policy seeks to extend the coverage, and fill in gaps that still exist, in light of present knowledge and accumulated experience. This policy was prepared through an intensive process of consultation within the Government and inputs from experts. It does not displace, but builds on the earlier policies. It is a statement of India's commitment to making a positive contribution to international efforts. This is a response to our national commitment to a clean environment, mandated in the Constitution in Articles 48 A and 51 A (g), strengthened by judicial interpretation of Article 21. The dominant theme of this policy is that while conservation of environmental resources is necessary to secure livelihoods and well-being of all, the most secure basis for conservation is to ensure that people dependent on particular resources obtain better livelihoods from the fact of conservation, than from degradation of the resource. Following are the objectives of National Environmental Policy:

- Conservation of Critical Environmental Resources
- Intra-generational Equity: Livelihood Security for the Poor
- Inter-generational Equity
- Integration of Environmental Concerns in Economic and Social Development
- Efficiency in Environmental Resource Use
- Environmental Governance
- Enhancement of resources for Environmental Conservation

#### **INTELLECTUAL PROPERTY LEGISLATIONS**

In general the Intellectual Property Rights includes but is not limited to the following enactments:

- The Patents Act, 1970
- Indian Copyright Act, 1957
- The Trade Marks Act, 1999

#### **Indian Patents Act, 1970**

A patent is an intellectual property right relating to inventions and is the grant of exclusive right, for limited period, provided by the Government to the patentee, in exchange of full disclosure of his invention, for excluding others from making, using, selling, importing the patented product or process producing that product. The term invention means a new product or process involving an inventive step capable of industrial application.

### **The Copyright Act, 1957**

Copyright is a right given by the law to creators of literary, dramatic, musical and artistic works and producers of cinematograph films and sound recordings. In fact, it is a bundle of rights including, inter alia, rights of reproduction, communication to the public, adaptation and translation of the work. There could be slight variations in the composition of the rights depending on the work.

### **Trade Marks Act, 1999**

The Trade Marks Act, 1999 (the “**Trade Marks Act**”) provides for the application and registration of trademarks in India for granting exclusive rights to marks such as a brand, label and heading and obtaining relief in case of infringement for commercial purposes as a trade description. The Trade Marks Act prohibits any registration of deceptively similar trademarks or chemical compounds among others. It also provides for penalties for infringement, falsifying and falsely applying for trademarks.

### **GENERAL LAWS**

- Apart from the above list of laws – which is inclusive in nature and not exhaustive - general laws like the Indian Contract Act 1872, Specific Relief Act 1963, Negotiable Instrument Act 1881, The Information Technology Act, 2000, Sale of Goods Act 1930 and Consumer Protection Act 1986 are also applicable to the company.

### **OTHER LAWS:**

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

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 all the civil court under Code of Civil Procedure, 1908 shall vest in him.

The EXIM Policy is a set of guidelines and instructions established by the DGFT in matters related to the export and import of goods in India. This policy is regulated under the said act. Director General of Foreign Trade (herein after referred to as DGFT) is the main governing body in matters related to the EXIM Policy. The Act shall provide development and regulation of foreign trade by facilitating imports into, and augmenting exports from India. Trade Policy is prepared and announced by the Central Government (Ministry of Commerce).

#### **Foreign Exchange Management Act, 1999**

Foreign investment in India is primarily governed by the provisions of the Foreign Exchange Management Act, 1999 (“FEMA”) and the rules and regulations promulgated there under. The act aims at amending the law relating to foreign exchange with facilitation of external trade and payments for promoting orderly developments and maintenance of foreign exchange market in India. It applies to all branches, offices and agencies outside India owned or controlled by a person resident in India and also to any contravention there under committed outside India by any person to whom this Act applies. Every exporter of goods is required to a) furnish to the Reserve Bank or to such other authority a declaration in such form and in such manner as may be specified, containing true and correct material particulars, including the amount representing the full export value or, if the full export value of the goods is not

ascertainable at the time of export, the value which the exporter, having regard to the prevailing market conditions, expects to receive on the sale of the goods in a market outside India; b) furnish to the Reserve Bank such other information as may be required by the Reserve Bank for the purpose of ensuring the realization of the export proceeds by such exporter. The Reserve Bank may, for the purpose of ensuring that the full export value of the goods or such reduced value of the goods as the Reserve Bank determines, having regard to the prevailing market conditions, is received without any delay, direct any exporter to comply with such requirements as it deems fit. Every exporter of services shall furnish to the Reserve Bank or to such other authorities a declaration in such form and in such manner as may be specified, containing the true and correct material particulars in relation to payment for such services.

### **FEMA Regulations**

As laid down by the FEMA Regulations, no prior consents and approvals are required from the Reserve Bank of India, for Foreign Direct Investment under the automatic route within the specified sectoral caps. In respect of all industries not specified as FDI under the automatic route, and in respect of investment in excess of the specified sectoral limits under the automatic route, approval may be required from the FIPB and/or the RBI. The RBI, in exercise of its power under the FEMA, has notified the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 ("FEMA Regulations") to prohibit, restrict or regulate, transfer by or issue security to a person resident outside India. Foreign investment in India is governed primarily by the provisions of the FEMA which relates to regulation primarily by the RBI and the rules, regulations and notifications there under, and the policy prescribed by the Department of Industrial Policy and Promotion, Ministry of Commerce & Industry, Government of India

### **THE FOREIGN DIRECT INVESTMENT**

The Government of India, from time to time, has made policy pronouncements on Foreign Direct Investment ("FDI") through press notes and press releases. The Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India ("DIPP"), has issued consolidated FDI Policy Circular of 2017 ("FDI Policy 2017"), which with effect from August 28, 2017, consolidates and supersedes all previous press notes, press releases and clarifications on FDI Policy issued by the DIPP that were in force. The Government proposes to update the consolidated circular on FDI policy once every year and therefore, FDI Policy 2017 will be valid until the DIPP issues an updated circular.

The Reserve Bank of India ("RBI") also issues Master Circular on Foreign Investment in India every year. Presently, FDI in India is being governed by Master Circular on Foreign Investment dated July 01, 2015 as updated from time to time by RBI. In terms of the Master Circular, an Indian company may issue fresh shares to people resident outside India (who is eligible to make investments in India, for which eligibility criteria are as prescribed). Such fresh issue of shares shall be subject to inter-alia, the pricing guidelines prescribed under the Master Circular. The Indian company making such fresh issue of shares would be subject to the reporting requirements, inter-alia with respect to consideration for issue of shares and also subject to making certain filings including filing of Form FC-GPR.

Under the current FDI Policy of 2017, foreign direct investment in micro and small enterprises is subject to sectoral caps, entry routes and other sectoral regulations. At present 100 % foreign direct investment through automatic route is permitted in the sector in which our Company operates. Therefore applicable foreign investment up to 100% is permitted under automatic route. FDI is permitted upto 100 % in Greenfield projects and 74% in Brownfield projects under the automatic route and FDI beyond 74% in Brownfield projects requires Government Route. FDI is permitted up to 100 percent in the manufacture of medical devices.

## OUR HISTORY AND CERTAIN OTHER CORPORATE MATTERS

### CORPORATE PROFILE AND BRIEF HISTORY

Our Company was originally incorporated as “Affine Formulations Private Limited” at Indore, Madhya Pradesh as a Private Limited Company under the provisions of the Companies Act, 1956 vide Certificate of Incorporation dated July 4, 2006 bearing Corporate Identification Number U24232MP2006PTC018755 issued by Registrar of Companies, Madhya Pradesh and Chattisgarh. Subsequently, our Company was converted into Public Company pursuant to Shareholders resolution passed at the Annual General Meeting of our Company held on September 5, 2016 and the name of our Company was changed to “Affine Formulations Limited” and a fresh Certificate of Incorporation consequent upon Conversion from Private Company to Public Company dated September 20, 2016 was issued by the Registrar of Companies, Gwalior. The Corporate Identification Number (CIN) of our Company is U24232MP2006PLC018755.

Shailendra Biyani, Vijay Kumar Nyati and Pradhyumn Nyati are promoters of our Company. Vijay Kumar Nyati and Pushpa Biyani were initial subscribers to the Memorandum of Association of our Company. Shailendra Biyani and Pradhyumn Nyati first acquired shares of our Company on November 20, 2006 and October 01, 2010 respectively. For further details, please refer to chapter titled “Capital Structure” on page 82 of this Draft Red Herring Prospectus.

Our Company is engaged in manufacturing and trading of formulations like tablets, capsules and dry syrups. For information on our Company’s profile, activities, market, products, etc., capacity built-up, standing of our Company in comparison with prominent competitors, with reference to its products, management, managerial competence, technology, market, major suppliers and customers, environmental issues, geographical segment, etc. wherever applicable, please refer to chapters titled “*Our Business*”, “*Financial Statements as Restated*”, “*Management’s Discussion and Analysis of Financial Condition and Results of Operation*”, “*Government and Other Statutory Approvals*” beginning on page 139, 187,238 and 268 of this Draft Red Herring Prospectus.

### CHANGES IN REGISTERED OFFICE OF OUR COMPANY

Since incorporation there has been no changes in the Registered office of our Company and is situated at 28/10 Talwali Dewas Naka, Indore 452010, Madhya Pradesh, India.

### KEY EVENTS AND MILESTONES IN THE HISTORY OF OUR COMPANY

The following table sets forth the key events and milestones in the history of our Company, since incorporation:

Financial Year	Events
2006	Incorporation of our Company
2016	Conversion of Company from Private to Public
2016	ISO 9001:2015

### MAIN OBJECTS OF OUR COMPANY

The main object of our Company, as contained in our Memorandum of Association, is as set forth below:

1. To carry on business as manufacturers, importer, exporter, buyers, sellers, processors, growers makers, refiners, inventors, formulators, laboratories, analysts, druggist, chemists, stockiest, agent, distributors, and licenses of pharmaceuticals, basic drugs, i.v. Fluids, organic & inorganic chemicals, medicinal proportional drugs, drug intermediates, aromatic chemicals, drugs and pharmaceutical formulations in usual dosage from i.e. vial, injections, oral syrups, tablets, capsules, and in any such other form for human as well as animal uses, food products, surgical goods, minerals and ayurvedic, allopathic homeopathic, unani products based on herbs, fruits, plants and chemical compounds and to deal in all types of herbal extracts, ayurvedic extracts, herbal medicines, formulations, tonics, herbal ointments, herbal lotions, creams, treatments and other allied products, basic drugs, pharmaceuticals, medicines, chemical preparation, surgical equipments and accessories, drug formulation, proteins, nutrients, medicated oils, artificial limbs, bandage materials, hospital aids, patients aids, medical professional aids, pharmaist’s aids and handicapped’s aids both in internal, external and to operate and run natural therapy centers and to carry on all process, prepare, treat, disinfect, compound, formulate, mix, concentrate, pack,

repack, refine, add, remove, pure, preserve, grade, freeze, distillate, boil, sterilize, improve, extract, research, discover, manipulate, consultant, middleman, job worker or otherwise to deal in all types, descriptions, specifications, strengths and applications of pharmaceutical and chemical products of medicaments in all its branches such as allopathic, ayurvedic, homeopathic, herbal, unani, siddha, bio-chemic used for treatment cure and health care of human beings and animals including basic drugs, intermediates, tonics antibiotics, enzymes, steroids, vitamins, hormones, biological, immunological chemicals, contraceptives, surgical plaster of paris, surgical dressings, belladonna plasters, dressings, bandages, waddings, gauzes, adhesives, belts, sutures, ligatures, rubber, goods, vaccines, toxins, ferments, yeasts, medical gases, diagnostic agents, oils and tinctures, medicinal products in all forms such as capsules, tablets, powders, ointments, syrups, injectable, pills, fluids, granules, sprayers, inhalers, mineral waters, droppers, removers, vetanery medicines, poultry medicines, herbal products, their by-products, intermediates, residues, mixtures, compounds and allied goods.

#### **AMENDMENTS TO THE MOA OF OUR COMPANY SINCE INCORPORATION**

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

<b>Date of Shareholder's Approval</b>	<b>Amendment</b>
November 20, 2006	The authorised share capital of the Company of Rs. 1,00,000 consisting 10,000 Equity Shares of Rs. 10/- each was increased to Rs. 1,00,00,000 consisting of 10,00,000 Equity Shares of Rs. 10/- each.
August 01, 2016	The authorised share capital of the Company of Rs. 1,00,00,000 consisting 10,00,000 Equity Shares of Rs. 10/- each was increased to Rs. 10,00,00,000 consisting of 1,00,00,000 Equity Shares of Rs. 10/- each.
September 05, 2016	Amendment to Clause I of Memorandum of Association of our Company upon Conversion of our Company from a Private Limited Company to a Public Limited Company and the consequent change in name of our Company to Affine Formulations Limited. A fresh Certificate of Incorporation pursuant to change in name and conversion of Company to Public Limited was issued by Registrar of Companies, Gwalior on September 20, 2016.

#### **HOLDING COMPANY OF OUR COMPANY**

Our Company has no holding company as on date of filing of this Draft Red Herring Prospectus.

#### **SUBSIDIARY COMPANY OF OUR COMPANY**

Our Company has no subsidiary company as on date of filing of this Draft Red Herring Prospectus.

#### **CAPITAL RAISING ACTIVITIES THROUGH EQUITY OR DEBT**

For details regarding our capital raising activities through equity and debt, refer to the section titled "*Capital Structure*" beginning on page 82 of this Draft Red Herring Prospectus.

#### **INJUNCTIONS OR RESTRAINING ORDERS**

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

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

Our Company has not merged/amalgamated itself nor has acquired any business/undertaking, since incorporation.

#### **SHAREHOLDERS AGREEMENTS**

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

#### **OTHER AGREEMENTS**

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

#### **STRATEGIC/ FINANCIAL PARTNERS**

Apart from the various arrangements with Bankers and Financial Institutions which our Company undertakes in the ordinary course of business, our Company does not have any strategic/financial partner as on the date of filing of this Draft Red Herring Prospectus.

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

There have been no defaults or rescheduling of borrowings with financial institutions or banks as on the date of this Draft Red Herring Prospectus.

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

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

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

There has been no change in activities of our Company since incorporation.

#### **STRIKES AND LOCKOUTS**

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

#### **REVALUATION OF ASSETS**

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

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

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

#### **NUMBER OF SHAREHOLDERS**

Our Company has 27 shareholders as on date of this Draft Red Herring Prospectus. For further details on shareholders please refer to chapter titled “Capital Structure” beginning on page 82 of this Draft Red Herring Prospectus.

#### **SIGNIFICANT SALE/ PURCHASE BETWEEN OUR SUBSIDIARY/ ASSOCIATE/ HOLDING/ JV AND OUR COMPANY**

We do not have any Subsidiary, Holding, Joint Venture and Associate Company as on date of filing this Draft Red Herring Prospectus.



## OUR MANAGEMENT

### BOARD OF DIRECTORS

Under our Articles of Association, we are required to have not less than 3 directors and not more than 15 directors, subject to the applicable provisions of the Companies Act. We currently have six directors on our Board.

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

Sr. No	Name, Father's/Husband's Name, Age, Designation, Address, Occupation, Nationality, Term and DIN	Date of Last Appointment/ Reappointment as Director	Other Directorship
1.	<b>Name:</b> Shailendra Biyani <b>Father's Name:</b> Omprakash Biyani <b>Age:</b> 50 Years <b>Designation:</b> Managing Director <b>Address:</b> 40, Agarwal Nagar, Indore – 452001, Madhya Pradesh, India <b>Occupation:</b> Business <b>Nationality:</b> Indian <b>DIN:</b> 01516050 <b>Term:</b> liable to retire by rotation	Appointed April 15, 2008  Designated as Managing Director on August 29, 2016	<b>Public Limited Company</b> Nil  <b>Private Limited Company</b> Nil  <b>Limited Liability Partnership</b> Nil
2.	<b>Name:</b> Pradhyumn Nyati <b>Father's Name:</b> Mohanlal Nyati <b>Age:</b> 35 Years <b>Designation:</b> Whole Time Director <b>Address:</b> 106, Janki Nagar Main, Indore – 452001, Madhya Pradesh, India <b>Occupation:</b> Business <b>Nationality:</b> Indian <b>DIN:</b> 01515970 <b>Term:</b> liable to retire by rotation	Appointed on April 15, 2008  Designated as Whole Time Director on August 29, 2016	<b>Public Limited Company</b> Nil  <b>Private Limited Company</b> Nil  <b>Limited Liability Partnership</b> Nil
3.	<b>Name:</b> Vijay Kumar Nyati <b>Father's Name:</b> Radheshyam Nyati <b>Age:</b> 49 Years <b>Designation:</b> Non- Executive Director <b>Address:</b> 106, Janki Nagar Main Indore 452001 Madhya Pradesh, India <b>Occupation:</b> Business <b>Nationality:</b> Indian <b>DIN:</b> 00362130 <b>Term:</b> Liable to retire by rotation	Appointed on July 04, 2006	<b>Public Limited Company</b> Nil  <b>Private Limited Company</b> Nil  <b>Limited Liability Partnership</b> Nil

Sr. No	Name, Father's/Husband's Name, Age, Designation, Address, Occupation, Nationality, Term and DIN	Date of Last Appointment/ Reappointment as Director	Other Directorship
4.	<p><b>Name:</b> Gautam Chand Dhing  <b>Father's Name:</b> Poonam Chand Jain  <b>Age:</b> 64 years  <b>Designation:</b> Independent Director  <b>Address:</b> 30/2, Rajaswa Colony, In Front Of G.Dc. Collage 3, Bafna Residensi Ujjain 456001 Madhya Pradesh India  <b>Occupation:</b> Business  <b>Nationality:</b> Indian  <b>DIN:</b> 01584143  <b>Term:</b> 5 years w.e.f. August 29, 2016</p>	<p>Appointed on August 29, 2016</p> <p>Designated as Independent Director on September 05, 2016</p>	<p><b>Public Limited Company</b> Nil</p> <p><b>Private Limited Company</b> Nil</p> <p><b>Limited Liability Partnership</b> Nil</p>
5.	<p><b>Name:</b> Mahesh Jakhata  <b>Father's Name:</b> Hiralal Jakhata  <b>Age:</b> 58 Years  <b>Designation:</b> Additional (Independent) Director  <b>Address:</b> Sagar Chouraha, 28/3 Malhar Ganj, Indore, Sirpur, Madhya Pradesh, 452002, India  <b>Occupation:</b> Business  <b>Nationality:</b> Indian  <b>DIN:</b> 08033364  <b>Term:</b> 5 years w.e.f. December 23, 2017 (subject to the approval from the members in ensuing AGM)</p>	<p>Appointed on December 23, 2017</p>	<p><b>Public Limited Company</b> Nil</p> <p><b>Private Limited Company</b> Nil</p> <p><b>Limited Liability Partnership</b> Nil</p>
6.	<p><b>Name:</b> Amita Bhutda  <b>Father's Name:</b> Dinesh Bhutda  <b>Age:</b> 27 Years  <b>Designation:</b> Independent Director  <b>Address:</b> Chandra Shekhar Marg Dewas 455001 Madhya Pradesh, India  <b>Occupation:</b> Business  <b>Nationality:</b> Indian  <b>DIN:</b> 07600233  <b>Term:</b> 5 years</p>	<p>Appointed on August 29, 2016</p> <p>Designated as Independent Director on September 05, 2016</p>	<p><b>Public Limited Company</b> Nil</p> <p><b>Private Limited Company</b> Nil</p> <p><b>Limited Liability Partnership</b> Nil</p>

#### BRIEF PROFILE OF OUR DIRECTORS

**Shailendra Biyani**, aged 50 years, is the Promoter and Managing Director of our Company. He has been appointed as Director of our Company w.e.f April 15, 2008, and has been re-designated as Managing Director of our Company on August 29, 2016. He has an experience of around 25 years in Pharmaceutical Industry. He is the guiding force behind all the strategic decisions of Company and is entrusted with the responsibility of looking after the overall management and operations of Company.

**Pradhyumn Nyati**, aged 35 years, is the Promoter and Whole-time Director of our Company. He has

been appointed as director of our Company w.e.f April 15, 2008 and has been re-designated as Whole-Time Director on August 29, 2016. He has completed Bachelor of Business Administration from Devi Ahilya Vishwavidyalaya, Indore. He has an experience of around 10 years in Pharmaceutical Industry. He has been instrumental in formulating the business strategies of our Company and looks after Production Department of our Company.

**Vijay Kumar Nyati**, aged 49 years, is the Promoter and Non-Executive Director of our Company. He has been acting as Director in our company since incorporation. He has experience of about 20 years in Pharmaceutical Industry.

**Mahesh Jakhatia**, aged 58 years, has been appointed as Additional (Independent) Director of our Company from December 23, 2017. He has completed Masters of Commerce from University of Indore.

**Gautam Chand Dhing**, aged 64 years, was appointed as Director (Independent) of our Company on August 29, 2016 and regularised as on September 05, 2017.

**Amita Bhutda** aged 27 years, was appointed as Director (Independent) of our Company on August 29, 2016 and regularised as on September 05, 2017. She has completed Masters in Business Administration from Prestige Institute of Management & Research, Indore, Madhya Pradesh.

## CONFIRMATIONS

As on the date of this Draft Red Herring Prospectus:

- None of our Directors are related to each other within the meaning of section 2(77) of the Companies Act, 2013.
- There are no arrangements or understanding with major shareholders, customers, suppliers or any other entity, pursuant to which any of the Directors or Key Management Personnel were selected as a Director or member of the senior management.
- The Directors of our Company have not entered into any service contracts with our Company which provides for benefits upon termination of employment.
- None of our Directors are on the RBI List of willful defaulters.
- Further, none of our Directors are or were directors of any company whose shares were (a) suspended from trading by stock exchange(s) or (b) delisted from the stock exchanges during the term of their directorship in such companies.
- None of the Promoters, persons forming part of our Promoter Group, Directors or persons in control of our Company, has been or is involved as a promoter, director or person in control of any other company, which is debarred from accessing the capital market under any order or directions made by SEBI or any other regulatory authority.

## REMUNERATION/COMPENSATION/COMMISSION PAID TO DIRECTORS

Except as disclosed below, none of the Directors were paid any remuneration during the last financial year ended on March 31, 2017:

Sr. No.	Name of the Director	Remuneration in the Fiscal 2017 (Amount in Lakhs)
1.	Shailendra Biyani	1.50
2.	Pradhyumn Nyati	1.50

### Terms and conditions of employment of our Managing Director:

Shailendra Biyani has been appointed as Managing Director of our Company for a period of 5 years with effect from August 29, 2016. Further, he will be paid Rs. 1,50,000/- per annum and incentives / commission and perquisites will be as per Company's rules and regulations.

### Terms and conditions of employment of our Whole Time Director:

Pradhyumn Nyati has been appointed as Whole Time Director of our Company for a period of 5 years with effect from August 29, 2017. Further, He will be paid Rs. 1,50,000/- per annum and incentives / commission and perquisites will be as per Company's rules and regulations.

### Terms and conditions of employment of our Independent Directors and Non-Executive Directors

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

#### **OTHER CONFIRMATIONS**

As on the date on this Draft Red Herring Prospectus:

1. There is no contingent or deferred compensation payable to any Director, Managing Director which has accrued for this year and payable in current or any future period.
2. No compensation was paid to any Director pursuant to bonus or profit sharing plan.

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

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

The following table details the shareholding of our Directors as on the date of this Draft Red Herring Prospectus:

<b>Sr. No.</b>	<b>Name of the Director</b>	<b>No. of Equity Shares</b>	<b>% of Pre Issue Equity Share Capital</b>	<b>% of Post Issue Equity Share Capital</b>
1.	Shailendra Biyani	15,03,000	25.05%	[●]
2.	Pradhyumn Nyati	1,64,046	2.73%	[●]
3.	Vijay Kumar Nyati	2,29,170	3.82%	[●]

#### **INTERESTS OF DIRECTORS**

Our Directors are interested in our Company in the following manner: -

- a) All the Directors may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a Committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them under the Articles of Association;
- b) Some of our Directors may also be deemed to be interested to the extent of Equity Shares, if any, already held by them to the extent of any dividends payable to them and other distributions in respect of the said Equity Shares;
- c) All the Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by our Company with any company in which they hold directorships or any partnership firms in which they are partners as declared in their respective declarations.
- d) Our Directors Shailendra Biyani, Pradhyumn Nyati and Vijay Kumar Nyati may deemed to be interested to the extent of being Promoter of our Company. For further details, refer to the chapter titled Our Promoter and Promoter Group beginning on page 180 of this Draft Red Herring Prospectus.
- e) None of our directors are interested in any property acquired by our Company within two years of the date of the offer document or proposed to be acquired by it.
- f) Vijay Kumar Nyati, Pradhyumn Nyati and Shailendra Biyani, have extended their personal guarantees for securing the repayment of certain bank loans obtained by our Company. For details, please refer chapter titled “Financial Indebtedness” beginning on page 255 of this Draft Red Herring Prospectus.
- g) Our directors have also extended unsecured loans to the Company in pursuance of the covenants stipulated by the Bankers to the Company in the sanction letters issued by them in this regard. The details of the unsecured loans availed from the Directors by the Company are as follows:

Name	Amount (in Rs. lakhs)
Shailendra Biyani	105.09
Pradhyumn Nyati	5.22
Vijay Kumar Nyati	27.25
<b>Total</b>	<b>137.56</b>

For details, please refer chapter titled “Financial Indebtedness” beginning on page 255 of this Draft Red Herring Prospectus:

*Except as stated above and under the heading “Financial Statements, as restated – Annexure XXIV– Restated Statement of Related Parties Transactions” on page 228, under the section titled “Financial Information”, we have not entered into any contract, agreements or arrangements during the preceding two years from the date of this Draft Red Herring Prospectus in which the Directors are directly or indirectly interested and no payments have been made to them in respect of the contracts, agreements or arrangements which are proposed to be made with them including the properties purchased by our Company.*

#### **SHAREHOLDING OF DIRECTORS IN SUBSIDIARIES AND ASSOCIATE COMPANIES**

Our Company does not have a Subsidiary or an Associate Company as on the date of filing this Draft Red Herring Prospectus.

#### **CHANGES IN OUR BOARD OF DIRECTORS DURING THE LAST THREE YEARS**

Following are the changes in directors of our Company in last three years prior to the date of this Draft Red Herring Prospectus:

Name	Date of event	Nature of event	Reason
Mahesh Jakhatia	December 23, 2017	Appointment	Appointed as Additional (Independent) Director of our Company
Govind Das Neema	December 23, 2017	Resignation	Resigned as Independent Director of our Company
Govind Das Neema	September 05, 2016	Change in Designation	Appointment as Independent Director
Gautam Chand Dhing	September 05, 2016	Change in Designation	Appointment as Independent Director
Amita Bhutda	September 05, 2016	Change in Designation	Appointment as Independent Director
Gautam Chand Dhing	August 29, 2016	Appointment	Appointment as Additional (Independent) Director
Amita Bhutda	August 29, 2016	Appointment	Appointment as Additional Director
Govind Das Neema	August 29, 2016	Appointment	Appointment as Additional Director
Shailendra Biyani	August 29, 2016	Change in Designation	Appointment as Managing Director
Pradhyumn Nyati	August 29, 2016	Change in Designation	Appointment as Whole Time Director

#### **BORROWING POWERS OF THE BOARD**

Pursuant to a special resolution passed at an Extra- Ordinary General Meeting of our Company held on August 01, 2016 and pursuant to Section 180(1)(c) and any other applicable provisions, of the Companies Act, 2013 and the rules made thereunder, consent of Members be and is hereby accorded to borrow from time to time, any sum or sums of monies, which together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company’s bankers in the ordinary course of business), may exceed the aggregate of the paid up capital of the company and free reserve, that is to say, reserves not set apart for any specific purposes, provided that the total outstanding amount so borrowed, shall not at any time exceed the limit of Rs. 2000.00 Lakhs.

## CORPORATE GOVERNANCE

In addition to the applicable provisions of the Companies Act, 2013 with respect to corporate governance, provisions of the SEBI Listing Regulations will also be complied with the extent applicable to our Company immediately upon the listing of the Equity Shares on the Stock Exchange.

Our Company stands committed to good corporate governance practices based on the principles such as accountability, transparency in dealings with our stakeholders, emphasis on communication and transparent reporting. We have complied with the requirements of the applicable regulations, including Regulations, in respect of corporate governance including constitution of the Board and Committees thereof. The Corporate governance framework is based on an effective Independent Board, the Board's Supervisory role from the executive management team and constitution of the Board Committees, as required under law.

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

Currently our Board has 6 directors out of which three are Independent Directors. The constitution of our Board is in compliance with the requirements of section 149 of the Companies Act, 2013.

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

- A) Audit Committee
- B) Stakeholders Relationship Committee
- C) Nomination and Remuneration Committee

**A) *Audit Committee***

Our Company has reconstituted an audit committee ("Audit Committee"), as per section 177 of the Companies Act 2013 vide resolution passed in the meeting of the Board of Directors dated December 23, 2017. The constituted Audit Committee comprises following members:

Name of the Director	Status	Nature of Directorship
Mahesh Jakhatia	Chairman	Independent Director
Gautam Chand Dhing	Member	Independent Director
Amita Bhutda	Member	Independent Director
Shailendra Biyani	Member	Managing Directors

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

The Audit Committee shall have following powers/responsibilities:

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

The Audit Committee shall mandatorily review the following information:

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

The recommendations of the Audit Committee on any matter relating to financial management, including the audit report, are binding on the Board. If the Board is not in agreement with the recommendations of the Committee, reasons for disagreement shall have to be incorporated in the minutes of the Board Meeting and the same has to be communicated to the shareholders. The Chairman of the Audit committee

has to attend the Annual General Meetings of the Company to provide clarifications on matters relating to the audit.

The role of the Audit Committee not limited to but includes:

1. Overseeing the company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are 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. Approving payment to statutory auditors for any other services rendered by the statutory auditors;
4. Approving initial or any subsequent modification of transactions of the Company with related parties;
5. Scrutinizing inter-corporate loans and investments;
6. Valuation of undertakings or assets of the Company, wherever it is necessary;
7. Evaluation of internal financial controls and risk management systems;
8. Monitoring the end use of funds raised through public offers and related matters;
9. 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 along with reasons for the same;
  - c) Major accounting entries involving estimates based on the exercise of judgment by management;
  - d) Significant adjustments made in the financial statements arising out of audit findings;
  - e) Compliance with listing and other legal requirements relating to financial statements;
  - f) Disclosure of any related party transactions; and
  - g) Qualifications in the draft audit report.
10. Reviewing, with the management, the half yearly financial statements before submission to the board for approval;
11. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
12. Reviewing, with the management, performance of statutory and internal auditors, and 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. Discussing with the 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. Discussing with the 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. Looking 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. Reviewing the functioning of the Whistle Blower mechanism, in case the same is existing;

19. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
20. Approving the appointment of the Chief Financial Officer (i.e. the whole time finance director or any other person heading the finance function) after assessing the qualifications, experience and background, etc., of the candidate;
21. To investigate any other matter referred to by its Board of Directors; and
22. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee or contained in the equity listing agreements as and when amended from time to time.

Explanation (i): The term "related party transactions" shall have the same meaning as contained in the Accounting Standard 18, Related Party Transactions, issued by The Institute of Chartered Accountants of India.

#### **Meeting of Audit Committee and relevant Quorum**

The committee shall meet at least four times in a year and not more than four months shall elapse between any two meetings. The quorum for the meeting shall be either two members or one third of the members of the committee, whichever is higher but there shall be presence of minimum two Independent members at each meeting. Meeting of the Audit Committee shall be called by at least seven days' notice in advance.

#### **Tenure:**

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

#### **B) Stakeholder's Relationship Committee**

Our Company has constituted a shareholder's relationship committee ("*Stakeholders' Relationship Committee*") to redress complaints of the shareholders. The Stakeholders Relationship Committee was reconstituted vide resolution passed at the meeting of the Board of Directors held on December 23, 2017.

The Stakeholder's Relationship Committee comprises the following Directors:

<b>Name of the Director</b>	<b>Status</b>	<b>Nature of Directorship</b>
Gautam Chand Dhing	Chairman	Independent Director
Mahesh Jakhatia	Member	Independent Director
Pradhyumn Nyati	Member	Whole Time Director

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

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

- A. Tenure:** The Stakeholder/ Investor Relationship Committee shall continue to be in function as a committee of the Board until otherwise resolved by the Board, to carry out the functions of the Stakeholder / Investor Relationship Committee as approved by the Board.
- B. Meetings:** The Stakeholder/ Investor Relationship Committee shall meet at least at least four times a year with maximum interval of four months between two meetings and shall report to the Board on a quarterly basis regarding the status of redressal of complaints received from the shareholders of the Company. The quorum for the meeting shall be either two members or one third of the members of the committee, whichever is higher
- C. Terms of Reference:** Redressal of shareholders' and investors' complaints, including and in respect of:
  1. Allotment, transfer of shares including transmission, splitting of shares, changing joint holding into single holding and vice versa, issue of duplicate shares in lieu of those torn, destroyed, lost or defaced or where the cages in the reverse for recording transfers have been fully utilized;
  2. Issue of duplicate certificates and new certificates on split/consolidation/renewal, etc.; and
  3. Review the process and mechanism of redressal of Shareholders /Investors grievance and suggest measures of improving the system of redressal of Shareholders /Investors grievances;



4. Non-receipt of share certificate(s), non-receipt of declared dividends, non-receipt of interest/dividend warrants, non-receipt of annual report and any other grievance/complaints with Company or any officer of the Company arising out in discharge of his duties;
5. Oversee the performance of the Registrar & Share Transfer Agent and also review and take note of complaints directly received and resolved them;
6. Oversee the implementation and compliance of the Code of Conduct adopted by the Company for prevention of Insider Trading for Listed Companies as specified in the Securities & Exchange Board of India (Probation of insider Trading) Regulations, 1992 as amended from time to time;
7. 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;
8. Carrying out any other function contained in the SME equity listing agreement as and when amended from time to time.

### C) Nomination and Remuneration Committee

Our Company has reconstituted a Nomination and Remuneration Committee in accordance section 178 of Companies Act 2013. The constitution of the Nomination and Remuneration Committee was approved by a Meeting of the Board of Directors held on December 23, 2017. The said committee is comprised as under:

The Nomination and Remuneration Committee comprises the following Directors:

Name of the Director	Status	Nature of Directorship
Amita Bhutda	Chairperson	Independent Director
Gautam Chand Dhing	Member	Independent Director
Mahesh Jakhatia	Member	Independent Director

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

- A. **Tenure:** The Nomination and Remuneration Committee shall continue to be in function as a committee of the Board until otherwise resolved by the Board.
- B. **Meetings:** The committee shall meet as and when the need arise for review of Managerial Remuneration. The quorum for the meeting shall be one third of the total strength of the committee or two members, whichever is higher. Meeting of the Nomination and Remuneration/Compensation Committee shall be called by at least seven days' notice in advance.

The quorum for the meeting shall be one third of the total strength of the committee or two members, whichever is higher. Meeting of the Nomination and Remuneration Committee shall be called by at least seven days' notice in advance.

#### C. Terms of Reference:

- Identify persons who are qualified to become Directors and may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluations of every director's performance;
- Formulate the criteria for determining the qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for directors, Key Managerial Personnel and other employees;
- Decide the salary, allowances, perquisites, bonuses, notice period, severance fees and increment of Executive Directors;
- Define and implement the Performance Linked Incentive Scheme (including ESOP of the Company) and evaluate the performance and determine the amount of incentive of the Executive Directors for that purpose;
- Decide the amount of Commission payable to the Whole time Directors;
- Review and suggest revision of the total remuneration package of the Executive Directors keeping in view the performance of the Company, standards prevailing in the industry, statutory guidelines etc.;

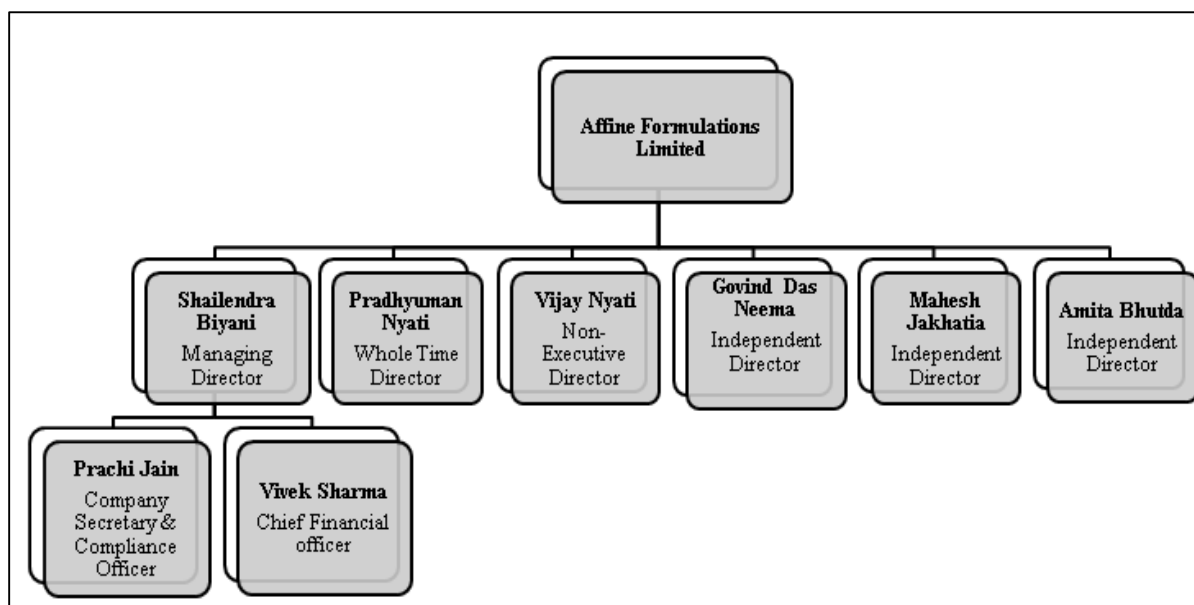
- To formulate and administer the Employee Stock Option Scheme.
- Formulate the assessment/evaluation criteria for performance evaluation of the Directors of the Company;
- Devise a policy on the Board diversity;
- Carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable;

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

The provisions of Regulation 9(1) of the SEBI (Prohibition of Insider Trading) Regulations, 2015 will be applicable to our Company immediately upon the listing of its Equity Shares on EMERGE Platform of National Stock Exchange of India Limited. We shall comply with the requirements of the SEBI (Prohibition of Insider Trading) Regulations, 2015 on listing of Equity Shares on EMERGE Platform of National Stock Exchange of India Limited.

Prachi Jain, Company Secretary & Compliance Officer, will be responsible for setting forth policies, procedures, monitoring and adhering to the rules for the prevention of dissemination of price sensitive information and the implementation of the code of conduct under the overall supervision of the Board.

### ORGANIZATION STRUCTURE



### KEY MANAGERIAL PERSONNEL

Our Company is managed by our Board of Directors, assisted by qualified and experienced professionals, who are permanent employees of our Company. Below are the details of the Key Managerial Personnel of our Company:

The details of our Key Managerial Personnel are set out below:

#### 1. Shailendra Biyani, Managing Director

**Shailendra Biyani**, aged 50 years, is the Promoter and Managing Director of our Company. He has been appointed as Director of our Company w.e.f April 15, 2008, and has been re-designated as Managing Director of our Company on August 29, 2016. He has an experience of around 25 years in Pharmaceutical Industry. He is the guiding force behind all the strategic decisions of Company and is entrusted with the responsibility of looking after the overall management and operations of Company.

#### 2. Pradhyumn Nyati, Whole Time Director

**Pradhyumn Nyati**, aged 35 years, is the Promoter and Whole-time Director of our Company. He has been appointed as director of our Company w.e.f April 15, 2008 and has been re-designated as Whole-Time Director on August 29, 2016 He has completed Bachelor of Business Administration from Devi Ahilya Vishwavidyalaya, Indore. He has an experience of around 10 years in Pharmaceutical Industry. He has

been instrumental in formulating the business strategies of our Company and looks after Production Department of our Company.

### 3. Prachi Jain, Company Secretary and Compliance Officer

Prachi Jain, aged 27 years, is the Company Secretary and Compliance Officer of our Company. She has been appointed as Company Secretary of our Company with effect from August 29, 2016. She is an associate member of the Institute of Company Secretaries of India bearing Membership number ACS 43382. She is entrusted with the responsibility of handling corporate secretarial functions of our Company.

### 4. Vivek Sharma, Chief Financial Officer

Vivek Sharma aged 40 years, is the Chief Financial Officer of our Company. He has been appointed as Chief Financial Officer of our Company with effect from August 29, 2016. He has completed his Masters in Commerce from Vikram University, Ujjain. He is responsible for looking after accounting, finance and taxation of our company.

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

None of our Directors of the Company are related to the Key Managerial Personnel within the meaning of Section 2(77) of the Companies Act, 2013.

## ARRANGEMENTS AND UNDERSTANDING WITH MAJOR SHAREHOLDERS

None of our Directors have been appointed on our Board pursuant to any arrangement with our major shareholders, customers, suppliers or others.

## SHAREHOLDING OF THE KEY MANAGERIAL PERSONNEL

Except as disclosed below, none of the Key Managerial Personnel hold any Equity Shares of our Company as on the date of this Draft Red Herring Prospectus.

Sr. No.	Name of the Director	No. of Equity Shares	% of Pre Issue Equity Share Capital	% of Post Issue Equity Share Capital
1.	Shailendra Biyani	15,03,000	25.05%	[●]
2	Pradhyumn Nyati	1,64,046	2.73%	[●]

## REMUNERATION/ COMPENSATION TO KEY MANAGERIAL PERSONNEL

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

Name of the Key Managerial Personnel	Gross Remuneration paid during FY 2016-17 (Rupees in Lakhs)
Sahilendra Biyani	1.50
Pradhyumn Nyati	1.50
Prachi Jain	1.12
Vivek Sharma	1.05

## BONUS OR PROFIT SHARING PLAN OF THE DIRECTORS/ KEY MANAGERIAL PERSONNEL

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

## CONTINGENT AND DEFERRED COMPENSATION PAYABLE TO KEY MANAGERIAL PERSONNEL

None of our Key Managerial Personnel has received or is entitled to any contingent or deferred compensation.

## LOANS TO KEY MANAGERIAL PERSONNEL

The Company has not given any loans and advances to the Key Managerial Personnel as on the date of this Draft Red Herring Prospectus

### **INTEREST OF KEY MANAGERIAL PERSONNEL**

The Key Managerial Personnel of our Company have interest in our Company to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business and to the extent of Equity Shares held by them in our Company, if any and dividends payable thereon, if any.

Except as disclosed in this Draft Red Herring Prospectus, none of our key managerial personnel have been paid any consideration of any nature from our Company, other than their remuneration

Except as stated in the heading titled “*Our Management*” “*Related Party Transactions*” under the Section titled “*Financial Statements as Restated*” beginning on page 162, 181 and 183 respectively of this Draft Red Herring Prospectus and described herein above, our key managerial personnel do not have any other interest in the business of our Company.

### **CHANGES IN KEY MANAGERIAL PERSONNEL IN THE LAST THREE YEARS**

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

<b>Name</b>	<b>Nature of Event</b>	<b>Date of Event</b>	<b>Reason</b>
Shailendra Biyani	Re-Designation	August 29, 2016	Designated as Managing Director
Pradhymn Nyati	Re- Designation	August 29, 2016	Designated as Whole Time Director
Prachi Jain	Appointment	August 29, 2016	Appointment as Company Secretary and Compliance Officer
Vivek Sharma	Appointment	August 29, 2016	Appointment as Chief Financial Officer

Other than the above changes, there have been no changes to the KMP of our company that are not in the normal cause of employment.

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

Presently, we do not have any ESOP/ESPS Scheme for employees.

### **PAYMENT OR BENEFIT TO OUR OFFICERS (NON SALARY RELATED)**



Except as disclosed in the heading titled “*Related Party Transactions*” in the section titled “*Financial Statements as Restated*” beginning on page 187 of this Draft Red Herring Prospectus, no amount or benefit has been paid or given within the three preceding years or is intended to be paid or given to any of our officers except the normal remuneration for services rendered as officers or employees.

## OUR PROMOTER AND PROMOTER GROUP

### OUR PROMOTERS

The Promoters of our Company are Shailendra Biyani, Pradhyumn Nyati and Vijay Kumar Nyati. As on date of this Draft Red Herring Prospectus, our Promoters hold 18,96,216 Equity Shares representing 31.60% of the pre-issue Paid up Capital of our Company.

#### Brief profile of our Individual Promoters is as under:

	<p><b>Shailendra Biyani, Promoter &amp; Managing Director</b></p> <p><b>Shailendra Biyani</b>, aged 50 years, is the Promoter and Managing Director of our Company. He has been appointed as Director of our Company w.e.f April 15, 2008, and has been redesignated as Managing Director of our Company on August 29, 2016. He has an experience of around 25 years in Pharmaceutical Industry. He is the guiding force behind all the strategic decisions of Company and is entrusted with the responsibility of looking after the overall management and operations of Company.</p> <p><b>Nationality:</b> Indian <b>DIN:</b> 01516050 <b>Passport No:</b> L4395205 <b>Driving License:</b> Not Available <b>Voters ID:</b> NVL7024524</p> <p><b>Address:</b> 40, Agarwal Nagar, Indore 452001 Madhya Pradesh, India</p> <p>For further details relating to Shailendra Biyani including terms of appointment as Managing Director and other directorships please refer to the chapter titled “Our Management” beginning on page 168 of this Draft Red Herring Prospectus.</p>
	<p><b>Pradhyumn Nyati, Promoter &amp; Whole Time Director</b></p> <p><b>Pradhyumn Nyati</b>, aged 35 years, is the Promoter and Whole-time Director of our Company. He has been appointed as director of our Company w.e.f April 15, 2008 and has been re-designated as Whole-Time Director on August 29, 2016 He has completed Bachelor of Business Administration from Devi Ahilya Vishwavidyalaya, Indore. He has an experience of around 10 years in Pharmaceutical Industry. He has been instrumental in formulating the business strategies of our Company and looks after Production Department of our Company.</p> <p><b>Nationality:</b> Indian <b>DIN:</b> 01515970 <b>Passport No:</b> N7408126 <b>Driving License:</b> MP09N 20020199362 <b>Voters ID:</b> NA</p> <p><b>Address:</b> 106, Janki Nagar Main Indore 452001 Madhya Pradesh, India</p> <p>For further details relating to Pradhyumn Nyati including terms of appointment as Whole Time Director and other directorships please refer to the chapter titled “Our Management” beginning on page 168 of this Draft Red Herring Prospectus.</p>



**Vijay Kumar Nyati**, aged 49 years, is the Promoter and Non Executive Director of our Company. He has been acting as Director in our company since incorporation. He has experience of about 20 years in Pharmaceutical Industry.

**Nationality:** Indian

**DIN:** 00362130

**Passport No:** H8041998

**Driving License:** MP09N-2008-0772746

**Voters ID:** MP/37/274/012589

**Address:** 106, Janki Nagar Main Indore 452001 Madhya Pradesh, India

For further details relating to Vijay Kumar Nyati including terms of appointment as Director and other directorships please refer to the chapter titled “Our Management” beginning on page 168 of this Draft Red Herring Prospectus.

## DECLARATION

Our Company confirms that the Permanent Account Number, Bank Account Number and Passport Number of our Promoters shall be submitted to the Stock Exchange at the time of filing of this Draft Red Herring Prospectus with it.

## INTEREST OF PROMOTERS

Our Promoters are interested in our Company to the extent that they have promoted our Company and to the extent of their shareholding and the dividend receivable, if any and other distributions in respect of the Equity Shares held by them. For details regarding shareholding of our Promoters in our Company, please refer “*Capital Structure*” on page 82 of this Draft Red Herring Prospectus.

Our Promoters are the Directors of our Company and may be deemed to be interested to the extent of remuneration and/ or reimbursement of expenses payable to them for services rendered to us in accordance with the provisions of the Companies Act and in terms of the agreements entered into with our Company, if any and AoA of our Company. For details refer to the chapter titled “*Our Management*”, “*Financial Statements*” and “*Capital Structure*” beginning on pages 168, 187 and 82 respectively of this Draft Red Herring Prospectus.

Except as mentioned in the chapter titled “Our Business” under “Land & Property”, our Promoters do not have any other interest in any property acquired or proposed to be acquired by our Company in a period of two years before filing of this Draft Red Herring Prospectus or in any transaction by our Company for acquisition of land, construction of building or supply of machinery.

For details of related party transactions entered into by our Company during last financial year with our Promoters and Group Companies, the nature of transactions and the cumulative value of transactions, see *Related Party Transactions* on page no 185 of this Draft Red Herring Prospectus.

## OTHER VENTURES OF OUR PROMOTERS

Save and except as disclosed in the chapter titled “*Our Promoter and Our Promoter Group*” and “*Group Companies*” beginning on page 180 and 184 respectively of this Draft Red Herring Prospectus, there are no ventures promoted by our Promoters in which they have any business interests / other interests.

## RELATED PARTY TRANSACTIONS

For details of related party transactions entered into by our Promoters, members of our Promoter Group and Company during the last financial year, the nature of transactions and the cumulative value of transactions, refer chapter titled “Related Party Transactions” on page 185 of this Draft Red Herring Prospectus.

## PAYMENT OR BENEFITS TO PROMOTERS

Except as stated otherwise in the chapter titled “*Related Party Transactions*” on page 185 of this Draft Red Herring Prospectus, there have been no payments or benefits to the Promoters during the two years prior to filing of this Draft Red Herring Prospectus.

## OUR PROMOTER GROUP

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

### A. Individuals related to our Promoters:

Relationship with Promoters	Shailendra Biyani	Pradhyumn Nyati	Vijay Kumar Nyati
Father	Omprakash Biyani	Mohanlal Nyati	Lt. Radhe Shyam Nyati
Mother	Pushpa Biyani	Rukmani Nyati	Manorama Nyati
Brother	Manoj Biyani	-	Manish Nyati
Sister	Manisha Maheshwari	-	Rekha Laddha
Spouse	Renu Biyani	Pooja Nyati	Vijaya Nyati
Son	1) Aashay Biyani 2) Ayush Biyani	1) Prerit Nyati 2) Arnav Nyati	1) Varun Nyati 2) Vatsal Nyati
Daughter	-	-	-
Spouse's Father	Shri Dharji Mundra	Kunjbihari Mundra	Lt. Ramvilas Jhawar
Spouse's Mother	Krishna Mundra	Rajkumari Mundra	Seetadevi Jhawar
Spouse's Brother	-	1. Deepak Mundra 2. Vishnu Mundra	1. Rajesh Jhawar 2. Paresh Jhawar
Spouse's Sister	1. Varsha Singi 2. Priyanka Rathi 3. Seema Chhaperwal	1. Jyoti Kothari 2. Preeti Rathi	1. Kalpana Kabra

### B. Companies, firms, proprietorships and HUFs which form part of our Promoter Group are as follows:

1. Biyani Pharma- Proprietorship of Ashay Biyani
2. Biyani & Sons – Proprietorship of Omprakash Biyani
3. Tirupati Agencies- Proprietorship of Pushpa Biyani
4. Giriraj Construction- Partnership of Renu Biyani, Vijay Nyati and Shailendra Biyani
5. Sian Biotech- Partnership of Shailendra Biyani
6. Tirupati Pharma- Partnership of Shailendra Biyani
7. Balalji Construction- Partnership of Shailendra Biyani
8. Mohanlal Kanhaiyalal HUF
9. Mohanlal Gokul Das HUF
10. Shreenath Ginning Udhyog – Proprietorship of Mohanlal Nyati
11. Pardhyuman Mohanlal HUF
12. Manish Enterprises – Proprietorship of Manish Enterprises
13. Manish Kumar Radheshyam HUF
14. Ramvilas Madanlal Jhawar HUF
15. Ramvilas Rameshwar Jhawar- Partnership of Paresh Jhawar
16. Amit Investment – Proprietorship of Rajesh Jhawar
17. Shree Balaji (India) Infrastructure Private Limited
18. Rangnath & Co.- Proprietorship of Vijay Kumar Nyati
19. Vijay Kumar Radheshyam Nyati HUF

20. Radheshyam Badrinarayan HUF

21. Uniashta Devcon Private Limited

#### **RELATIONSHIP OF PROMOTERS WITH OUR DIRECTORS**

As on date of this Draft Red Herring Prospectus, none of our Promoter(s) are related to any of our Company's Directors within the meaning of Section 2 (77) of the Companies Act, 2013.

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

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

#### **CHANGES IN CONTROL**

There has been no change in the management or control of our Company in the last three years.

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

For details of legal and regulatory proceedings involving our Promoters, refer to the chapter titled "*Outstanding Litigation and Material Developments*" on page 258 of this Draft Red Herring Prospectus.

#### **CONFIRMATIONS**

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

Our Promoters are not interested as a member of a firm or company, and no sum has been paid or agreed to be paid to our Promoters or to such firm or company in cash or otherwise by any person for services rendered by our Promoters or by such firm or Company in connection with the promotion or formation of our Company.

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

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

Except as disclosed in "*Related Party Transactions*" on page 185 of this Draft Red Herring Prospectus, our Promoters are not related to any of the sundry debtors or are not beneficiaries of Loans and Advances given by/to our Company.



## **OUR GROUP COMPANY**

In accordance with the provisions of the SEBI (ICDR) Regulations, for the purpose of identification of “Group Companies”, our Company has considered companies as covered under the applicable accounting standards, i.e. Accounting Standard 18 issued by the Institute of Chartered Accountant of India and such other companies as considered material by our Board. In the above mentioned scenario, our Company does not have any Group Company.

## **RELATED PARTY TRANSACTIONS**

For details on Related Party Transactions of our Company, please refer to *Annexure XXVIII* of restated financial statements and restated consolidated financial statements under the section titled, *Financial Statements as restated* beginning on page 187 of this Draft Red Herring Prospectus.

## **DIVIDEND POLICY**

Under the Companies Act, 2013, an Indian company pays dividends upon a recommendation by its Board of Directors and approval by a majority of the shareholders. Under the Companies Act, 2013 dividends may be paid out of profits of a company in the year in which the dividend is declared or out of the undistributed profits or reserves of the previous years or out of both.

Our Company does not have a formal dividend policy. Any dividends to be declared shall be recommended by the Board of Directors depending upon the financial condition, results of operations, capital requirements and surplus, contractual obligations and restrictions, the terms of the credit facilities and other financing arrangements of our Company at the time a dividend is considered, and other relevant factors and approved by the Equity Shareholders at their discretion. Our Company has not paid any dividend for the last five years till March 31, 2017.

Dividends are payable within 30 days of approval by the Equity Shareholders at the annual general meeting of our Company. When dividends are declared, all the Equity Shareholders whose names appear in the register of members of our Company as on the “record date” are entitled to be paid the dividend declared by our Company. Any Equity Shareholder who ceases to be an Equity Shareholder prior to the record date, or who becomes an Equity Shareholder after the record date, will not be entitled to the dividend declared by our Company.

## SECTION V- FINANCIAL STATEMENTS

### FINANCIAL STATEMENTS AS RESTATED

#### Independent Auditor's Report for the Restated Financial Statements of Affine Formulations Limited

#### Report of Auditors on the Restated Financial Information of Affine Formulations Limited

for each of the period / years ended on December 31, 2017, March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013.

**The Board of Directors  
Affine Formulations Limited  
28/10 Talwali Dewas Naka,  
Indore (M.P.)-452010.**

Dear Sirs,

We, N. K. Aswani & Co., have examined the attached Restated Statement of Assets and Liabilities of **Affine Formulations Limited** (the "Company") as at December 31, 2017, March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013 and the related Restated Statement of Profit & Loss and Restated Statement of Cash Flow for the years / period ended as at December 31, 2017, March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013., annexed to this report for the purpose of inclusion in the offer document prepared by the Company (collectively the "**Restated Summary Statements**" or "**Restated Financial Statements**"). These Restated Summary Statements have been prepared by the Company and approved by the Board of Directors of the Company in connection with the Initial Public Offering (IPO) in emerge Platform of National Stock Exchange Limited.

1. These Restated Summary Statements have been prepared in accordance with the requirements of:
  - (i) Part I of Chapter III to the Companies Act, 2013 ("**Act**") read with Companies (Prospectus and Allotment of Securities) Rules 2014;
  - (ii) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009 ("**ICDR Regulations**") issued by the Securities and Exchange Board of India ("**SEBI**") in pursuance to Section 11 of the Securities and Exchange Board of India Act, 1992 and related amendments / clarifications from time to time;
  - (iii) The terms of reference to our engagements with the Company requesting us to carry out the assignment, in connection with the Draft Red Herring Prospectus/Red herring Prospectus /Prospectus being issued by the Company for its proposed Initial Public Offering of equity shares in emerge Platform of National Stock Exchange. ("**IPO**" or "**SME IPO**"); and
  - (iv) The Guidance Note on Reports in Company Prospectus (Revised) issued by the Institute of Chartered Accountants of India ("**Guidance Note**").
2. The Restated Summary Statements of the Company have been extracted by the management from the Audited Financial Statements of the Company for the financial year / period ended on December 31, 2017, March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013.
3. In accordance with the requirements of Part I of Chapter III of Act including rules made therein, ICDR Regulations, Guidance Note and Engagement Letter, we report that:

- (i) The “**Statement of Assets and Liabilities as Restated**” as set out in **Annexure I** to this report, of the Company as at December 31, 2017, March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013 are prepared by the Company and approved by the Board of Directors. These Statement of Assets and Liabilities, as restated have been arrived at after making such adjustments and regroupings to the individual financial statements of the Company, as in our opinion were appropriate and more fully described in Significant Accounting Policies and Notes to Accounts as set out in **Annexure IV(A)** to this Report.
- (ii) The “**Statement of Profit and Loss as Restated**” as set out in **Annexure II** to this report, of the Company for the years / period ended December 31, 2017, March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013 are prepared by the Company and approved by the Board of Directors. These Statement of Profit and Loss, as restated have been arrived at after making such adjustments and regroupings to the individual financial statements of the Company, as in our opinion were appropriate and more fully described in Significant Accounting Policies and Notes to Accounts as set out in **Annexure IV(A)** to this Report.
- (iii) The ” **Statement of Cash Flow as Restated**” as set out in **Annexure III** to this report, of the Company for the years / period ended December 31, 2017, March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013 are prepared by the Company and approved by the Board of Directors. These Statement of Cash Flow, as restated have been arrived at after making such adjustments and regroupings to the individual financial statements of the Company, as in our opinion were appropriate and more fully described in Significant Accounting Policies and Notes to Accounts as set out in **Annexure IV(A)** to this Report.
4. Based on the above, we are of the opinion that the Restated Financial Statements have been made after incorporating:
- Adjustments for the changes in accounting policies retrospectively in respective financial period/years to reflect the same accounting treatment as per the changed accounting policy for all reporting periods, if any.
  - Adjustments for prior period and other material amounts in the respective financial years/period to which they relate and there are no qualifications which require adjustments.
  - There are no Other extra-ordinary items that need to be disclosed separately in the accounts and qualifications requiring adjustments.
  - Statutory Audit Reports for FY 2014-15, 2015-16, 2016-17 & For the period from April 01, 2017 to December 31, 2017 included following Qualifications/Emphasis of matter paragraph as to following matters:

Qualification	Relevant Year	Effect given by us
<b>The company has not made the provision for Gratuity, Leave Encashment and other retirement benefit as prescribed under the AS-15 Employee Benefits.</b>	<b>FY/Period ending on March 31 2014, 2015 ,2016, 2017 &amp; December 31, 2017.</b>	<b>In the ”Restated Summary Statements” or “Restated Financial Statements” compliance of the AS-15 has been made and accordingly we have made the provision for the same. Hence, our report is not qualified in this regard.</b>

The Company has not recorded WIP as the register for the same have not been maintained by the company and cost for the same could not be determined.	FY/Period ending on March 31, 2015, 2017 & December 31, 2017.	In absence of the sufficient information , we are also unable to ascertain the value of WIP & hence, no value of WIP have been provided in restated financial statement . Our report is also qualified in this regard.
The value of inventory have been disclosed in financials at cost & not at lower of cost or net realizable value.	FY/Period ending on March 31, 2017 & December 31, 2017.	In absence of the sufficient information , we are also unable to ascertain the net realizable value of stock. Hence, in restated financials also stock have been disclosed at cost. Our report is also qualified in this regard.
The figures of sales & Purchase as per Financial record & as per returns filled with GST authorities are differing.	Period ending on December 31, 2017.	As per Discussion with management figures as per financial record are correct & they are in process of rectifying GST returns. Our report is not qualified in this regard.

- e) These 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 IV(A)** to this report.
5. Audit for the financial year / period ended on December 31, 2017, March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013 was conducted by M/s. V.K.Ladha & Associates (Chartered Accountants). Accordingly reliance has been placed on the financial information examined by them for the said years. The financial report included for these years is based solely on the report submitted by them. Further financial statements for the period / financial year ended on December 31, 2017 & March 31, 2017 have been re audited by us as per the relevant guidelines.
6. We have also examined the following other financial information relating to the Company prepared by the Management and as approved by the Board of Directors of the Company and annexed to this report relating to the Company for the financial period/year ended on December 31, 2017, March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013 proposed to be included in the Draft Prospectus/Red Herring Prospectus/Prospectus ("**Offer Document**").

**Annexure of Restated Financial Statements of the Company:-**

- a. Significant Accounting Policies and Notes to Accounts as restated in Annexure IV(A);
- b. Reconciliation of Restated Profit as appearing in Annexure IV(B) to this report.
- c. Details of Share Capital as Restated as appearing in Annexure V to this report;
- d. Details of Reserves and Surplus as Restated as appearing in Annexure VI to this report;
- e. Details of Long Term Borrowings as Restated as appearing in Annexure VII to this report;

- f. Nature of Security and Terms of Repayment for Long term Borrowings as appearing in Annexure VIII to this report
  - g. Details of Deferred Tax Liabilities (Net) as Restated as appearing in Annexure IX to this report;
  - h. Details of Short Term Borrowings as Restated as appearing in Annexure X to this report;
  - i. Nature of Security and Terms of Repayment for Short term Borrowings as appearing in Annexure XI to this report
  - j. Details of Trade Payables as Restated as appearing in Annexure XII to this report;
  - k. Details of Other Current Liabilities as Restated as appearing in Annexure XIII to this report;
  - l. Details of Short Term Provisions as Restated as appearing in Annexure XIV to this report;
  - m. Details of Fixed Assets as Restated as appearing in Annexure XV to this report;
  - n. Details of Non-Current Investments as Restated as appearing in Annexure XVI to this report;
  - o. Details of Long Term Loans & Advances as Restated as appearing in Annexure XVII to this report;
  - p. Details of Inventories as Restated as appearing in Annexure XVIII to this report;
  - q. Details of Trade Receivables as Restated enclosed as Annexure XIX to this report;
  - r. Details of Cash and Cash Equivalents as Restated enclosed as Annexure XX to this report;
  - s. Details of Short Term Loans & Advances as Restated as appearing in Annexure XXI to this report;
  - t. Details of Revenue from operations as Restated as appearing in Annexure XXII to this report;
  - u. Details of Other Income as Restated as appearing in Annexure XXIII to this report;
  - v. Details of Cost of Material Consumed as Restated as appearing in Annexure XXIV to this report
  - w. Details of Employee benefit Expenses as Restated as appearing in Annexure XXV to this report;
  - x. Details of Finance Cost as Restated as appearing in Annexure XXVI to this report;
  - y. Details of Other Expenses as Restated as appearing in Annexure XXVII to this report;
  - z. Details of Related Parties Transactions as Restated as appearing in Annexure XXVIII to this report;
  - aa. Details of Summary of Accounting Ratios as Restated as appearing in Annexure XXIX to this report
  - bb. Capitalization Statement as Restated as at December 31, 2017 as appearing in Annexure XXX to this report;
  - cc. Statement of Tax Shelters as Restated as appearing in Annexure XXXI to this report;
7. We, N. K. Aswani & 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 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. The report should not in any way be construed as a re-issuance or re-dating of any of the previous audit reports issued by any other Firm of Chartered Accountants nor should this report be construed as a new opinion on any of the financial statements referred to therein.
  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 financial information contained in Annexure I to XXX of this report read with the respective Significant Accounting Policies and Notes to Accounts as set out in Annexure

IV(A) are prepared after making adjustments and regrouping as considered appropriate and have been prepared in accordance with the Act, ICDR Regulations, Engagement Letter and Guidance Note.

12. Our report is intended solely for use of the management and for inclusion in the Offer Document in connection with the SME IPO. Our report should not be used, referred to or adjusted for any other purpose except with our consent in writing.

**For, N. K. Aswani & Co.**  
Chartered Accountants  
**Firm Registration No.: 100738W**

**N. K. Aswani & Co.**  
**Proprietor**  
**Membership No.: 033278**  
**Date: May 24, 2018**  
**Place: Ahmedabad**



## STATEMENT OF ASSETS AND LIABILITIES AS RESTATED

ANNEXURE-I  
(Amount in Lacs)

Particulars	AS at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013
<b>I. EQUITY AND LIABILITIES</b>						
<b>1. Shareholders' funds</b>						
(a) Share capital	600.00	600.00	100.00	100.00	100.00	94.10
(b) Reserves and surplus	432.90	318.84	721.27	614.23	577.17	484.73
	1,032.90	918.84	821.27	714.23	677.17	578.83
<b>2. Share application money pending allotment</b>	-	-	-	-	-	-
<b>3. Non-current liabilities</b>						
(a) Long-term borrowings	565.53	542.13	461.04	463.77	526.51	459.78
(b) Deferred tax liabilities (Net)	15.13	20.91	29.41	36.85	42.63	36.89
(c) Long-term Provisions	5.96	4.97	3.21	2.94	1.63	0.99
(d) Other Long-term Liabilities	-	-	-	-	-	-
	586.62	568.01	493.66	503.56	570.77	497.66
<b>4. Current liabilities</b>						
(a) Short-term borrowings	469.44	455.17	451.26	511.52	440.18	446.04
(b) Trade payables	799.04	643.80	509.59	526.70	535.08	427.68
(c) Other current liabilities	17.06	10.83	10.22	36.96	35.64	103.19
(d) Short-term provisions	9.63	26.21	29.67	24.35	25.54	21.75
	1,295.17	1,136.01	1,000.74	1,099.53	1,036.44	998.66
<b>TOTAL</b>	2,914.69	2,622.86	2,315.67	2,317.32	2,284.38	2,075.15
<b>II. ASSETS</b>						
<b>1. Non-current assets</b>						
(a) Fixed assets						
Tangible assets	753.75	753.60	735.16	728.26	727.52	723.87
Less: Accumulated Depreciation	377.84	336.35	279.55	221.57	163.66	136.56
Intangible Assets	-	-	-	-	-	-
Intangible Assets under development	-	-	-	-	-	-
Capital Work in Progress	-	-	-	-	-	-
Net Block	375.91	417.25	455.62	506.69	563.86	587.31
(b) Non-current investments	-	-	-	-	-	-
(c) Deferred tax assets (net)	-	-	-	-	-	-
(d) Long-term loans and advances	8.73	6.53	6.53	12.87	12.87	16.88
(e) Other Non Current Assets	-	-	-	-	-	-
	384.64	423.78	462.15	519.56	576.73	604.19
<b>2. Current assets</b>						
(a) Current investments	-	-	-	-	-	-
(b) Inventories	839.32	816.24	945.94	873.43	846.49	634.84
(c) Trade receivables	1,430.76	1,318.22	807.98	863.53	775.49	771.52
(d) Cash and cash equivalents	88.78	43.26	79.34	36.47	53.88	36.09
(e) Short-term loans and advances	171.19	21.36	20.26	24.33	31.79	28.51
(f) Other Current Assets	-	-	-	-	-	-

	2,530.05	2,199.08	1,853.52	1,797.76	1,707.65	1,470.96
<b>TOTAL</b>	2,914.69	2,622.86	2,315.67	2,317.32	2,284.38	2,075.15

**STATEMENT OF PROFIT AND LOSS AS RESTATED**

**ANNEXURE-II  
(Amount in Lacs)**

Particulars	For the period ended 31 December 2017	For the period ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015	For the year ended March 31, 2014	For the year ended March 31, 2013
<b>I. Revenue from operations</b>	1,981.79	2,514.08	2,429.34	3,242.71	3,132.60	2,154.69
<b>II. Other income</b>	9.03	11.20	4.44	5.13	5.88	2.47
<b>III. Total Revenue (I + II)</b>	1,990.82	2,525.28	2,433.78	3,247.84	3,138.48	2,157.16
<b>IV. Expenses:</b>						
<b>Cost of materials consumed</b>	1074.78	1,388.65	1,332.40	1,124.93	1,047.91	1,026.52
<b>Purchases of Stock-in-Trade</b>	578.77	667.96	562.17	1,766.02	1,860.93	750.70
<b>Changes in inventories of finished goods work-in-progress and Stock-in-Trade</b>	(32.16)	20.58	123.16	(10.53)	(124.14)	35.50
<b>Employee benefits expense</b>	76.52	84.87	72.36	78.75	71.08	61.66
<b>Finance costs</b>	76.17	112.03	104.54	121.13	120.96	120.96
<b>Depreciation and amortization expense</b>	41.48	56.81	57.98	57.54	27.10	30.31
<b>Other expenses</b>	35.51	63.93	43.50	63.52	59.50	50.12
<b>Total expenses</b>	1,851.07	2,394.83	2,296.11	3,201.36	3,063.34	2,075.77
<b>V. Profit before exceptional and extraordinary items and tax (III-IV)</b>	139.75	130.45	137.67	46.48	75.14	81.39
<b>VI. Exceptional items</b>	-	-	-	-	-	-
<b>VII. Profit before extraordinary items and tax (V - VI)</b>	139.75	130.45	137.67	46.48	75.14	81.39
<b>VIII. Extraordinary Items-</b>	-	-	-	-	-	-
<b>IX. Profit before tax (VII- VIII)</b>	139.75	130.45	137.67	52.46	79.00	81.39
<b>X. Tax expense:</b>						
<b>(1) Current tax</b>	31.48	41.38	38.07	14.83	14.32	15.51
<b>(2) Deferred tax</b>	(5.77)	(8.50)	(7.44)	(5.78)	5.73	7.01
<b>(3) MAT Credit</b>	-	-	-	-	(13.75)	(15.11)
<b>XV. Profit (Loss) for the period (XI + XIV)</b>	114.05	97.57	107.04	37.43	68.84	73.98
<b>XVI Earnings per equity share:</b>						
<b>(1) Basic &amp; Diluted</b>	1.90	1.63	1.78	0.62	1.16	1.25

## STATEMENT OF CASH FLOW AS RESTATED

ANNEXURE-III  
(Amount in Lacs)

## IV.

Particulars	For the period ended 31 December 2017	For the period ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015	For the year ended March 31, 2014	For the year ended March 31, 2013
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>						
Restated Net profit Before Tax and Extraordinary Items	139.75	130.45	137.67	46.48	75.14	81.39
<b>Adjustments For:</b>						
Depreciation	41.48	56.81	57.98	57.54	27.10	30.31
Loss (Profit) on Sale of Assets	-	-	-	-	-	-
Profit on sale of assets	-	-	-	-	-	-
Extraordinary Items (Loss due to fire)	-	-	-	-	-	-
Extraordinary Items (Prior Period Items)	-	-	-	-	-	-
Interest Received	(0.97)	(2.18)	(2.01)	(1.68)	(1.84)	(1.29)
Interest and Finance Charges	76.17	112.03	104.54	121.13	120.96	120.96
Operating Profit before working capital changes	256.43	297.11	298.18	223.48	221.36	231.37
<b>Adjustment For:</b>						
Decrease/(Increase) in Inventories	(23.08)	129.70	(72.51)	(26.95)	(211.65)	33.53
Decrease/(Increase) in Trade receivables	(112.54)	(510.24)	55.55	(88.04)	(3.97)	(345.95)
Decrease/(Increase) in Other Current Assets	-	-	-	-	-	-
Decrease/(Increase) in Other Non Current Assets	-	-	-	-	-	-
(Decrease)/Increase in Trade Payables	155.24	134.21	(17.11)	(8.38)	107.40	118.11
(Decrease)/Increase in Other Current Liabilities	6.23	0.62	(26.74)	1.32	(67.55)	(3.38)
(Decrease)/Increase in Short Term Provisions	(16.58)	(3.47)	5.33	(1.19)	3.80	18.39
(Decrease)/Increase in Long Term Provisions	0.99	1.76	0.27	1.32	0.63	0.99
(Decrease)/Increase in Other Non current Liabilities	-	-	-	-	-	-
<b>Cash Generated from Operations</b>	<b>266.70</b>	<b>49.69</b>	<b>242.96</b>	<b>101.55</b>	<b>50.01</b>	<b>53.05</b>
Less : Taxes Paid	31.48	41.38	38.07	14.83	0.57	0.40
<b>Net Cash From /(Used In ) Operating Activities (A)</b>	<b>235.22</b>	<b>8.31</b>	<b>204.89</b>	<b>86.72</b>	<b>49.44</b>	<b>52.65</b>
<b>Cash Flow From Investing Activities</b>						
(Purchase)/Sale Of Fixed Assets	(0.15)	(18.44)	(6.90)	(0.74)	(3.65)	(0.99)

<b>Decrease/(Increase) in Long Term Loans and Advances</b>	(2.20)	-	6.33	-	4.02	20.72
<b>Decrease/(Increase) in Short-term loans and advances</b>	(149.84)	(1.09)	4.06	7.47	(3.27)	(28.52)
<b>Interest Received</b>	0.97	2.18	2.01	1.68	1.84	1.29
<b>Net Cash From /(Used In ) Investing Activities (B)</b>	(151.21)	(17.35)	5.50	8.41	(1.06)	(7.49)
<b>Cash Flow From Financing Activities</b>						
<b>Proceeds from Issue of Shares</b>	-	500.00	-	-	5.90	-
<b>Security Premium</b>	-	-	-	-	23.60	-
<b>Issue of Bonus Shares</b>	-	(500.00)	-	-	-	-
<b>Interest and Finance Charges</b>	(76.17)	(112.03)	(104.54)	(121.13)	(120.96)	(120.96)
<b>Proceeds / (Repayments) of Share Application Money</b>	-	-	-	-	-	-
<b>(Decrease)/Increase in Short Term Borrowing</b>	14.27	3.91	(60.26)	71.34	(5.86)	211.55
<b>(Decrease)/Increase in Long Term Borrowing</b>	23.40	81.09	(2.73)	(62.75)	66.74	(123.30)
<b>Share Issue Expenses</b>	-	-	-	-	-	-
<b>Preliminary Expenses</b>	-	-	-	-	-	-
<b>Net gain / loss on Foreign Exchanges</b>	-	-	-	-	-	-
<b>Net Cash From Financing Activities (c)</b>	(38.50)	(27.03)	(167.52)	(112.54)	(30.58)	(32.71)
<b>Net Increase / (Decrease) in Cash (A)+(B)+(C)</b>	45.52	(36.08)	42.87	(17.41)	17.79	12.45
<b>Cash and Cash equivalents at the beginning of the year</b>	43.26	79.34	36.47	53.88	36.09	23.64
<b>Cash and Cash equivalents at the end of the year</b>	88.78	43.26	79.34	36.47	53.88	36.09

- I. The Cash Flow statement has been prepared under Indirect method as per Accounting Standard-3 "Cash Flow Statements"
- II. Figures in Brackets represent outflows
- III. The above statement should be read with the Restated Statement of Assets and Liabilities, Statement of Profit and loss, Significant Accounting Policies and Notes to Accounts as appearing in Annexure I,II, IV(A) respectively.

**(A) Corporate Information :**

The Company was originally incorporated as “Affine Formulations Private Limited” at Indore, Madhya Pradesh as a Private Limited Company under the provisions of the Companies Act, 1956 vide Certificate of Incorporation dated July 4, 2006 bearing Corporate Identification Number U24232MP2006PTC018755 issued by Registrar of Companies, Madhya Pradesh and Chattisgarh. Subsequently, the Company was converted into Public Company pursuant to Shareholders resolution passed at the Extraordinary General Meeting of our Company held on September 5, 2016 and the name of the Company was changed to “Affine Formulations Limited” and a fresh Certificate of Incorporation Consequent upon Conversion from Private Company to Public Company dated September 20, 2016 was issued by the Registrar of Companies, Gwalior. The Corporate Identification Number (CIN) of The Company is U24232MP2006PLC018755.

**(B) Basis of Preparation :**

The Restated Summary Statements of Assets and Liabilities of the Company as at December 31, 2017, March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014, March 31, 2013 and the related Restated Summary Statements of Profits and Losses and Cash Flows Statement for the period / years ended December 31, 2017, March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014, March 31, 2013, have been compiled by management from the financial statements of the company for the period ended on December 31, 2017, March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014, March 31, 2013.

"The financial statements are prepared and presented under the historical cost convention and evaluated on a going-concern basis using the accrual system of accounting in accordance with the accounting principles generally accepted in India (Indian GAAP) and the requirements of the Companies Act, 1956 (up to March 31, 2014), and notified sections, schedules and rules of the Companies Act 2013 (with effect from April 01, 2014), including the Accounting Standards as prescribed by the Companies (Accounting Standards) Rules, 2006 as per section 211(3C) of the Companies Act, 1956 (which are deemed to be applicable as Section 133 of the Companies Act, 2013 (“the Act”) read with Rule 7 of Companies (Accounts) Rules, 2014).

The presentation of financial statements requires estimates and assumption to be made that affect the reported amount of assets & Liabilities on the date of financial statements and the reported amount of revenue and expenses during the reporting period. Difference between the actual result and estimates are recognized in the period in which results are known/materialized."

**(C) 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) Fixed Assets :**

Fixed assets are stated at cost of acquisition, including any attributable cost for bringing the asset to its working condition for its intended use, less accumulated depreciation. CENVAT credit availed but not adjusted against excise duty payment is treated as CENVAT credit receivable and shown under ‘Loans and Advances’. Fixed assets on which CENVAT credit is not availed is shown at full value.

**(c) Depreciation:**

Up to March 31st, 2014 depreciation on fixed assets is provided on Straight Line method (SLM) at the rate and manner prescribed in schedule XIV of the Companies Act, 1956 over their useful life. w.e.f April

1st, 2014 depreciation is provided based on useful life of asset as prescribed in schedule II of Companies Act 2013 except non charging of 100% depreciation on assets costing below Rs. 5000/-. The carrying amount as on April 1st, 2014 is depreciated over the balance useful life of asset.

Depreciation on additions to the assets and the assets sold or disposed off, during the year is provided on pro rata basis, at their respective useful life or rate of depreciation as prescribed with reference to the date of acquisition / installation or date of sale / disposal.

**(d) Revenue Recognition:**

Revenue is recognized when it is earned and no significant uncertainty exists as to its realization or collection. Revenue from sale of goods is recognized on delivery of the products, when all significant contractual obligations have been satisfied, the property in the goods is transferred for price, significant risk and rewards of ownership are transferred to the customers and no effective ownership is retained. Sales comprises sale of goods and services, net of trade discounts and include exchange differences arising on sales transactions.

**(D) Foreign Currency Transactions :**

Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction. Monetary foreign currency assets and liabilities are translated into Rupees at the exchange rate prevailing at the Balance Sheet Date. All exchange differences are dealt with in Profit and Loss Account.

**(E) Investments:**

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of Investments.

On disposal of investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

**(F) Inventory:**

Raw material & finished goods are valued at cost or net realizable value which ever is lower. Net realizable value is the estimated selling prize in ordinary course of business less estimated cost necessary to make sale.

**(G) Employee Benefits:**

Retirement benefit in the form of provident fund is a defined contribution scheme. The contribution to the provident fund is charged to the statement of profit and loss for the year when an employee renders the related services. The company has no obligations, other than the contribution payable to the provident fund.

**(H) Taxation :**

Tax expenses comprises of 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 or substantively enacted at the reporting date.

Deferred Tax Assets or Deferred Tax Liability is recognized on timing difference being the difference between taxable income and accounting income. Deferred Tax Assets or Differed Tax Liability is measured using the tax rates and tax laws that have been enacted or substantively enacted at the Balance Sheet date. Deferred Tax Assets arising from timing differences are recognized to the extent there is a reasonable certainty that the assets can be realized in future.

**(I) Borrowing Cost :**

Borrowing Cost includes interest and amortization of ancillary costs incurred in connection with the arrangement of borrowings. Borrowing costs directly attributable to the acquisition, construction or

production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

**(J) Segment Reporting :**

The company is engaged in the business of Pharmaceutical manufacturing. Considering the nature of the Business and Financial Reporting of the Company, the company is operating in only one Segment.

**(J) Provisions and Contingent Liabilities :**

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 will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

(Amount in Lacs)

Particulars	December 31 <sup>st</sup> , 2017	March 31 <sup>st</sup> , 2017	March 31 <sup>st</sup> , 2016	March 31 <sup>st</sup> , 2015	March 31 <sup>st</sup> , 2014	March 31 <sup>st</sup> , 2013
(a) Letter of Credit Outstanding	84.89	91.38	91.38	106.88	49.78	104.88
(b) Pending Income-Tax demand against the Company	36.62	36.62	36.62	35.83	28.19	22.22

**(K) Earnings per share :**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

**RECONCILIATION OF RESTATED PROFIT**

**ANNEXURE IV(B)**

(Amount in Lacs)

Particulars	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013
Net profit/(loss) after tax as per audited statement of profit & loss	139.45	126.91	127.39	60.38	73.96	55.67
<b>Adjustments for:</b>						
Prior period expenses adjusted & Preliminary Exp(Note -1)	1.63	(5.26)	13.39	(6.68)	(4.11)	-
Difference Due To Effect of Companies Act,2013(Note-2)	(14.99)	(21.38)	(22.96)	(25.16)	(0.00)	-
Increase/ Decrease in Expenses	(0.97)	-	-	-	-	-
Deferred Tax Liability / Asset Adjustment(Note-3)	6.42	7.72	(7.44)	8.19	0.20	0.14
Gratuity Provision(Note-4)	(1.01)	(1.80)	(0.28)	(1.34)	(0.64)	(0.36)
Mat credit(Note-5)	-	-	-	-	13.75	15.11
Taxes adjusted in Current period(Note-6)	(16.48)	(8.61)	(3.07)	2.05	(14.32)	3.42
<b>Net profit/ (loss) after tax as restated</b>	<b>114.05</b>	<b>97.57</b>	<b>107.04</b>	<b>37.43</b>	<b>68.84</b>	<b>73.98</b>

**Explanatory Notes to the above restatements made in Audited Financial Statements of the Company for the respective years / period.**

**Adjustments having impact on Profit:**

**Note: 1**

Amounts relating to the prior period & Other incomes/Exp have been adjusted in the year to which the same relates to & Under which head the same relates to.

**Note: 2**

The Company Had not Complied with SCH-II of Companies Act, 2013 in FY 2014-15 & There for Depreciation have been recalculated in accordance with Sch-II of Companies Act, 2013.

**Note: 3**

There is change in Deferred Tax Assets / Liabilities as per Audited Books of Accounts and as per Restated Books and the same has been given effect in the year to which the same relates.

**Note: 4**

The Company had not provided for retirement benefits like gratuity in Books of Accounts But in the restatement the same has been provided for.

**Note: 5**

The Company Has not provided for MAT In Books of Accounts. But in restated , the company has provided for the same in year to which it relates.

**Note: 6**

The company has provided Excess or Short Provision in the year in which the income tax return has been filled. But in restated account, the company has provided Excess or Short Provision in the year to which it relates

**To give Explanatory Notes regarding Adjustments**

Appropriate adjustments have been made in the restated financial statements, wherever required, by reclassification of the corresponding items of income, expenses, assets and liabilities, in order to bring them in line with the groupings as per the audited financials of the Company for all the years and the requirements of the Securities and Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations 2009.

**Emphasis Of Matter Paragraph**

We Draw Attention to the following matters in the notes to financial statement :

- Non Disclosure of Value of WIP stock due to non Maintenance of Separate Records for the same by the company.
- As the company have not maintained data regarding NRV of the stock, inventories are stated at cost in restated accounts.
- Provision for Gratuity have been made in Restated accounts & there for qualification regarding departure from AS-15 does not stand valid in restated accounts.
- Sales & Purchase figures as per The financial records are differing from Returns filled with GST authorities. As per discussion with management, figures as per Financial records are correct & they are in process of rectifying the GST Returns.



**DETAILS OF SHARE CAPITAL AS RESTATED**

**ANNEXURE-V**

**(Amount in Lacs)**

**1. Statement of Share Capital**

Particulars	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013
<b>Authorised</b>						
Equity shares of Rs. 10/- each	1000.00	1000.00	100.00	100.00	100.00	100.00
<b>Issued</b>						
Equity Shares of Rs.10 each	600.00	600.00	100.00	100.00	100.00	94.10
<b>Subscribed &amp; Paid up</b>						
Equity Shares of Rs.10 each fully paid up	600.00	600.00	100.00	100.00	100.00	94.10
<b>Total</b>	600.00	600.00	100.00	100.00	100.00	94.10

**Terms/rights attached to equity shares :**

1. During the Financial Year 2013-14 the Company has issued and allotted 59000 Equity Shares of Rs. 10 by passing resolution at the board meeting held on March 31, 2014.
2. During the Financial Year 2016-17 the Company has increased its authorized share capital from Rs.100.00 Lacs to Rs.1000.00 Lacs by a special resolution passed at Extra-ordinary General Meeting held on August 01, 2016.
3. During the financial year 2016-17 the company has issued & Allotted 5,000,000 number of Bonus Shares resolution passed at Annual General Meeting of the company held on June 05, 2016.

**Terms/rights attached to equity shares :**

1. The company was having only one class of Equity Shares with par value of Rs. 10.00 per share. Each holder of Equity shares was entitled to one Vote per share.
2. In the Liquidation of the company, the holders of Equity Shares shall be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The amount distributed will be in proportion to the number of equity shares held by the shareholders.

**2. Reconciliation of Shares outstanding at the beginning and at the end of the Period**

Particulars	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013
Shares outstanding at the beginning of the year	6,000,000	1,000,000	1,000,000	1,000,000	941,000	941,000
Shares Issued during the year	-	-	-	-	59,000	-
Bonus Shares Issued during the year	-	5,000,000	-	-	-	-
Shares bought back during the year	-	-	-	-	-	-
Shares outstanding at the end of the year	6,000,000	6,000,000	1,000,000	1,000,000	1,000,000	941,000

3. For the period of five years immediately preceding the date as at which the Balance Sheet is prepared:

Particulars	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013
Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash.	-	-	-	-	-	-
Aggregate number and class of shares allotted as fully paid up by way of bonus shares.	-	5,000,000	-	-	-	-
Aggregate number and class of shares bought back.	-	-	-	-	-	-

a. Details of Shareholders holding more than 5% shares in the company (In terms of No. of Shares Holding)

Particulars	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013
Name of Shareholders	No. of Shares	No. of Shares	No. of Shares	No. of Shares	No. of Shares	No. of Shares
ShriShailendraBiyani	1,503,000	1,503,000	250,500	250,500	250,500	250,500
Chartist Securities	1,165,710	1,165,710	194,285	194,285	194,285	194,285
Sawalaram Leasing and Financing Ltd.	975,000	975,000	162,500	162,500	162,500	162,500
ShriRajendraNyati	354,000	354,000	50,000	50,000	50,000	50,000
smt.RenuBiyani	392,880	392,880	65,480	65,480	65,480	-

b. Details of Shareholders holding more than 5% shares in the company (In terms of % Holding)

Particulars	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013
Name of Shareholders	% holding	% holding	% holding	% holding	% holding	% holding
ShriShailendraBiyani	25.05%	25.05%	25.05%	25.05%	25.05%	26.62%
Chartist Securities	19.43%	19.43%	19.43%	19.43%	19.43%	20.65%
Sawalaram Leasing and Financing Ltd.	16.25%	16.25%	16.25%	16.25%	16.25%	17.27%
ShriRajendraNyati	5.90%	5.90%	5.00%	5.00%	5.00%	5.31%
Smt. RenuBiyani	6.55%	6.55%	6.55%	6.55%	6.55%	-

DETAILS OF RESERVES AND SURPLUS AS RESTATED

ANNEXURE-VI  
(Amount in Lacs)

Particulars	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013
<b>A. Securities Premium Account</b>						
Opening Balance	-	223.20	223.20	223.20	199.60	199.60
Add : Securities premium credited on Share issue	-	-	-	-	23.60	-
Less : Premium Utilized for issuing Bonus	-	223.20	-	-	-	-
Closing Balance	-	-	223.20	223.20	223.20	199.60

Particulars	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013
<b>B. Surplus</b>						
Opening Balance	318.84	498.07	391.03	353.97	285.13	211.16
Add: Net Profit/(Loss) for the year	114.05	97.57	107.04	37.43	68.84	73.98
Less : Transfer of issue of Bonus Share	-	276.80	-	-	-	-
Add: Adjustment in F.A as per Companies Act,2013	-	-	-	0.37	-	-
Closing Balance	432.90	318.84	498.07	391.03	353.97	285.13
<b>Total</b>	<b>432.90</b>	<b>318.84</b>	<b>721.27</b>	<b>614.23</b>	<b>577.17</b>	<b>484.73</b>

1. The figures disclosed above are based on the Unconsolidated restated summary statement of assets and liabilities of the Company
2. The above statement should be read with the notes to Unconsolidated restated summary statements of assets and liabilities, profits and losses and cash flows appearing in Annexure I,II and III.

#### DETAILS OF LONG TERM BORROWINGS AS RESTATED

#### ANNEXUREVII (Amount in Lacs)

Particulars	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013
<b>A1. From Banks (Secured)</b>						
<b>From Bank &amp; Financial Institution</b>						
-Term Loan	-	-	-	-	-	-
State Bank Of India-1	-	-	-	17.64	33.41	49.17
State Bank Of India-2	-	-	-	-	-	72.62
Less: Current Maturity Of Long term Debt	-	-	-	(17.64)	(15.78)	(88.37)
Sub total (a)	-	-	-	-	<b>17.64</b>	<b>33.41</b>
<b>Unsecured</b>						
<b>(b) Loans and advances from related parties</b>						
MohanlalGokuldas HUF	-	-	5.00	5.00	5.00	-
PradhyumnMohanlalNyati (HUF)	5.84	5.84	5.27	5.27	5.27	5.27
Pradhyumn Mohanlal Nyati	5.22	2.10	-	-	-	-
RenuBiyani	2.91	17.91	16.99	16.99	13.49	20.98
Vijay Kumar Niyati (HUF)	-	-	-	-	9.50	2.00
Vijay Kumar Niyati	27.25	-	-	-	-	-
ShailendraBiyani	105.09	115.09	117.20	114.50	48.03	45.03
ShriNath Ginning Udyog	-	5.54	5.00	5.00	5.00	-
Shree Balaji Constructions	-	-	-	-	63.97	63.97
SMT.PUSHPA BIYANI	7.13	61.83	59.63	39.63	39.63	21.14
<b>(c) Loans and advances from Bank &amp; Financial Insitute</b>						
- Business Loans from Banks	-	-	-	-	-	-
- Business Loans from Financial Institutions	-	-	-	-	-	-
<b>(d) Loans and advances From Others</b>						

Particulars	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013
AnchitSankhala	5.00	5.00	5.00	5.00	5.00	5.00
BhagwandasSomani	0.91	0.91	0.77	0.52	3.26	3.26
Bharat Khandelwal HUF	-	5.00	5.00	5.00	5.00	-
BalajiRolar Floor Industries	-	-	-	10.00	10.00	10.00
DarshanlalBaldevrajSethi	2.00	2.00	2.00	2.00	2.00	2.00
DheerajThote	-	-	-	-	5.00	-
Deepak Jayantilal Mehta	5.23	5.00	5.00	5.00	5.00	5.00
DrPawan Gupta	6.50	6.50	6.50	6.50	6.50	6.50
Govind Das M Pasari HUF	-	-	-	-	4.00	-
Gopal Trading Company	9.61	21.61	17.61	16.51	6.51	-
HariKhandelwal	-	5.00	5.00	5.00	5.00	5.00
Harish Chandra Khandelwal	-	-	-	-	2.00	2.00
Jagdish Chandra Saini	3.00	3.00	3.00	3.00	3.00	3.00
Kailash Chand Totla	5.50	5.50	5.50	5.50	5.50	5.50
KusumKadia	2.25	2.25	2.25	2.25	2.25	2.25
Narayan Prasad Biyani	-	-	-	2.00	2.00	2.00
OmprakashPasari HUF	-	-	-	-	3.00	-
PoonamGarg	-	-	-	3.00	3.00	3.00
PranavSinghi	10.00	10.00	10.00	10.00	10.00	10.00
RadhikaMaheshwari	5.00	5.00	5.00	5.00	5.00	5.00
RadhyshyamGarg	-	-	-	-	-	2.00
Ram PratapSawalramSomani HUF	2.96	2.96	2.51	2.35	2.17	2.17
RashiTapadia	5.00	5.00	5.00	5.00	5.00	5.00
Ravi Jhanwar	-	-	-	-	2.40	2.40
RiddhiJhaveri	13.50	13.50	13.50	13.50	13.50	-
Roop Chand Tilak Chand, Kukshi	6.50	6.50	6.50	6.50	6.50	6.50
Sanjayotna Yevatkar	5.00	5.00	5.00	5.00	5.00	5.00
Smt Anita Gupta	5.00	5.00	5.00	5.00	5.00	5.00
SmtKamlaGoyal	5.00	5.00	5.00	5.00	5.00	5.00
Smt.MadhubalaMaheshwari	5.00	5.00	5.00	5.00	5.00	5.00
SmtPawan Jain	4.00	4.00	4.00	4.00	4.00	-
Smt.Ranjana Deepak Mehta	4.00	4.00	4.00	4.00	4.00	4.00
Smt.Raveena Gupta	5.00	5.00	5.00	5.00	5.00	5.00
SmtSitabaiKusmakar	4.50	4.50	4.50	4.50	4.50	4.50
SmtKiranGarg	-	-	5.00	5.00	5.00	5.00
Sushil Kumar Biyani	2.00	2.00	2.00	2.00	2.00	2.00
Sneha Shah	-	-	-	-	-	4.00
SanjuBaldi	-	-	4.00	4.00	4.00	-
SatyanarayanMaheshwari H.U.F.	-	-	-	-	-	5.00
shriGopal M Pasari HUF	-	-	-	-	3.00	-
Shyam Das Agrawal	-	-	-	2.00	3.00	3.00
shyamSunderjhawer HUF	-	-	-	-	2.50	-
Vijay Finance Corporation	5.50	5.50	5.50	5.50	5.50	-
Vijiya Devi Agrawal	-	-	-	-	5.00	-
Kishore Kumar Singh	-	-	-	-	10.00	-
Vinod Kumar Agrawal HUF	-	-	-	-	5.00	-
Ayush Enterprises	-	-	-	-	-	-
NyatiTradin Co	-	-	-	-	4.00	1.50

Particulars	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013
<b>Sub-total (b) +(c)+ (d)</b>	<b>281.40</b>	<b>358.05</b>	<b>363.23</b>	<b>356.02</b>	<b>398.98</b>	<b>299.97</b>
<b>Inter Corporate Deposits</b>						
Chartist Securities Ltd.	0.60	0.60	0.51	0.18	2.17	2.17
ChatrachayaNirmanPvt Ltd	100.00	-	-	-	-	-
East West Finvest (I) Ltd.	53.23	53.23	46.61	-	-	-
Jayant Security Finance Limited.	34.33	34.33	29.86	25.61	25.78	25.78
Jay Jyoti India (P) LTD	0.31	0.31	-	40.45	40.72	40.72
Padmavati Trading Co Pvt Ltd	-	-	-	-	5.41	5.41
Raga TradecomPvt Ltd	-	-	-	22.00	22.00	22.00
Madhu Jas Promotions P.Ltd.	22.50	30.00	-	-	-	-
Osram Enterprises Ltd	12.12	12.12	-	-	-	-
Pardarshi Traders pvt ltd	7.42	19.87	6.26	5.37	-	-
Rahul PremiumConstuctionPvt.Ltd.	10.00	-	-	-	-	-
Triple A SuitingsPvt.Ltd	10.00	-	-	-	-	-
Sawalram Leasing and Financing Ltd.	3.62	3.62	3.07	2.64	2.32	7.32
ShriBalajiFintrade Ltd.	-	-	11.50	11.50	11.50	23.00
SuomIrrigation P. Ltd	30.00	30.00	-	-	-	-
<b>Sub Total</b>	<b>284.13</b>	<b>184.08</b>	<b>97.81</b>	<b>107.75</b>	<b>109.90</b>	<b>126.40</b>
<b>TOTAL</b>	<b>565.53</b>	<b>542.13</b>	<b>461.04</b>	<b>463.77</b>	<b>526.51</b>	<b>459.78</b>

**NATURE OF SECURITY AND TERMS OF REPAYMENT FOR LONG TERM BORROWINGS INCLUDING CURRENT MATURITIES**

**ANNEXURE VIII**

Sr. No.	Lender	Nature of facility	Amount outstanding as at December 31, 2017	Rate of interest (%)	Repayment terms	Security/Principal terms and conditions
1	-	-	-	-	-	-

(Amount in Lacs)

Chartist Securities Ltd			
Particulars	As at		
	31st December, 2017	31 st March, 2017	31st March, 2016
<b>Rate of Interest</b>	<b>Nil</b>	<b>6.00%</b>	<b>6.00%</b>
Opening Balance Cr/(Dr)	0.60	0.51	0.35
Amount Received / Credited	-	0.05	0.17
Interest on Loan	-	0.05	0.05
Amount Repaid / Adjusted	-	0.01	0.05
Outstanding Amount	0.60	0.60	0.51
<b>Terms of Repayment:</b>	Repayable on Demand		

<b>ChatrachayaNirmanPvt Ltd</b>			
<b>Particulars</b>	<b>As at</b>		
	<b>31st December, 2017</b>	<b>31 st March, 2017</b>	<b>31st March, 2016</b>
<b>Rate of Interest</b>	<b>9.00%</b>	<b>Nil</b>	<b>Nil</b>
Opening Balance Cr/(Dr)	-	-	-
Amount Received / Credited	100.00	-	-
Interest on Loan	3.53	-	-
Amount Repaid / Adjusted	3.53	-	-
Outstanding Amount	100.00	-	-
<b>Terms of Repayment:</b>	Repayable on Demand		

<b>East West Finvest (I) Ltd</b>			
<b>Particulars</b>	<b>As at</b>		
	<b>31st December, 2017</b>	<b>31 st March, 2017</b>	<b>31st March, 2016</b>
<b>Rate of Interest</b>	<b>Nil</b>	<b>6.00%</b>	<b>9.00%</b>
Opening Balance Cr/(Dr)	53.23	46.61	-
Amount Received / Credited	-	3.89	47.00
Interest on Loan	-	3.03	3.89
Amount Repaid / Adjusted	-	0.30	4.28
Outstanding Amount	53.23	53.23	46.61
<b>Terms of Repayment:</b>	Repayable on Demand		

<b>Jayant Securities Finance Ltd</b>			
<b>Particulars</b>	<b>As at</b>		
	<b>31st December, 2017</b>	<b>31 st March, 2017</b>	<b>31st March, 2016</b>
<b>Rate of Interest</b>	<b>Nil</b>	<b>6.00%</b>	<b>9.00%</b>
Opening Balance Cr/(Dr)	34.33	29.86	27.87
Amount Received / Credited	-	2.71	2.26
Interest on Loan	-	1.95	2.71
Amount Repaid / Adjusted	-	0.20	2.98
Outstanding Amount	34.33	34.33	29.86
<b>Terms of Repayment:</b>	Repayable on Demand		

<b>Jay Jyoti India Pvt ltd</b>			
<b>Particulars</b>	<b>As at</b>		
	<b>31st December, 2017</b>	<b>31 st March, 2017</b>	<b>31st March, 2016</b>
<b>Rate of Interest</b>	<b>Nil</b>	<b>Nil</b>	<b>9.00%</b>
Opening Balance Cr/(Dr)	0.31	-	44.02
Amount Received / Credited	-	0.31	3.56
Interest on Loan	-	-	0.34
Amount Repaid / Adjusted	-	-	47.92
Outstanding Amount	0.31	0.31	-
<b>Terms of Repayment:</b>	Repayable on Demand		

<b>Madhu Jas Promotions Pvt Ltd</b>			
<b>Particulars</b>	<b>As at</b>		
	<b>31st December, 2017</b>	<b>31 st March, 2017</b>	<b>31st March, 2016</b>
<b>Rate of Interest</b>	<b>12.00%</b>	<b>12.00%</b>	<b>Nil</b>
Opening Balance Cr/(Dr)	30.00	-	-
Amount Received / Credited	10.00	30.00	-
Interest on Loan	1.78	1.20	-
Amount Repaid / Adjusted	19.28	1.20	-
Outstanding Amount	22.50	30.00	-
<b>Terms of Repayment:</b>	Repayable on Demand		

<b>Osram Enterprise Ltd</b>			
<b>Particulars</b>	<b>As at</b>		
	<b>31st December, 2017</b>	<b>31 st March, 2017</b>	<b>31st March, 2016</b>
<b>Rate of Interest</b>	<b>Nil</b>	<b>6.00%</b>	<b>0.00%</b>
Opening Balance Cr/(Dr)	12.12	11.50	11.50
Amount Received / Credited	-	-	-
Interest on Loan	-	0.69	-
Amount Repaid / Adjusted	-	0.07	-
Outstanding Amount	12.12	12.12	11.50
<b>Terms of Repayment:</b>	Repayable On Demand		

<b>Pardarshi Traders Pvt Ltd</b>			
<b>Particulars</b>	<b>As at</b>		
	<b>31st December, 2017</b>	<b>31 st March, 2017</b>	<b>31st March, 2016</b>
<b>Rate of Interest</b>	<b>Nil</b>	<b>6.00%</b>	<b>6.00%</b>
Opening Balance Cr/(Dr)	19.87	6.26	5.84
Amount Received / Credited	-	12.57	0.47
Interest on Loan	-	1.16	0.57
Amount Repaid / Adjusted	12.45	0.12	0.63
Outstanding Amount	7.42	19.87	6.26
<b>Terms of Repayment:</b>	Repayable On Demand		

<b>Rahul Premium Construction Pvt Ltd</b>			
<b>Particulars</b>	<b>As at</b>		
	<b>31st December, 2017</b>	<b>31 st March, 2017</b>	<b>31st March, 2016</b>
<b>Rate of Interest</b>	<b>15.00%</b>	<b>15.00%</b>	<b>Nil</b>
Opening Balance Cr/(Dr)	-	-	-
Amount Received / Credited	10.00	10.00	-
Interest on Loan	1.19	0.30	-

Amount Repaid / Adjusted	1.19	10.30	-
Outstanding Amount	10.00	-	-
<b>Terms of Repayment:</b>	Repayable On Demand		

<b>Sawalram Leasing &amp; Financing Ltd</b>			
Particulars	As at		
	31st December, 2017	31 st March, 2017	31st March, 2016
<b>Rate of Interest</b>	<b>Nil</b>	<b>9.00%</b>	<b>9.00%</b>
Opening Balance Cr/(Dr)	3.62	3.07	2.87
Amount Received / Credited	-	0.28	0.23
Interest on Loan	-	0.30	0.28
Amount Repaid / Adjusted	-	0.03	0.31
Outstanding Amount	3.62	3.62	3.07
<b>Terms of Repayment:</b>	Repayable on Demand		

<b>Suom Irrigation Pvt ltd</b>			
Particulars	As at		
	31st December, 2017	31 st March, 2017	31st March, 2016
<b>Rate of Interest</b>	<b>15.00%</b>	<b>15.00%</b>	<b>Nil</b>
Opening Balance Cr/(Dr)	30.00	-	-
Amount Received / Credited	-	30.00	-
Interest on Loan	3.25	3.38	-
Amount Repaid / Adjusted	3.25	3.38	-
Outstanding Amount	30.00	30.00	-
<b>Terms of Repayment:</b>	Repayable on Demand		

<b>Triple A Suitings Pvt Ltd</b>			
Particulars	As at		
	31st December, 2017	31 st March, 2017	31st March, 2016
<b>Rate of Interest</b>	<b>12.00%</b>	<b>Nil</b>	<b>Nil</b>
Opening Balance Cr/(Dr)	-	-	-
Amount Received / Credited	10.00	-	-
Interest on Loan	1.00	-	-
Amount Repaid / Adjusted	1.00	-	-
Outstanding Amount	10.00	-	-
<b>Terms of Repayment:</b>	Repayable on Demand		

<b>Pradyuman Mohanlal Nyati (Individual)</b>			
Particulars	As at		
	31st December, 2017	31 st March, 2017	31st March, 2016
<b>Rate of Interest</b>	<b>Nil</b>	<b>6.00%</b>	<b>Nil</b>
Opening Balance Cr/(Dr)	2.10	-	-
Amount Received / Credited	33.05	57.60	-



Interest on Loan	-	0.01	-
Amount Repaid / Adjusted	29.93	55.51	-
Outstanding Amount	5.22	2.10	-
<b>Terms of Repayment:</b>	Repayable on Demand		

<b>Pradyuman Mohanlal Nyati (HUF)</b>			
Particulars	As at		
	31st December, 2017	31 st March, 2017	31st March, 2016
<b>Rate of Interest</b>	Nil	Nil	Nil
Opening Balance Cr/(Dr)	5.84	5.27	5.27
Amount Received / Credited	-	0.63	133.90
Interest on Loan	-	-	-
Amount Repaid / Adjusted	-	0.06	133.90
Outstanding Amount	5.84	5.84	5.27
<b>Terms of Repayment:</b>	Repayable on Demand		

<b>SMT Pushpa Biyani</b>			
Particulars	As at		
	31st December, 2017	31 st March, 2017	31st March, 2016
<b>Rate of Interest</b>	Nil	6.00%	Nil
Opening Balance Cr/(Dr)	61.83	59.63	39.63
Amount Received / Credited	-	-	20.00
Interest on Loan	-	3.56	-
Amount Repaid / Adjusted	54.70	1.36	-
Outstanding Amount	7.13	61.83	59.63
<b>Terms of Repayment:</b>	Repayable on Demand		

<b>Renu Biyani</b>			
Particulars	As at		
	31st December, 2017	31 st March, 2017	31st March, 2016
<b>Rate of Interest</b>	Nil	6.00%	Nil
Opening Balance Cr/(Dr)	17.91	16.99	16.99
Amount Received / Credited	-	-	-
Interest on Loan	-	1.02	-
Amount Repaid / Adjusted	15.00	0.10	-
Outstanding Amount	2.91	17.91	16.99
<b>Terms of Repayment:</b>	Repayable on Demand		

<b>Shailendra BiyaniJi</b>			
Particulars	As at		
	31st December, 2017	31 st March, 2017	31st March, 2016
<b>Rate of Interest</b>	Nil	6.00%	Nil

Opening Balance Cr/(Dr)	115.09	117.20	69.47
Amount Received / Credited	-	-	53.23
Interest on Loan	-	6.82	-
Amount Repaid / Adjusted	10.00	8.93	5.50
Outstanding Amount	105.09	115.09	117.20
<b>Terms of Repayment:</b>	Repayable on Demand		

<b>Anchit Sankhala</b>			
Particulars	As at		
	31st December, 2017	31 st March, 2017	31st March, 2016
<b>Rate of Interest</b>	<b>14.40%</b>	<b>14.40%</b>	<b>14.40%</b>
Opening Balance Cr/(Dr)	5.00	5.00	5.00
Amount Received / Credited	-	-	-
Interest on Loan	0.66	0.72	0.75
Amount Repaid / Adjusted	0.66	0.72	0.75
Outstanding Amount	5.00	5.00	5.00
<b>Terms of Repayment:</b>	Repayable on Demand		

<b>Bhagwandas Somani</b>			
Particulars	As at		
	31st December, 2017	31 st March, 2017	31st March, 2016
<b>Rate of Interest</b>	<b>Nil</b>	<b>9.00%</b>	<b>9.00%</b>
Opening Balance Cr/(Dr)	0.91	0.77	0.52
Amount Received / Credited	-	0.07	0.25
Interest on Loan	-	0.08	0.07
Amount Repaid / Adjusted	-	0.01	0.08
Outstanding Amount	0.91	0.91	0.77
<b>Terms of Repayment:</b>	Repayable on Demand		

<b>Darshanlal Baldevraj Sethi</b>			
Particulars	As at		
	31st December, 2017	31 st March, 2017	31st March, 2016
<b>Rate of Interest</b>	<b>15.00%</b>	<b>15.00%</b>	<b>15.00%</b>
Opening Balance Cr/(Dr)	2.00	2.00	2.00
Amount Received / Credited	-	-	-
Interest on Loan	0.30	0.31	0.31
Amount Repaid / Adjusted	0.30	0.31	0.31
Outstanding Amount	2.00	2.00	2.00
<b>Terms of Repayment:</b>	Repayable on Demand		

<b>Deepak Jayantilal Mehta</b>	
Particulars	As at

	31st December, 2017	31 st March, 2017	31st March, 2016
<b>Rate of Interest</b>	<b>15.00%</b>	<b>15.00%</b>	<b>15.00%</b>
Opening Balance Cr/(Dr)	5.00	5.00	5.00
Amount Received / Credited	0.23	-	-
Interest on Loan	0.50	0.75	0.78
Amount Repaid / Adjusted	0.50	0.75	0.78
Outstanding Amount	5.23	5.00	5.00
<b>Terms of Repayment:</b>	Repayable on Demand		

<b>Dr Pawan Gupta</b>			
Particulars	As at		
	31st December, 2017	31 st March, 2017	31st March, 2016
<b>Rate of Interest</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
Opening Balance Cr/(Dr)	6.50	6.50	6.50
Amount Received / Credited	-	-	-
Interest on Loan	-	-	-
Amount Repaid / Adjusted	-	-	-
Outstanding Amount	6.50	6.50	6.50
<b>Terms of Repayment:</b>	Repayable on Demand		

<b>Gopal Trading Company</b>			
Particulars	As at		
	31st December, 2017	31 st March, 2017	31st March, 2016
<b>Rate of Interest</b>	<b>Nil</b>	<b>12.00%</b>	<b>12.00%</b>
Opening Balance Cr/(Dr)	21.61	17.61	16.51
Amount Received / Credited	-	1.90	1.09
Interest on Loan	-	2.34	2.11
Amount Repaid / Adjusted	12.00	0.23	2.11
Outstanding Amount	9.61	21.61	17.61
<b>Terms of Repayment:</b>	Repayable on Demand		

<b>Jagdish Chandra Saini</b>			
Particulars	As at		
	31st December, 2017	31 st March, 2017	31st March, 2016
<b>Rate of Interest</b>	<b>15.00%</b>	<b>15.00%</b>	<b>15.00%</b>
Opening Balance Cr/(Dr)	3.00	3.00	3.00
Amount Received / Credited	-	-	-
Interest on Loan	0.38	0.44	0.47
Amount Repaid / Adjusted	0.38	0.44	0.47
Outstanding Amount	3.00	3.00	3.00
<b>Terms of Repayment:</b>	Repayable on Demand		

<b>Kailash Chand Totla</b>			
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Particulars	As at		
	31st December, 2017	31 st March, 2017	31st March, 2016
<b>Rate of Interest</b>	<b>12.00%</b>	<b>12.00%</b>	<b>12.00%</b>
Opening Balance Cr/(Dr)	5.50	5.50	5.50
Amount Received / Credited	-	-	-
Interest on Loan	0.33	0.66	0.72
Amount Repaid / Adjusted	0.33	0.66	0.72
Outstanding Amount	5.50	5.50	5.50
<b>Terms of Repayment:</b>	Repayable on Demand		

Kusum Kadia			
Particulars	As at		
	31st December, 2017	31 st March, 2017	31st March, 2016
<b>Rate of Interest</b>	<b>12.00%</b>	<b>12.00%</b>	<b>12.00%</b>
Opening Balance Cr/(Dr)	2.25	2.25	2.25
Amount Received / Credited	-	-	-
Interest on Loan	0.11	0.51	0.18
Amount Repaid / Adjusted	0.11	0.51	0.18
Outstanding Amount	2.25	2.25	2.25
<b>Terms of Repayment:</b>	Repayable on Demand		

Pranav Singhi			
Particulars	As at		
	31st December, 2017	31 st March, 2017	31st March, 2016
<b>Rate of Interest</b>	<b>15.00%</b>	<b>15.00%</b>	<b>15.00%</b>
Opening Balance Cr/(Dr)	10.00	10.00	10.00
Amount Received / Credited	-	-	-
Interest on Loan	1.50	1.56	1.56
Amount Repaid / Adjusted	1.50	1.56	1.56
Outstanding Amount	10.00	10.00	10.00
<b>Terms of Repayment:</b>	Repayable on Demand		

Radhika Maheshwari			
Particulars	As at		
	31st December, 2017	31 st March, 2017	31st March, 2016
<b>Rate of Interest</b>	<b>12.00%</b>	<b>12.00%</b>	<b>12.00%</b>
Opening Balance Cr/(Dr)	5.00	5.00	5.00
Amount Received / Credited	-	-	-
Interest on Loan	0.30	0.60	0.85
Amount Repaid / Adjusted	0.30	0.60	0.85
Outstanding Amount	5.00	5.00	5.00
<b>Terms of Repayment:</b>	Repayable on Demand		

<b>Rampratap SawalramSomani HUF</b>			
<b>Particulars</b>	<b>As at</b>		
	<b>31st December, 2017</b>	<b>31 st March, 2017</b>	<b>31st March, 2016</b>
<b>Rate of Interest</b>	<b>Nil</b>	<b>9.00%</b>	<b>9.00%</b>
Opening Balance Cr/(Dr)	2.96	2.51	2.35
Amount Received / Credited	-	0.23	0.19
Interest on Loan	-	0.25	0.23
Amount Repaid / Adjusted	-	0.02	0.25
Outstanding Amount	2.96	2.96	2.51
<b>Terms of Repayment:</b>	Repayable on Demand		

<b>Rashi Tapadia</b>			
<b>Particulars</b>	<b>As at</b>		
	<b>31st December, 2017</b>	<b>31 st March, 2017</b>	<b>31st March, 2016</b>
<b>Rate of Interest</b>	<b>16.00%</b>	<b>16.00%</b>	<b>16.00%</b>
Opening Balance Cr/(Dr)	5.00	5.00	5.00
Amount Received / Credited	-	-	-
Interest on Loan	0.39	0.78	0.78
Amount Repaid / Adjusted	0.39	0.78	0.78
Outstanding Amount	5.00	5.00	5.00
<b>Terms of Repayment:</b>	Repayable on Demand		

<b>Riddhi Jhaveri</b>			
<b>Particulars</b>	<b>As at</b>		
	<b>31st December, 2017</b>	<b>31 st March, 2017</b>	<b>31st March, 2016</b>
<b>Rate of Interest</b>	<b>15.00%</b>	<b>15.00%</b>	<b>15.00%</b>
Opening Balance Cr/(Dr)	13.50	13.50	13.50
Amount Received / Credited	-	-	-
Interest on Loan	1.69	2.03	2.03
Amount Repaid / Adjusted	1.69	2.03	2.03
Outstanding Amount	13.50	13.50	13.50
<b>Terms of Repayment:</b>	Repayable on Demand		

<b>RoopchandTilak Chand Kukshi</b>			
<b>Particulars</b>	<b>As at</b>		
	<b>31st December, 2017</b>	<b>31 st March, 2017</b>	<b>31st March, 2016</b>
<b>Rate of Interest</b>	<b>15.00%</b>	<b>15.00%</b>	<b>15.00%</b>
Opening Balance Cr/(Dr)	6.50	6.50	6.50
Amount Received / Credited	-	-	-
Interest on Loan	0.89	0.85	1.03
Amount Repaid / Adjusted	0.89	0.85	1.03
Outstanding Amount	6.50	6.50	6.50

<b>Terms of Repayment:</b>	Repayable on Demand
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<b>Sanjayota Yevatikar</b>			
<b>Particulars</b>	<b>As at</b>		
	<b>31st December, 2017</b>	<b>31 st March, 2017</b>	<b>31st March, 2016</b>
<b>Rate of Interest</b>	<b>15.00%</b>	<b>15.00%</b>	<b>15.00%</b>
Opening Balance Cr/(Dr)	5.00	5.00	5.00
Amount Received / Credited	0.34	-	-
Interest on Loan	0.75	0.75	0.50
Amount Repaid / Adjusted	1.09	0.75	0.50
Outstanding Amount	5.00	5.00	5.00
<b>Terms of Repayment:</b>	Repayable on Demand		

<b>Smt Anita Gupta</b>			
<b>Particulars</b>	<b>As at</b>		
	<b>31st December, 2017</b>	<b>31 st March, 2017</b>	<b>31st March, 2016</b>
<b>Rate of Interest</b>	<b>12.00%</b>	<b>12.00%</b>	<b>12.00%</b>
Opening Balance Cr/(Dr)	5.00	5.00	5.00
Amount Received / Credited	-	-	-
Interest on Loan	0.60	0.40	0.60
Amount Repaid / Adjusted	0.60	0.40	0.60
Outstanding Amount	5.00	5.00	5.00
<b>Terms of Repayment:</b>	Repayable on Demand		

<b>Smt Kamla Goyal</b>			
<b>Particulars</b>	<b>As at</b>		
	<b>31st December, 2017</b>	<b>31 st March, 2017</b>	<b>31st March, 2016</b>
<b>Rate of Interest</b>	<b>15.00%</b>	<b>15.00%</b>	<b>15.00%</b>
Opening Balance Cr/(Dr)	5.00	5.00	5.00
Amount Received / Credited	-	-	-
Interest on Loan	0.75	0.75	0.78
Amount Repaid / Adjusted	0.75	0.75	0.78
Outstanding Amount	5.00	5.00	5.00
<b>Terms of Repayment:</b>	Repayable on Demand		

<b>Smt Madhubala Maheshwari</b>			
<b>Particulars</b>	<b>As at</b>		
	<b>31st December, 2017</b>	<b>31 st March, 2017</b>	<b>31st March, 2016</b>
<b>Rate of Interest</b>	<b>12.00%</b>	<b>12.00%</b>	<b>12.00%</b>
Opening Balance Cr/(Dr)	5.00	5.00	5.00
Amount Received / Credited	-	-	-
Interest on Loan	0.30	0.60	0.85
Amount Repaid / Adjusted	0.30	0.60	0.85

Outstanding Amount	5.00	5.00	5.00
<b>Terms of Repayment:</b>	Repayable on Demand		

<b>Pawan Jain</b>			
Particulars	As at		
	31st December, 2017	31 st March, 2017	31st March, 2016
<b>Rate of Interest</b>	<b>15.00%</b>	<b>15.00%</b>	<b>15.00%</b>
Opening Balance Cr/(Dr)	4.00	4.00	4.00
Amount Received / Credited	-	-	-
Interest on Loan	0.49	0.38	0.59
Amount Repaid / Adjusted	0.49	0.38	0.59
Outstanding Amount	4.00	4.00	4.00
<b>Terms of Repayment:</b>	Repayable on Demand		

<b>Smt Ranjana Deepak Mehta</b>			
Particulars	As at		
	31st December, 2017	31 st March, 2017	31st March, 2016
<b>Rate of Interest</b>	<b>15.00%</b>	<b>15.00%</b>	<b>15.00%</b>
Opening Balance Cr/(Dr)	4.00	4.00	4.00
Amount Received / Credited	-	-	-
Interest on Loan	0.60	0.71	0.62
Amount Repaid / Adjusted	0.60	0.71	0.62
Outstanding Amount	4.00	4.00	4.00
<b>Terms of Repayment:</b>	Repayable on Demand		

<b>Smt Raveena Gupta</b>			
Particulars	As at		
	31st December, 2017	31 st March, 2017	31st March, 2016
<b>Rate of Interest</b>	<b>12.00%</b>	<b>12.00%</b>	<b>12.00%</b>
Opening Balance Cr/(Dr)	5.00	5.00	5.00
Amount Received / Credited	-	-	-
Interest on Loan	0.68	0.60	0.60
Amount Repaid / Adjusted	0.68	0.60	0.60
Outstanding Amount	5.00	5.00	5.00
<b>Terms of Repayment:</b>	Repayable on Demand		

<b>Smt SitabaiKusmakar</b>			
Particulars	As at		
	31st December, 2017	31 st March, 2017	31st March, 2016
<b>Rate of Interest</b>	<b>15.00%</b>	<b>15.00%</b>	<b>15.00%</b>
Opening Balance Cr/(Dr)	4.50	4.50	4.50
Amount Received / Credited	-	-	-

Interest on Loan	0.23	0.68	0.70
Amount Repaid / Adjusted	0.23	0.68	0.70
Outstanding Amount	4.50	4.50	4.50
<b>Terms of Repayment:</b>	Repayable on Demand		

<b>Sushilkumar Biyani</b>			
<b>Particulars</b>	<b>As at</b>		
	<b>31st December, 2017</b>	<b>31 st March, 2017</b>	<b>31st March, 2016</b>
<b>Rate of Interest</b>	<b>15.00%</b>	<b>15.00%</b>	<b>15.00%</b>
Opening Balance Cr/(Dr)	2.00	2.00	2.00
Amount Received / Credited	-	-	-
Interest on Loan	0.30	0.27	0.30
Amount Repaid / Adjusted	0.30	0.27	0.30
Outstanding Amount	2.00	2.00	2.00
<b>Terms of Repayment:</b>	Repayable on Demand		

<b>Vijay Finance Corporation</b>			
<b>Particulars</b>	<b>As at</b>		
	<b>31st December, 2017</b>	<b>31 st March, 2017</b>	<b>31st March, 2016</b>
<b>Rate of Interest</b>	<b>14.40%</b>	<b>14.40%</b>	<b>14.40%</b>
Opening Balance Cr/(Dr)	5.50	5.50	5.50
Amount Received / Credited	0.24	-	-
Interest on Loan	0.50	0.73	0.81
Amount Repaid / Adjusted	0.74	0.73	0.81
Outstanding Amount	5.50	5.50	5.50
<b>Terms of Repayment:</b>	Repayable on Demand		

<b>Vijaykumar Nyati (Prop. Rangnath &amp; Co)</b>			
<b>Particulars</b>	<b>As at</b>		
	<b>31st December, 2017</b>	<b>31 st March, 2017</b>	<b>31st March, 2016</b>
<b>Rate of Interest</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
Opening Balance Cr/(Dr)	-	-	-
Amount Received / Credited	38.25	-	-
Interest on Loan	-	-	-
Amount Repaid / Adjusted	11.00	-	-
Outstanding Amount	27.25	-	-
<b>Terms of Repayment:</b>	Repayable on Demand		

**DETAILS OF DEFERRED TAX LIABILITIES (NET) AS RESTATED ANNEXURE IX  
(Amount in Lacs)**



<b>Particulars</b>	<b>As at December 31, 2017</b>	<b>As at March 31, 2017</b>	<b>As at March 31, 2016</b>	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>	<b>As at March 31, 2013</b>
Depreciation as per Books	41.48	56.81	57.98	57.54	27.10	30.31
Depreciation as per IT	21.53	32.88	35.76	40.18	46.30	53.36
Time Difference	(19.95)	(23.92)	(22.22)	(17.37)	19.20	23.04
Gratuity Provision	(1.01)	(1.80)	(0.28)	(1.34)	(0.64)	(0.36)
<b>Other Difference</b>						
-Disallowance u/s 43b	-	-	-	(0.97)	-	-
Net deferred tax liability	(20.96)	(25.72)	(22.49)	(18.71)	18.56	22.68
<b>Total DTL</b>						
Opening Balance of (DTA) / DTL	20.91	29.41	36.85	42.63	36.89	29.89
Liability to be created for the year as per restated financials to P&L a/c	(5.77)	(8.50)	(7.44)	(5.78)	5.73	7.01
DTL as per revised calculation	15.13	20.91	29.41	36.85	42.63	36.89

#### Deferred Tax Assets & Liabilities Summary

<b>Particulars</b>	<b>As at December 31, 2017</b>	<b>As at March 31, 2017</b>	<b>As at March 31, 2016</b>	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>	<b>As at March 31, 2013</b>
Opening Balance of (DTA) / DTL	-	-	-	-	-	-
Add: Provision for the Year	-	-	-	-	-	-
Closing Balance of (DTA) / DTL	-	-	-	-	-	-

#### DETAILS OF SHORT TERM BORROWINGS AS RESTATED

#### ANNEXURE X (Amount in Lacs)

<b>Particulars</b>	<b>As at December 31, 2017</b>	<b>As at March 31, 2017</b>	<b>As at March 31, 2016</b>	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>	<b>As at March 31, 2013</b>
(a) Secured						
i) Working Capital Loans						
-From Bank	461.69	455.17	451.26	511.52	440.18	446.04
LC	7.75	-	-	-	-	-
(B) Unsecured						
Others	-	-	-	-	-	-
<b>Total A</b>	<b>469.44</b>	<b>455.17</b>	<b>451.26</b>	<b>511.52</b>	<b>440.18</b>	<b>446.04</b>

**NATURE OF SECURITY AND TERMS OF REPAYMENT FOR SHORT TERM BORROWINGS**

**ANNEXURE XI**

(Amount in Lacs)

Sr. No.	Lender	Nature of facility	Loan	Amount outstanding as at December 31, 2017	Rate of interest (%)	Repayment Terms	Security / Principal terms and conditions
1.	State Bank Of India	Cash Credit	Rs. 450 Lacs	Rs. 461.69 Lacs	Basic Rate- 8.00% + 4.50% MCLR i.e. 12.50%	Repayable on Demand	<p><b>i. Primary Security:</b> First charge on all current assets of the firm like raw-material, WIP, Finished goods etc. lying in factory premises/ sales depots and offices</p> <p><b>ii. Collateral Security:</b> Equitable mortgage on Land &amp; Building &amp; Godown</p> <p><b>iii. Guarantee given:</b> Vijay Nyati ShailendraBiyani PradyumanNyati Pushpa Devi Biyani MamtaNyati VijayaNyati Rukmani Devi Nyati M/s TrupatiPharma</p>

**DETAILS OF TRADE PAYABLES AS RESTATED**

**ANNEXURE XII**

(Amount in Lacs)

Particulars	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013
<b>Creditors</b>						
Creditor For Goods	794.64	632.38	507.16	495.54	468.83	388.59
Creditor for capital Goods	0.41	3.42	-	5.78	7.40	8.29
Creditor for Expenses	3.98	8.00	2.43	25.38	58.85	30.81
<b>Total</b>	<b>799.04</b>	<b>643.80</b>	<b>509.59</b>	<b>526.70</b>	<b>535.08</b>	<b>427.68</b>

**Notes**

Outstanding against Purchase / Acquisition of Capital Goods / Assets have been shown under "Sundry Creditors for Capital Goods / Fixed Assets"

Trade Payables as on December 31, 2017 has been taken as certified by the management of the company

Company has not maintained separate data for Transaction with Micro, Small & Medium Enterprise & There for Bifurcation with respect to same has not been provided

**DETAILS OF OTHER CURRENT LIABILITIES AS RESTATED**

**ANNEXURE XIII**

(Amount in Lacs)

Particulars	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013
<b>(i)Current Maturities of Term Liabilities</b>						
Term loan from SBI-1	-	-	-	17.64	15.78	15.75
Term, loan From SBI-2	-	-	-	-	-	72.62
<b>(ii)Other Payables</b>						
Advance from Customers	1.33	-	0.24	-	-	-
Employee Banefit Payable	9.39	8.13	9.97	7.32	10.86	8.81
Directores Remuneration payable	6.35	2.70	-	12.00	9.00	6.00
<b>Total</b>	<b>17.06</b>	<b>10.83</b>	<b>10.22</b>	<b>36.96</b>	<b>35.64</b>	<b>103.19</b>

Notes:

-Advances Received from Customers have been taken as certified by the management of the company and no security has been offered by the company against the same.

**DETAILS OF SHORT TERM PROVISIONS AS RESTATED****ANNEXURE XIV**

(Amount in Lacs)

Particulars	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013
Provision For						
(a)For Taxation (Net Off Advances)	5.35	8.52	13.50	2.50	11.04	15.50
(b)Provision for others	4.28	4.61	16.11	21.78	14.44	6.18
(c) Indirect Tax	-	13.08	0.07	0.07	0.07	0.07
<b>Total</b>	<b>9.63</b>	<b>26.21</b>	<b>29.67</b>	<b>24.35</b>	<b>25.54</b>	<b>21.75</b>

Notes:

- Provision for Direct Tax have been adjusted against the Advance Tax and TDS Receivables, if any
- Provision for Audit Fees for the Period ended on December 31, 2017 have not been made

**DETAILS OF FIXED ASSETS AS RESTATED****ANNEXURE XV**

(Amount in Lacs)

Particulars	Buildin g	Land	Capital WIP	Plant & Machinery	Furnitu re & Fixtures	Motor Vehicle s	Compute r	Intan gible	Total
Gross Block :									
As at April 1, 2012	225.01	25.38	-	439.95	28.01	0.91	3.62	-	722.88

Particulars	Buildin g	Land	Capital WIP	Plant & Machinery	Furnitu re & Fixtures	Motor Vehicle s	Compute r	Intan gible	Total
Additions / (Deletion)	-	-	-	-	0.26	-	0.73	-	0.99
As at March 31, 2013	225.01	25.38	-	439.95	28.27	0.91	4.35	-	723.87
As at April 1, 2013	225.01	25.38	-	439.95	28.27	0.91	4.35	-	723.87
Additions / (Deletion)	0.79	-	-	2.31	-	-	0.55	-	3.65
As at March 31, 2014	225.80	25.38	-	442.26	28.27	0.91	4.89	-	727.52
As at April 1, 2014	225.80	25.38	-	442.26	28.27	0.91	4.89	-	727.52
Additions / (Deletion)	-	-	-	0.44	-	-	0.30	-	0.74
As at March 31, 2015	225.80	25.38	-	442.70	28.27	0.91	5.20	-	728.26
As at April 1, 2015	225.80	25.38	-	442.70	28.27	0.91	5.20	-	728.26
Additions / (Deletion)	-	-	-	6.53	-	-	0.37	-	6.90
As at March 31, 2016	225.80	25.38	-	449.24	28.27	0.91	5.56	-	735.16
As at April 1, 2016	225.80	25.38	-	449.24	28.27	0.91	5.56	-	735.16
Additions / (Deletion)	2.06	-	-	7.97	8.41	-	-	-	18.44
As at March 31, 2017	227.86	25.38	-	457.20	36.68	0.91	5.56	-	753.60
As at April 1, 2017	227.86	25.38	-	457.20	36.68	0.91	5.56	-	753.60
Additions / (Deletion)	-	-	-	-	-	-	0.15	-	0.15
As at December 31, 2017	227.86	25.38	-	457.20	36.68	0.91	5.71	-	753.75
<b>Accumulate dDep :</b>									
As at April 1, 2012	26.20	-	-	73.84	5.30	0.31	0.60	-	106.24
Charge for the year	7.52	-	-	20.91	1.60	0.09	0.20	-	30.31
As at March 31, 2013	33.72	-	-	94.75	6.90	0.39	0.80	-	136.56
As at April 1, 2013	33.72	-	-	94.75	6.90	0.39	0.80	-	136.56

Particulars	Buildin g	Land	Capital WIP	Plant & Machinery	Furnitu re & Fixtures	Motor Vehicle s	Compute r	Intan gible	Total
Charge for the year	3.68	-	-	21.10	1.47	0.09	0.76	-	27.10
As at March 31, 2014	37.39	-	-	115.85	8.37	0.48	1.56	-	163.66
As at April 1, 2014	37.39	-	-	115.85	8.37	0.48	1.56	-	163.66
Charge for the year	7.31	-	-	46.82	2.69	0.09	0.64	-	57.54
Adj. In depreciation under companies act 2013	-	-	-	-	-	-	0.37	-	0.37
As at March 31, 2015	44.70	-	-	162.67	11.06	0.57	2.57	-	221.57
As at April 1, 2015	44.70	-	-	162.67	11.06	0.57	2.57	-	221.57
Charge for the year	7.31	-	-	47.41	2.71	0.14	0.40	-	57.98
As at March 31, 2016	52.01	-	-	210.09	13.77	0.71	2.98	-	279.55
As at April 1, 2016	52.01	-	-	210.09	13.77	0.71	2.98	-	279.55
Charge for the period	7.31	-	-	45.94	3.11	0.12	0.32	-	56.81
Additions / (Deletion)	-	-	-	-	-	-	-	-	-
As at March 31, 2017	59.32	-	-	256.03	16.87	0.83	3.30	-	336.35
As at April 1, 2017	59.32	-	-	256.03	16.87	0.83	3.30	-	336.35
Charge for the period	5.53	-	-	34.26	1.32	0.08	0.30	-	41.48
Additions / (Deletion)	-	-	-	-	-	-	-	-	-
As at December 31, 2017	64.85	-	-	290.28	18.19	0.91	3.59	-	377.84
<b>Net Block :</b>									
As at March 31, 2013	191.29	25.38	-	345.20	21.38	0.52	3.54	-	587.31
As at March 31, 2014	188.41	25.38	-	326.41	19.90	0.43	3.33	-	563.86
As at March 31, 2015	181.10	25.38	-	280.03	17.22	0.35	2.62	-	506.69

Particulars	Buildin g	Land	Capital WIP	Plant & Machinery	Furnitu re & Fixtures	Motor Vehicle s	Compute r	Intan gible	Total
As at March 31, 2016	173.79	25.38	-	239.15	14.51	0.21	2.59	-	455.62
As at March 31, 2017	168.54	25.38	-	201.18	19.81	0.08	2.27	-	417.25
As at December 31, 2017	163.01	25.38	-	166.92	18.49	-	2.11	-	375.91

**DETAILS OF NON-CURRENT INVESTMENTS AS RESTATED**

**ANNEXURE XVI**

(Amount in Lacs)

Particulars	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013
(a) Investment in Equity instruments	-	-	-	-	-	-
(b) Investments in preference shares	-	-	-	-	-	-
(c) Investments in Government or Trust securities	-	-	-	-	-	-
(d) Investments in Debentures or Bonds	-	-	-	-	-	-
(e) Investments in Mutual Funds	-	-	-	-	-	-
(f) Investments in partnership firms*	-	-	-	-	-	-
(g) Other non- current investments	-	-	-	-	-	-
Aggregate Amount of Unquoted Investments	-	-	-	-	-	-
Aggregate Cost of Quoted Investments	-	-	-	-	-	-
Aggregate Market Value of Quoted Investments	-	-	-	-	-	-

**DETAILS OF LONG TERM LOANS & ADVANCES AS RESTATED**

**ANNEXURE XVII**

(Amount in Lacs)

Particulars	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013
Unsecured & Considered Good						
Security Deposits	8.73	6.53	6.53	12.87	12.87	12.87
Capital advances	-	-	-	-	-	4.02
<b>Total</b>	<b>8.73</b>	<b>6.53</b>	<b>6.53</b>	<b>12.87</b>	<b>12.87</b>	<b>16.88</b>

**DETAILS OF INVENTORIES AS RESTATED**

**ANNEXURE XVIII  
(Amount in Lacs)**

Particulars	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013
a. Raw Materials and components (Valued at Cost or NRV unless otherwise stated)	732.74	741.82	850.94	655.27	638.85	551.35
Goods-in transit	-	-	-	-	-	-
b. Consumables (Valued at Cost or NRV unless otherwise stated)	-	-	-	-	-	-
Goods-in transit	-	-	-	-	-	-
c. Finished goods (Valued at Cost or NRV unless otherwise stated)	106.58	74.42	95.00	218.17	207.63	83.49
Goods-in transit	-	-	-	-	-	-
<b>Total</b>	<b>839.32</b>	<b>816.24</b>	<b>945.94</b>	<b>873.43</b>	<b>846.49</b>	<b>634.84</b>

Notes: Value of Inventories as on December 31, 2017 has been taken as certified by the management of the company

**DETAILS OF TRADE RECEIVABLES AS RESTATED**

**ANNEXURE XIX  
(Amount in Lacs)**

Particulars	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013
(Unsecured and Considered Good)						
a. From Directors/Promoters/ Promoter Group/Associates/ Relatives of Directors / Group Companies						
Over Six Months	318.96	212.39	121.48	80.76	94.79	72.22

Others	297.70	209.83	123.80	146.09	163.61	236.34
a. From Others						
More then six months	290.40	105.64	62.46	453.62	402.26	50.47
Less than Six Months	523.70	790.36	500.24	183.06	114.83	412.48
<b>Total</b>	<b>1,430.76</b>	<b>1,318.22</b>	<b>807.98</b>	<b>863.53</b>	<b>775.49</b>	<b>771.52</b>

Notes:

Trade Receivables as on 31st December, 2017 has been taken as certified by the management of the company

As per the view of the management of the company there is no doubtful debt and hence provision for doubtful debts have not been made

**DETAILS OF CASH AND CASH EQUIVALENTS AS RESTATED**

**ANNEXURE XX  
(Amount in Lacs)**

Particulars	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013
Balances with banks	52.84	18.77	73.03	20.63	13.38	15.07
Cash on hand	35.94	24.50	6.31	15.84	40.50	21.02
<b>Total</b>	<b>88.78</b>	<b>43.26</b>	<b>79.34</b>	<b>36.47</b>	<b>53.88</b>	<b>36.09</b>

**DETAILS OF SHORT TERM LOANS & ADVANCES AS RESTATED**

**ANNEXURE XXI  
(Amount in Lacs)**

Particulars	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013
<b>A. Loans and advances to related parties</b>						
Manoj Biyani	-	-	-	0.85	-	2.91
<b>B. Inter Corporate Deposits</b>						
Secured, considered good	-	-	-	-	-	-
Unsecured, considered good	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-



<b>Particulars</b>	<b>As at December 31, 2017</b>	<b>As at March 31, 2017</b>	<b>As at March 31, 2016</b>	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>	<b>As at March 31, 2013</b>
Less: Provision for doubtful loans and advances	-	-	-	-	-	-
<b>C. Balances with government authorities</b>						
(i) VAT /Excise /GST / CENVAT credit receivable	39.97	0.48	0.38	0.32	2.74	2.10
(iv)Advance/Self Assessment Tax/Income tax Refund	-	-	-	-	-	-
(vii)Subsidy Receivable	-	-	-	-	-	-
(viii)Tax Paid on appeals	14.26	2.36	2.36	-	-	-
(ix) MAT Credit Entitlement	-	-	12.88	22.88	28.86	15.11
<b>D. Others (specify nature)</b>						
Creditors having Debit balance						
- Advance to Suppliers	6.31	-	0.86	-	-	-
- Other Prepaid Expenses	7.82	11.19	0.09	0.25	0.18	0.18
-Other Advances recoverable in cash or kind for value to be received	-	7.33	3.68	0.02	0.02	8.22
Iskon Engineers	1.33	-	-	-	-	-
Daleep Sharma	1.50	-	-	-	-	-
Divya Jyoti Industries Ltd.	100.00	-	-	-	-	-
<b>Total A+B+C+D</b>	<b>171.19</b>	<b>21.36</b>	<b>20.26</b>	<b>24.33</b>	<b>31.79</b>	<b>28.51</b>

Notes:

- Advances Given to Suppliers have been taken as certified by the management of the company.

- No Securities have been taken by the company against the advances given to the suppliers

- Advance Tax and TDS Receivables have been adjusted against the Provision for Direct Tax

**DETAILS OF REVENUE FROM OPERATIONS AS RESTATED**

**ANNEXURE XXII  
(Amount in Lacs)**

Particulars	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013
<b>Sales of goods</b>						
Revenue From Manufacturing	1,376.30	2,336.21	2,058.38	2,140.60	2,469.61	1,833.76
Revenue From Trading	605.50	177.87	370.96	1,102.12	662.99	320.93
<b>Sale of Services</b>	<b>1,981.79</b>	<b>2,514.08</b>	<b>2,429.34</b>	<b>3,242.71</b>	<b>3,132.60</b>	<b>2,154.69</b>
<b>Revenue from operations</b>	<b>1,981.79</b>	<b>2,514.08</b>	<b>2,429.34</b>	<b>3,242.71</b>	<b>3,132.60</b>	<b>2,154.69</b>

**DETAILS OF OTHER INCOME AS RESTATED**

**ANNEXURE XXIII  
(Amount in Lacs)**

Particulars	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013	Nature of Income
Interest Received on FDR with Bank	0.97	1.75	1.60	1.60	1.84	1.29	Recurring & Not related to Business
Interest on Deposits to Others	-	0.43	0.41	0.08	-	-	Non Recurring & Non Related to business
Development Charges	4.26	2.06	2.34	0.34	1.08	0.61	Recurring & related to Business
Sale of scrap	2.74	5.93	-	3.11	2.96	0.51	Recurring & related to Business
Other income	1.05	1.04	0.08	-	-	0.05	Non Recurring & Non Related to business
<b>Total</b>	<b>9.03</b>	<b>11.20</b>	<b>4.44</b>	<b>5.13</b>	<b>5.88</b>	<b>2.47</b>	

**DETAILS OF COST OF MATERIAL CONSUMED AS RESTATED**

**ANNEXURE XXIV  
(Amount in Lacs)**

Particulars	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013
Raw Material Consumed	1,074.78	1,388.65	1,332.40	1,124.93	1,047.91	1,026.52
<b>Total</b>	<b>1,074.78</b>	<b>1,388.65</b>	<b>1,332.40</b>	<b>1,124.93</b>	<b>1,047.91</b>	<b>1,026.52</b>

**DETAILS OF EMPLOYEE BENEFIT EXPENSES AS RESTATED**

**ANNEXURE XXV  
(Amount in Lacs)**

Particulars	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013

Salaries and Wages	67.83	78.46	68.28	73.87	64.17	57.56
Directors Remuneration	4.05	3.00	3.00	3.00	3.00	3.00
Contribution to Provident and other funds	3.63	1.61	0.81	0.53	3.26	0.74
Gratuity	1.01	1.80	0.28	1.34	0.64	0.36
<b>Total</b>	<b>76.52</b>	<b>84.87</b>	<b>72.36</b>	<b>78.75</b>	<b>71.08</b>	<b>61.66</b>

**DETAILS OF FINANCE COST AS RESTATED**

**ANNEXURE XXVI**

(Amount in Lacs)

Particulars	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013
Interest on Short Term Loan	44.30	69.26	66.90	65.54	52.22	51.02
Interest on Long Term Loan	-	-	1.51	9.80	25.97	36.96
Interest on Unsecured Loan	25.87	39.42	30.37	37.28	33.72	27.30
Other Borrowing Costs	6.00	3.35	5.75	8.50	9.05	5.67
<b>Total</b>	<b>76.17</b>	<b>112.03</b>	<b>104.54</b>	<b>121.13</b>	<b>120.96</b>	<b>120.96</b>

**DETAILS OF OTHER EXPENSE AS RESTATED**

**ANNEXURE XXVII**

(Amount in Lacs)

Particulars	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013
Advertisement Exp	-	-	-	-	-	0.35
Audit Exp	0.75	1.21	0.58	0.57	0.49	0.40
Power & Fuel Exp	14.75	19.52	18.15	31.03	24.97	24.36
Factory Exp	0.67	1.47	2.73	7.93	9.87	6.43
Printing & Stationery Exp	0.28	0.36	0.24	0.41	2.12	2.03
Commission & Brokerage Exp	2.66	3.43	4.15	4.60	3.61	0.32
Repairs & Maintenance Exp	4.38	3.51	3.01	3.45	2.60	3.94
Travelling Exp	1.96	1.83	0.89	1.38	2.70	2.71
Transport Charges	-	-	0.14	0.15	1.34	1.13
Telephone Exp	0.71	1.24	1.21	1.24	1.48	1.27
Insurance	2.76	2.47	2.44	1.74	1.64	0.02

Legal & Professional	1.11	4.52	2.18	1.90	0.43	0.80
Books & periodicals	0.12	0.08	0.02	-	-	0.00
Rent	0.50	0.96	1.41	0.66	0.66	0.60
Office Exp	0.69	0.20	0.48	1.87	1.62	2.26
Postage and courier Exp.	0.28	0.07	0.41	0.70	0.63	0.27
Security Exp	1.60	2.34	2.17	2.58	2.25	1.47
Computer Exp	0.38	0.66	0.32	0.62	0.56	-
Conveyance Exp	-	-	0.10	-	0.16	-
Website Development Charges	0.12	-	0.01	-	-	-
Packing & Forwarding Charges	0.24	0.26	0.59	0.15	0.14	-
Penalty on TDS	-	-	-	-	1.32	-
Penalty For EPF	-	0.45	-	-	-	-
Penalty on sales Tax	0.60	2.24	1.39	-	-	-
Provision For Doubt ful Debts	-	8.00	-	-	-	-
Exp for Increase in authorised share capital	-	8.10	-	-	-	-
CST Penalty	-	0.72	0.07	-	-	-
Misc Exp	0.95	0.29	0.83	2.53	0.94	1.77
<b>Total</b>	<b>35.51</b>	<b>63.93</b>	<b>43.50</b>	<b>63.52</b>	<b>59.50</b>	<b>50.12</b>

DETAILS OF RELATED PARTIES TRANSACTIONS AS RESTATED

ANNEXURE XXVIII  
(Amount InLacs)

Name of the Party	Nature Of Relation	Nature of Transaction	Amount Outstanding as on 31.03.12(Payable)/ Receivable	Amount of Transaction in Credit Debit in 2012-13	Amount of Transaction as on 31.03.13(Payable)/ Receivable	Amount of Transaction Debited in 2013-14	Amount of Transaction Credited in 2013-14	Amount of Transaction as on 31.03.14(Payable)/ Receivable	Amount of Transaction Debited in 2014-15	Amount of Transaction Credited in 2014-15	Amount of Transaction as on 31.03.15(Payable)/ Receivable	Amount of Transaction Debited in 2015-16	Amount of Transaction Credited in 2015-16	Amount of Transaction as on 31.06.17(Payable)/ Receivable	Amount of Transaction Debited in 2017	Amount of Transaction Credited in 2017	Amount of Transaction as on 31.03.17(Payable)/ Receivable	Amount of Transaction as on 31.03.17(Payable)/ Receivable	Amount of Transaction as on 31.03.17(Payable)/ Receivable	Amount of Transaction as on 31.03.17(Payable)/ Receivable
VIJAY KUMAR NYATI	DIRECTOR	DIRECTOR REMUNERATION	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.14	1.35	(1.22)
VIJAY KUMAR NYATI	DIRECTOR	UNSECURED LOANS	(12.00)	13.01	1.01	-	0.06	0.06	-	0.36	-	-	-	-	-	-	-	11.00	38.25	(27.25)

PRADHYUMN NIYATI-HUF	DIRECTOR	UNSECURED LOANS	(5.27)	-	-	(5.27)	10.00	10.00	(5.27)	24.65	24.65	(5.27)	133.90	133.90	(5.27)	-	0.57	(5.84)	-	-	(5.84)
PRADHYUMN NIYATI	DIRECTOR	UNSECURED LOANS	-	-	-	-	-	-	-	-	-	-	-	-	-	55.50	57.60	(2.10)	29.93	33.05	(5.22)
PRADHYUMN NIYATI	DIRECTOR	DIRECTOR REMUNERATION	(1.50)	-	1.50	(3.00)	-	1.50	(4.50)	-	1.50	(6.00)	7.50	1.50	-	0.15	1.50	(1.35)	0.14	1.35	(2.57)
BALAJI CONSTRUCTION	DIRECTOR PARTNER	UNSECURED LOANS	(64.72)	1.00	0.25	(63.97)	-	-	(63.97)	63.97	-	-	-	-	-	-	-	-	-	-	-
SHAILEN DRA BIYANI	DIRECTOR	UNSECURED LOANS	(45.00)	-	0.04	(45.03)	4.50	7.50	(48.03)	-	66.47	(114.50)	50.53	53.23	(117.20)	8.25	6.14	(115.09)	10.00	-	(105.09)
SHAILEN DRA BIYANI	DIRECTOR	DIRECTOR REMUNERATION	(1.50)	-	1.50	(3.00)	-	1.50	(4.50)	-	1.50	(6.00)	7.50	1.50	-	0.15	1.50	(1.35)	0.14	1.35	(2.57)
PRACHI JAIN	KEY MANAGER RAIAL PERSON	SALARY	-	-	-	-	-	-	-	-	-	-	-	-	-	0.98	0.98	-	1.48	1.48	-

BIYANI AND SONS	BROTHER OF DIRECTOR	PURCHASE	(75.06)	226.48	247.79	(96.37)	319.68	223.32	-	12.40	29.91	(17.51)	102.31	84.80	-	7.82	7.82	-	36.01	36.36	(0.36)
BIYANI AND SONS	BROTHER OF DIRECTOR	SALES	73.64	221.19	294.83	-	198.27	131.47	66.80	252.98	301.12	18.66	436.84	331.70	123.80	76.10	72.70	127.20	98.86	72.71	153.35
BIYANI PHARMA	BROTHER OF DIRECTOR	SALES	-	-	-	-	-	-	-	-	-	-	-	-	-	177.54	-	177.54	377.91	209.63	345.83
SIAN BIO-TECH	PARTNERSHIP FIRM OF DIRECTOR	SALES	(31.00)	472.28	132.72	308.56	269.36	386.32	191.60	139.93	123.34	208.19	0.13	86.84	121.48	0.00	4.00	117.48	-	-	117.48
VIJAY KUMAR NYATI HUF	DIRECTOR	UNSECURED LOANS	(2.00)	16.78	16.78	(2.00)	0.30	7.80	(9.50)	9.57	0.07	-	-	-	-	-	-	-	-	-	-
PUSHPA BIYANI	MOTHER OF DIRECTOR	UNSECURED LOANS	(18.64)	-	2.50	(21.14)	6.09	24.58	(39.63)	-	-	(39.63)	-	20.00	(59.63)	1.00	3.21	(61.83)	54.70	-	(7.13)

	CTO R																				
RENU BIYANI	WIFE OF DIRE CTOR	UNSE CURE D LOAN S	(35 .98 )	15. 00	-	(20. 98)	13.4 9	6.00	(13. 49)	18. 46	21.9 6	(16. 99)	-	-	(16. 99)	-	0.92	(17. 91)	15.0 0	-	(2.9 1)
MANOJ BIYANI	BRO THE R OF DIRE CTOR	LOAN S & ADVA NCES	1.7 0	1.2 1	-	2.91	0.49	3.40	-	0.8 5	-	0.85	0.75	1.60	-	0.36	0.36	-	-	-	-
POOJA NYATI	WIFE OF DIRE CTOR	UNSE CURE D LOAN S	-	-	-	-	-	-	-	0.9 0	0.90	-	-	-	-	-	-	-	-	-	-
MOHANL AL GOKULD AS HUF	FAT HER OF DIRE CTOR	UNSE CURE D LOAN S	-	10. 00	10.0 0	-	9.70	14.7 0	(5.0 0)	7.1 3	7.13	(5.0 0)	-	-	(5.0 0)	6.93	1.93	-	-	-	-
SHRI NATH GINNING UDHYOG	PROP RIET ORS HIP OF FAT HER OF DIRE CTOR	UNSE CURE D LOAN S	-	-	-	-	-	5.00	(5.0 0)	-	-	(5.0 0)	-	-	(5.0 0)	-	0.54	(5.5 4)	5.54	-	-



**DETAILS OF SUMMARY OF ACCOUNTING RATIOS AS RESTATED**

**ANNEXURE XXIX  
(Amount in Lacs)**

<b>Particulars</b>	<b>As at December 31, 2017</b>	<b>As at March 31, 2017</b>	<b>As at March 31, 2016</b>	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>	<b>As at March 31, 2013</b>
Restated PAT as per statement of profit and loss (A)	114.05	97.57	107.04	37.43	68.84	73.98
Weighted average number of equity shares at the end of the year/ period	6,000,000.00	1,000,000.00	1,000,000.00	1,000,000.00	941,162.00	941,000.00
Impact of issue of Bonus Shares Before stub period	-	5,000,000.00	5,000,000.00	5,000,000.00	5,000,000.00	5,000,000.00
Impact of issue of Bonus Shares after stub period	-	-	-	-	-	-
Weighted average number of equity shares at the end of the year/ period After Adjusting For Bonus Issue(B)	6,000,000.00	6,000,000.00	6,000,000.00	6,000,000.00	5,941,162.00	5,941,000.00
No. of Equity Shares at the end of the year / period (C)	6,000,000.00	1,000,000.00	1,000,000.00	1,000,000.00	1,000,000.00	941,000.00

Impact of issue of Bonus Shares Before stub period	-	5,000,000.00	5,000,000.00	5,000,000.00	5,000,000.00	5,000,000.00
No. of Equity Shares at the end of the year / period After Adjustment For Bonus Issue	6,000,000.00	6,000,000.00	6,000,000.00	6,000,000.00	6,000,000.00	5,941,000.00
Net Worth , as Restated (D)	1,032.90	918.84	821.27	714.23	677.17	578.83
<b>Earnings Per Share</b>						
Basic & Diluted (Rs)- Before Adjusting For Bonus & Right Issue*	1.90	9.76	10.70	3.74	7.31	7.86
Basic & Diluted (Rs)- After Adjusting For Bonus & Right Issue* (A/B)	1.90	1.63	1.78	0.62	1.16	1.25
<b>Earnings Per Shareafter considering Extraordinary items</b>						
Basic & Diluted (Rs)- Before Adjusting For Bonus & Right Issue*	1.90	9.76	10.70	3.74	7.31	7.86
Basic & Diluted (Rs)-	1.90	1.63	1.78	0.62	1.16	1.25

After Adjusting For Bonus & Right Issue* (A/B)						
Return on net worth (%) (A/D)	11.04%	10.62%	13.03%	5.24%	10.17%	12.78%
Net Asset value per Equity Share – Before Bonus & Right Issue	17.21	91.88	82.13	71.42	67.72	61.51
Net Asset value per Equity Share – After Bonus & Right Issue(A/C)	17.21	15.31	13.69	11.90	11.29	9.74
Nominal value per equity share (Rs.)	10.00	10.00	10.00	10.00	10.00	10.00

Notes:

2. The ratios have been Computed as per the following formulas

(i) Basic Earning per Share

$$\frac{\text{Restated Profit after Tax available to equity shareholders}}{\text{Weighted average number of equity shares outstanding at the end of the year / period}}$$

(ii) Net Asset Value (NAV) per Equity Share

$$\frac{\text{Restated Net worth of Equity Share Holders}}{\text{Number of equity shares outstanding at the end of the year / period}}$$

(iii) Return on Net Worth (%)

$$\frac{\text{Restated Profit after Tax available to equity shareholders}}{\text{Restated Net worth of Equity Share Holders}}$$

3. Net Profit as restated, as appearing in the statement of profit and losses, has been considered for the purpose of computing the above ratios. These ratios are computed on the basis of the restated financial information of the Company.

4. Earning per share calculations are done in accordance with Accounting Standard 20 "Earning Per Share", issued by the Institute of Chartered Accountants of India.
5. Prior to December 31, 2017, the company has made the following changes in its capital structure, the effects of which have been considered in computing the above accounting ratios
  - a) During the Financial Year 2013-14 the Company has issued and allotted 59000 Equity Shares of Rs. 10 by passing resolution at the board meeting held on March 31, 2014.
  - b) During the Financial Year 2016-17 the Company has increased its authorized share capital from Rs.100.00 Lacs to Rs.1000.00 Lacs by a special resolution passed at Extra-ordinary General Meeting held on August 01, 2016.
  - c) During the financial year 2016-17 the company has issued & Allotted 5,000,000 number of Bonus Shares resolution passed at Annual General Meeting of the company held on June 05, 2016.

**CAPITALIZATION STATEMENT AS RESTATED AS AT DECEMBER 31, 2017**

**ANNEXURE XXX**

(Amount in Lacs)

<b>Particulars</b>	<b>Pre Issue</b>	<b>Post Issue</b>
Borrowings:		
Short-term Debt (A)	469.44	469.44
Long-term Debt (B)	565.53	565.53
<b>Total debts (C)</b>	<b>1,034.97</b>	<b>1,034.97</b>
Shareholders' funds		
Share capital	600.00	[●]
Reserve and surplus	432.90	[●]
<b>Total shareholders' funds (D)</b>	<b>1,032.90</b>	[●]
Long term debt / shareholders' funds (B/D)	<b>0.55</b>	[●]
<b>Total debt / shareholders' funds (C/D)</b>	<b>1.00</b>	[●]

Short term debts represent debts which are due within 12 months from December 31, 2017.

Long term debts represent debts other than short term debts, as defined above but includes current maturities of long term debt.

The figures disclosed above are based on restated statement of Assets and Liabilities of the Company as at December 31, 2017

**STATEMENT OF TAX SHELTERS AS RESTATED**

**ANNEXURE XXXI**

(Amount in Lacs)

<b>Particulars</b>	<b>As at December 31, 2017</b>	<b>As at March 31, 2017</b>	<b>As at March 31, 2016</b>	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>	<b>As at March 31, 2013</b>
Profit before tax, as restated	139.75	130.45	137.67	46.48	75.14	81.39

Tax Rate Income-tax (%)	27.55%	33.06%	33.06%	30.90%	30.90%	30.90%
Tax Rate MAT(%)	20.39%	20.39%	20.39%	19.06%	19.06%	19.06%
Tax at notional rate on profits	38.51	43.13	45.52	14.36	23.22	25.15
Adjustments :						
<b>Permanent differences</b>						
Expenses disallowed under Income Tax Act, 1961	2.11	21.30	1.73	1.34	1.96	0.36
Donation Expense	-	-	-	-	-	-
<b>Total permanent differences</b>	2.11	21.30	1.73	1.34	1.96	0.36
Income considered separately	0.97	2.18	2.01	1.68	1.84	1.29
Total Income considered separately	0.97	2.18	2.01	1.68	1.84	1.29
Timing differences	-	-	-	-	-	-
Difference between tax depreciation and Books Depreciation	19.95	23.92	22.22	17.37	(19.20)	(23.04)
Difference due to any other items of addition u/s 28 to 44DA	-	-	-	0.97	-	-
Total timing differences	19.95	23.92	22.22	18.33	(19.20)	(23.04)
Net adjustments	22.06	45.23	23.95	19.67	(17.24)	(23.97)
Tax expense / (saving) thereon	6.08	14.95	7.92	6.08	(5.33)	(7.41)
Income from other sources	0.97	2.18	2.01	1.68	1.84	1.29
Deduction u/s 80IC or 80IE	161.82	175.68	161.62	66.16	57.90	57.41
Net Taxable Income(Before 80IC Deduction)	162.79	177.86	163.63	67.84	59.75	58.71
Deduction u/s 80IC or 80IE	48.55	52.70	48.49	19.85	57.90	57.41

Losses Of Current Year Adjusted	-	-	-	-	-	-
Taxable income/(loss)	114.25	125.15	115.15	47.99	1.84	1.29
Taxable Income/(Loss) as per MAT	139.75	130.45	137.67	46.48	75.14	81.39
Tax as per MAT	28.49	26.60	28.07	8.86	14.32	15.51
Tax as per Normal Calculation	31.48	41.38	38.07	14.83	0.57	0.40
MAT credit entitlement/Utilization	-	(12.88)	(10.00)	(5.97)	13.75	15.11
TAX Paid	31.48	41.38	38.07	14.83	14.32	15.51
Tax paid as per "MAT" or "Normal Provisions"	Normal Provision	Normal Provision	Normal Provision	Normal Provision	MAT Provision	MAT Provision

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

*You should read the following discussion of our financial condition and results of operations together with our Restated Financial Statements which have been included in this Draft Red Herring Prospectus. The following discussion and analysis of our financial condition and results of operations is based on our Restated Financial Statements for the years ended March 31, 2017, 2016, 2015, and period ended December 31, 2017 including the related notes and reports, included in this Draft Red Herring Prospectus have been 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 Financial Statements, as restated have been derived from our audited financial statements for the respective years and period ended December 31, 2017. 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 Indian GAAP, Companies Act, SEBI Regulations and other relevant accounting practices in India.*

*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 20 and 19, respectively, and elsewhere in this Draft Red Herring Prospectus.*

*Our FY ends on March 31 of each year. Accordingly, all references to a particular FY are to the 12 months ended March 31 of that year.*

### OVERVIEW

Our Company was originally incorporated as "Affine Formulations Private Limited" at Indore, Madhya Pradesh as a Private Limited Company under the provisions of the Companies Act, 1956 vide Certificate of Incorporation dated July 4, 2006 bearing Corporate Identification Number U24232MP2006PTC018755 issued by Registrar of Companies, Madhya Pradesh and Chattisgarh. Subsequently, our Company was converted into Public Company pursuant to Shareholders resolution passed at the Extraordinary General Meeting of our Company held on September 5, 2016 and the name of our Company was changed to "Affine Formulations Limited" and a fresh Certificate of Incorporation consequent upon conversion from Private Company to Public Company dated September 20, 2016 was issued by the Registrar of Companies, Gwalior. The Corporate Identification Number (CIN) of our Company is U24232MP2006PLC018755.

Incorporated in 2006, Affine Formulations Limited is an ISO 9001:2015 certified Company engaged in manufacturing and trading of finished pharmaceutical formulations in a dosage forms viz, Non Beta (Tablets, Capsules) and Beta (Tablets, Capsules & Dry Syrups).

Our Company manufactures the products and sell them to the pharmaceutical companies which then market those products under their own brand name.

Our Company is promoted by Shailendra Biyani, Pradhymn Nyati and Vijay Kumar Nyati. Our individual promoters manage and control the major affairs of our business operations. With requisite experience in this industry, our promoters along with the team of management are actively involved in the day-to-day affairs of our company's operations adding valuable knowledge and experience required for sustainable growth.

### SIGNIFICANT DEVELOPMENTS SUBSEQUENT TO THE LAST FINANCIAL PERIOD

In the opinion of the Board of Directors of our Company, since the date of the last financial statements disclosed in this Draft Red Herring Prospectus, there have not arisen any circumstance that materially or adversely affect or are likely to affect the profitability of our Company or the value of its assets or its ability to pay its material liabilities within the next twelve months

## **FACTORS AFFECTING OUR RESULTS OF OPERATIONS**

Our business is subjected to various risks and uncertainties, including those discussed in the section titled “Risk Factor” beginning on page 20 of this Draft Red Herring Prospectus. Our results of operations and financial conditions are affected by numerous factors including the following:

- Extensive Regulation of industry
- Increased Competition
- Fluctuations in the prices of materials

## **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) Fixed Assets:**

Fixed assets are stated at cost of acquisition, including any attributable cost for bringing the asset to its working condition for its intended use, less accumulated depreciation. CENVAT credit availed but not adjusted against excise duty payment is treated as CENVAT credit receivable and shown under ‘Loans and Advances’. Fixed assets on which CENVAT credit is not availed is shown at full value.

### **c) Depreciation:**

Up to March 31st, 2014 depreciation on fixed assets is provided on Straight Line method (SLM) at the rate and manner prescribed in schedule XIV of the Companies Act, 1956 over their useful life. w.e.f. April 1st, 2014 depreciation is provided based on useful life of asset as prescribed in schedule II of Companies Act 2013 except non charging of 100% depreciation on assets costing below Rs. 5000/-. The carrying amount as on April 1st, 2014 is depreciated over the balance useful life of asset.

Depreciation on additions to the assets and the assets sold or disposed of, during the year is provided on pro rata basis, at their respective useful life or rate of depreciation as prescribed with reference to the date of acquisition / installation or date of sale / disposal.

### **d) Revenue Recognition:**

Revenue is recognized when it is earned and no significant uncertainty exists as to its realization or collection. Revenue from sale of goods is recognized on delivery of the products, when all significant contractual obligations have been satisfied, the property in the goods is transferred for price, significant risk and rewards of ownership are transferred to the customers and no



effective ownership is retained. Sales comprises sale of goods and services, net of trade discounts and include exchange differences arising on sales transactions.

**e) Foreign Currency Transactions:**

Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction. Monetary foreign currency assets and liabilities are translated into Rupees at the exchange rate prevailing at the Balance Sheet Date. All exchange differences are dealt with in Profit and Loss Account.

**f) Investments:**

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of Investments.

On disposal of investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

**g) Inventory:**

Raw material & finished goods are valued at cost or net realizable value whichever is lower. Net realizable value is the estimated selling price in ordinary course of business less estimated cost necessary to make sale.

**h) Employee Benefits:**

Retirement benefit in the form of provident fund is a defined contribution scheme. The contribution to the provident fund is charged to the statement of profit and loss for the year when an employee renders the related services. The company has no obligations, other than the contribution payable to the provident fund.

**i) Taxation :**

Tax expenses comprises of 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 or substantively enacted at the reporting date.

Deferred Tax Assets or Deferred Tax Liability is recognized on timing difference being the difference between taxable incomes and accounting income. Deferred Tax Assets or Differed Tax Liability is measured using the tax rates and tax laws that have been enacted or substantively enacted at the Balance Sheet date. Deferred Tax Assets arising from timing differences are recognized to the extent there is a reasonable certainty that the assets can be realized in future.

**j) Borrowing Cost:**

Borrowing Cost includes interest and amortization of ancillary costs incurred in connection with the arrangement of borrowings. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get

ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

**k) Segment Reporting:**

The company is engaged in the business of Pharmaceutical manufacturing. Considering the nature of the Business and Financial Reporting of the Company, the company is operating in only one Segment.

**l) Provisions and Contingent Liabilities:**

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 will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date.

These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

*(Rs in Lakhs)*

Particulars	December 31 <sup>st</sup> , 2017	March 31 <sup>st</sup> , 2017	March 31 <sup>st</sup> , 2016	March 31 <sup>st</sup> , 2015	March 31 <sup>st</sup> , 2014
Letter of Credit Outstanding	84.89	91.38	91.38	106.88	49.78
Pending Income-Tax demand against the Company	36.62	36.62	36.62	35.83	28.19

**m) Earnings per share :**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

**OVERVIEW OF REVENUE AND EXPENSES**

**Revenue and Expenses**

Our revenue and expenditure is reported in the following manner:

**Total Revenue**

Our Total Revenue comprises of revenue from operations and other income.

*Revenue from operations:* Our revenue from operations comprises of revenue from sale of tablets, capsules and dry syrups and trading of raw materials like APIs, excipients, essences, pharma-grade sugar, colorants and approved rectified spirit.

*Other Income:* Our other income comprises of income from interest on term deposits, interest on other deposits, development charges, sale of scrap and other income.

## Expenses

Our expenses comprise of cost of material consumed & traded, changes in inventories of finished goods, traded raw materials, work-in-progress and finished goods, employee benefit expenses, finance costs, depreciation and amortisation expenses and other expenses.

*Cost of Raw material consumed:* Our cost of raw material consumed comprises of consumption and cost of purchase of APIs, excipients, essences, pharma-grade sugar, colorants and approved rectified spirit and various packing materials.

*Purchase of Stock in trade:* Our cost of purchase of stock in trade comprises of purchase of APIs, excipients, essences, pharma-grade sugar, colorants, approved rectified spirit, etc.

*Changes in inventories of finished goods:* It includes changes in inventories of finished goods during the year.

*Employee benefit expenses:* Our employee benefit expenses include salary & wages, contribution to statutory funds, directors' remuneration and gratuity expenses.

*Finance costs:* Our finance costs comprises of interest on secured and unsecured loans and other borrowing cost.

*Depreciation and amortisation expenses:* Depreciation and amortisation expenses comprise of depreciation on tangible fixed assets.

*Other expenses:* Our Other expenses mainly include power charges, provision for bad and doubtful debts, legal & professional charges, insurance expenses, repairs and maintenance expenses, security expenses, commission & brokerage, travelling expenses, auditor's remuneration, rent expense, factory expenses, telephone, stationery & printing, books & periodicals and other miscellaneous expenses among others.

## Our Results of Operations

The following table sets forth select financial data from our restated financial statement of profit and loss for the financial year 2017, 2016, 2015 and for the period ended December 31, 2017 the components of which are also expressed as a percentage of total revenue for such periods:

(Rs. in Lakhs)

Particulars	For the period ended December 31, 2017	For the Year ended March 31,		
		2017	2016	2015
<b>Total Revenue:</b>				
Revenue from operations	1,981.79	2,514.08	2,429.34	3,242.71
As a % of Total Revenue	99.55%	99.56%	99.82%	99.84%
Other income	9.03	11.20	4.44	5.13
As a % of Total Revenue	0.45%	0.44%	0.18%	0.16%
<b>Total Revenue</b>	<b>1,990.82</b>	<b>2,525.27</b>	<b>2,433.78</b>	<b>3,247.84</b>
<b>Expenses:</b>				

Particulars	For the period ended December 31, 2017	For the Year ended March 31,		
		2017	2016	2015
Cost of raw materials consumed and traded	104.74	1,388.65	1,332.40	1,124.93
As a % of Total Revenue	53.99%	54.99%	54.75%	34.64%
Purchase of Stock In Trade	578.77	667.96	562.17	1,766.02
As a % of Total Revenue	29.07%	26.45%	23.10%	54.38%
Changes in inventories of traded raw materials, finished goods and work-in-progress	(32.16)	20.58	123.16	(10.53)
As a % of Total Revenue	(1.62%)	0.82%	5.06%	(0.32)%
Employee benefit expenses	76.52	84.87	72.36	78.75
As a % of Total Revenue	3.84%	3.36%	2.97%	2.42%
Finance costs	76.17	112.03	104.54	121.13
As a % of Total Revenue	3.83%	4.44%	4.30%	3.73%
Depreciation and amortization expense	41.48	56.81	57.98	57.54
As a % of Total Revenue	2.08%	2.25%	2.38%	1.77%
Other expenses	35.51	63.93	43.49	63.52
As a % of Total Revenue	1.78%	2.53%	1.79%	1.96%
<b>Total Expenses</b>	<b>1,851.06</b>	<b>2,394.82</b>	<b>2,296.10</b>	<b>3,195.38</b>
As a % of Total Revenue	92.98%	94.83%	94.34%	98.38%
<b>Profit before exceptional, extraordinary items and tax</b>	<b>139.75</b>	<b>130.45</b>	<b>137.67</b>	<b>52.46</b>
As a % of Total Revenue	7.02%	5.17%	5.66%	1.62%
Exceptional items	-	-	-	-
<b>Profit before extraordinary items and tax</b>	<b>139.75</b>	<b>130.45</b>	<b>137.67</b>	<b>52.46</b>
As a % of Total Revenue	7.02%	5.17%	5.66%	1.62%
Extraordinary items	-	-	-	-
<b>Profit before tax</b>	<b>139.75</b>	<b>130.45</b>	<b>137.67</b>	<b>52.46</b>
PBT Margin	7.02%	5.17%	5.66%	1.62%
Tax expense :				
(i) Current tax	31.48	41.38	38.07	14.83
(ii) Deferred tax	(5.77)	(8.50)	(7.44)	(5.78)
(iii) MAT Credit	-	-	-	-
<b>Total Tax Expense</b>	<b>25.72</b>	<b>32.89</b>	<b>30.65</b>	<b>9.05</b>
<b>% of total income</b>	<b>1.29%</b>	<b>1.30%</b>	<b>1.26%</b>	<b>0.28%</b>
<b>Profit for the year/ period</b>	<b>114.05</b>	<b>97.57</b>	<b>107.04</b>	<b>37.43</b>
<b>PAT Margin</b>	<b>5.73%</b>	<b>3.86%</b>	<b>4.40%</b>	<b>1.15%</b>

*Review of Operation For the Period Ended December 31, 2017.*

*Total Revenue*

### *Revenue from operations*

Our revenue from operations for the period ended December 31, 2017 amounted to Rs. 1981.79 lakhs which was primarily on account of revenue from sale of manufactured tablets, capsules & dry syrups. Our revenue from operations also included trading income from products such as APIs, excipients, essences, pharma-grade sugar, colorants and approved rectified spirit, etc. Our income from sale of manufactured products for the period ended December 31, 2017 was Rs 1376.30 lakhs and our trading income for the period ended December 31, 2017 was Rs 605.50 lakhs

### *Other income*

Other income was Rs. 9.03 lakhs for the period ended December 31, 2017 comprising of income from interest on term deposits, development charges, sale of scrap and other income.

### **Expenses**

Our total expenses, excluding tax amounted to Rs. 1851.06 lakhs for the period ended December 31, 2017

### *Cost of raw material consumed*

Our cost of material consumed and traded goods for the period ended December 31, 2017 was Rs. 1074.78 lakhs which primarily comprised of APIs, excipients, essences, pharma-grade sugar, colorants and approved rectified spirit and various packing materials. Our cost of material consumed was 53.99 % of our total revenue for the period ended December 31, 2017.

*Purchase of Stock In Trade:* Our cost of purchase of stock in trade for the period ended December 31, 2017 was Rs 578.77 lakhs which comprised of purchase of APIs, excipients, essences, pharma-grade sugar, colorants, approved rectified spirit, etc. Our purchase of stock in trade was 29.07 % of our total revenue for the period ended December 31, 2017.

### *Changes in inventories of finished goods:*

Our Changes in inventories of finished goods for the period ended December 31, 2017 was Rs (32.16) lakhs. Our change in inventory of finished goods was (1.62) % of our total revenue for the period ended December 31, 2017.

### *Employee Benefit Expenses*

Our employee benefit expenses for the period ended December 31, 2017 were Rs. 76.52 lakhs which primarily comprised of salary & wages, contribution to statutory funds, directors' remuneration and gratuity expenses. Our employee benefit expenses was 3.84 % of our total revenue for the period ended December 31, 2017.

### *Finance Costs*

Our Finance costs for the period ended December 31, 2017 were Rs. 76.17 lakhs primarily consisting of interest on secured and unsecured loans and other borrowing costs. Our finance cost was 3.83 % of our total revenue for the period ended December 31, 2017.

### *Depreciation and Amortization Expenses*

Depreciation and amortization expense of Rs. 41.48 lakhs for the period ended December 31, 2017 comprised of depreciation on fixed assets i.e. plant & machinery, computers, motor vehicles and

furniture and fixtures. Our depreciation and amortization expenses cost was 2.08 % of our total revenue for the period ended December 31, 2017.

#### *Other expenses*

Our other expenses for the period ended December 31, 2017 were Rs. 35.51 lakhs primarily consisting of power charges, repairs & maintenance, brokerage and commission, insurance expenses, security expenses, telephone & mobile expenses, factory expenses, travelling expenses, books and periodical expenses, printing & stationery, conveyance expenses, legal & professional expenses and computer expenses among others. Our other expenses was 1.78 % of our total revenue for the period ended December 31, 2017.

#### *Profit before Tax*

Our Profit before tax for the year period ended December 31, 2017 was Rs. 139.75 lakhs. Our profit before tax was 7.02 % of our total revenue for the period ended December 31, 2017.

#### *Tax Expenses*

Our tax expenses for the year period ended December 31, 2017 was Rs. 25.70 lakhs. Our tax expense was 1.29 % of our total revenue for the period ended December 31, 2017.

#### *Profit after Tax*

Our profit after tax for the year period ended December 31, 2017 was Rs. 114.05 lakhs. Our profit after tax was 5.73 % of our total revenue for the period ended December 31, 2017.

### **FINANCIAL YEAR 2016-17 COMPARED WITH FINANCIAL YEAR 2015-16**

#### ***Total Revenue***

Our total revenue increased by 3.76% to Rs. 2525.27 lakhs for the financial year 2016-17 from Rs. 2433.78 lakhs for the financial year 2015-16 due to the factors described below:

*Revenue from operations:* Our revenue from operations increased by 3.49% to Rs. 2514.08 lakhs for the financial year 2016-17 from Rs. 2429.34 lakhs for the financial year 2015-16. The increase was primarily driven by increase in revenue from sale of manufactured products by Rs. 277.83 lakhs which was offset by decrease in revenue from trading of raw materials by Rs. 193.09 lakhs.

*Other income:* Our other income increased significantly by 152.37% to Rs. 11.20 lakhs for the financial year 2016-17 from Rs. 4.44 lakhs for the financial year 2015-16. The increase was mainly due to increase in income from sale of scrap by Rs. 5.93 lakhs, other income by Rs. 0.95 lakhs and interest on term and other deposits by Rs. 0.15 lakhs which was partially offset by decrease in income from development charges by Rs. 0.29 lakhs.

#### ***Total Expenses***

Our total expenses increased by 4.30% to Rs.2394.82 lakhs for the financial year 2016-17 from Rs.2296.10 lakhs for the financial year 2015-16, due to the factors described below:

*Cost of raw material consumed:* Our cost of raw material consumed increased by 4.22 % to Rs. 1388.65 lakhs for the financial year 2016-17 from Rs. 1332.40 lakhs for the financial year 2015-16 mainly due to increase in our revenue from operations.

*Purchase of Stock In Trade:* Our purchase of stock in trade increased by 18.82 % to Rs 667.96 lakhs in the financial year 2016-17 from Rs 562.17 lakhs in the financial year 2015-16.

*Changes in inventories of finished goods:* Our inventories of finished goods changed by (83.29) % in the financial year 2016-17 to Rs 20.58 lakhs from Rs 123.16 lakhs for the financial year 2015-16. Increase was primarily due to higher level of finished goods inventory maintained by our Company at the end of the year.

*Employee benefits expenses:* Our employee benefit expenses increased by 17.28% to Rs. 84.87 lakhs for the financial year 2016-17 from Rs. 72.36 lakhs for the financial year 2015-16. The increase was mainly on account of increase in salary & wages by Rs. 10.18 lakhs, gratuity expenses by Rs. 1.52 lakhs and contribution to statutory funds by Rs. 0.81 lakhs. Increase in salary & wages was due to increase in number of employees.

*Finance costs:* Our finance costs increased by 7.17% to Rs. 112.03 lakhs for the financial year 2016-17 from Rs. 104.54 lakhs for the financial year 2015-16. The increase was primarily due to increase in interest on unsecured loan by Rs. 9.05 lakhs and interest on short term loan by Rs. 2.35 lakhs which was partially offset by decrease in interest on long term loan by Rs. 1.51 lakhs and other borrowing costs by Rs. 2.40 lakhs.

*Depreciation and amortization expense:* Our depreciation and amortisation decreased slightly by 2.02% to Rs. 56.81 lakhs for the financial year 2016-17 from Rs. 57.98 lakhs for the financial year 2015-16.

*Other expenses:* Our other expenses increased by 46.98% to Rs. 63.93 lakhs for the financial year 2016-17 from Rs. 43.49 lakhs for the financial year 2015-16 mainly due to increase in regulatory & filing fees by Rs. 8.10 lakhs, provision for doubtful debts by Rs. 8.00 lakhs, statutory penalties by Rs. 1.61 lakhs, legal & professional charges by Rs. 2.33 lakhs, power charges by Rs. 1.37 lakhs, travelling expenses by Rs. 0.94 lakhs and auditor's remuneration by Rs. 0.64 lakhs among others. However, the increase was partially offset by decrease factory expenses by Rs. 1.26 lakhs, commission expense by Rs. 0.72 lakhs and rent expense by Rs. 0.45 lakhs among others.

*Profit before tax:* Our profit before tax decreased by 5.25% to Rs. 130.45 lakhs for the financial year 2016-17 from Rs. 137.67 lakhs for the financial year 2015-16 mainly due to increase in our expenses by 4.30% while our total revenue increased by 3.76% only in the financial year 2016-17.

*Tax expenses:* Our tax expenses increased by 7.32% to Rs. 32.88 lakhs for the financial year 2016-17 from Rs. 30.63 lakhs for the financial year 2015-16. Increase in tax expenses was primarily due to increase in our current tax expenses by Rs 8.69 lakhs which was partially offset by increase in deferred tax benefit by Rs 1.06 lakhs in the financial year 2016-17.

*Profit after tax:* Due to above mentioned reasons, our profit after tax decreased by 8.84% to Rs. 97.57 lakhs for the financial year 2016-17 from Rs 107.04 lakhs for the financial year 2015-16.

## **FINANCIAL YEAR 2015-16 COMPARED WITH FINANCIAL YEAR 2014-15**

### ***Total Revenue***

Our total revenue decreased by 25.06% to Rs. 2433.78 lakhs for the financial year 2015-16 from Rs. 3247.84 lakhs for the financial year 2014-15 due to the factors described below:

*Revenue from operations:* Our revenue from operations decreased by 25.08% to Rs. 2429.34 lakhs for the financial year 2015-16 from Rs. 3242.71 lakhs for the financial year 2014-15. The decrease was

mainly due to decrease in trading income by Rs. 731.16 lakhs and revenue from sale of manufactured products by Rs. 82.21 lakhs.

*Other income:* Our other income decreased by 13.48% to Rs. 4.44 lakhs for the financial year 2015-16 from Rs. 5.13 lakhs for the financial year 2014-15 mainly due to decrease in income from sale of scrap by Rs. 3.11 lakhs which was partially offset by increase in income from development charges by Rs. 2.01 lakhs, interest on deposits by Rs. 0.34 lakhs and other income by Rs. 0.08 lakhs.

### ***Total Expenses***

Our total expenses decreased by 28.28 % to Rs. 2296.10 lakhs for the financial year 2015-16 from Rs. 3201.36 lakhs for the financial year 2014-15, due to the factors described below:

*Cost of raw material consumed:* Our cost of raw material consumed increased by 18.44 % to Rs. 1332.40 lakhs for the financial year 2015-16 from Rs. 1124.93 lakhs for the financial year 2014-15.

*Purchase of Stock In Trade:* Our purchase of stock in trade decreased by 68.17 % to Rs. 562.17 lakhs in the financial year 2015-16 from Rs. 1766.02 lakhs in the financial year 2014-15. The decrease was in line with decrease in our trading income.

*Changes in inventories of finished goods:* Our inventories of finished goods changed by (1269.17) % in the financial year 2015-16 to Rs. 123.16 lakhs from Rs. (10.53) lakhs in the financial year 2014-15. Increase was primarily due to higher level of finished goods inventory maintained by our Company at the end of the year.

*Employee benefits expense:* Our employee benefits expense decreased by 8.11% to Rs. 72.36 lakhs for the financial year 2015-16 from Rs. 78.75 lakhs for the financial year 2014-15 mainly due to decrease in decrease in salaries and wages by Rs. 5.59 lakhs, gratuity expense by Rs. 1.06 lakhs which was partially offset by increase in contribution to statutory funds by Rs. 0.27 lakhs.

*Finance costs:* Our finance costs decreased by 13.70 % to Rs. 104.54 lakhs for financial year 2015-16 from Rs. 121.13 lakhs for the financial year 2014-15. The decrease was mainly due to decrease in interest expense on unsecured loan by Rs. 6.91 lakhs, interest expense on long term loan by Rs. 8.29 lakhs and other borrowing costs by Rs. 2.75 lakhs. However, the decrease was partially offset by increase in interest expense on short term loan by Rs. 1.36 lakhs.

*Depreciation and amortization expense:* Our depreciation and amortization expenses increased slightly by 0.75% to Rs. 57.98 lakhs for the financial year 2015-16 from Rs. 57.54 lakhs for the financial year 2014-15.

*Other expenses:* Our other expenses decreased by 31.53% to Rs. 43.49 lakhs for the financial year 2015-16 from Rs. 63.52 lakhs for the financial year 2014-15. The decrease was mainly attributable to decrease in power charges by Rs. 12.89 lakhs, factory expenses by Rs. 5.20 lakhs, office expenses by Rs. 1.39 lakhs, brokerage by Rs. 0.45 lakhs among others. However, the decrease was partially offset by increase in statutory penalty by Rs. 1.39 lakhs, rent by Rs. 0.75 lakhs and insurance by Rs. 0.70 lakhs among others.

*Profit before tax:* Our profit before tax increased by 196.18 % to Rs. 137.67 lakhs for the financial year 2015-16 from Rs. 46.48 lakhs for the financial year 2014-15. Increase in our profit before tax was due to increase in our revenue from sale of manufacturing goods.

*Tax expenses:* Our tax expenses increased by 238.53 % to Rs. 30.63 lakhs for the financial year 2015-



16 from Rs. 9.05 lakhs for the financial year 2014-15 mainly due to increase in our profit before tax.

*Profit after tax:* Due to reasons mentioned above, our profit after tax increased by 185.94 % to Rs. 107.04 lakhs for the financial year 2015-16 from Rs. 37.43 lakhs for the financial year 2014-15.

#### **Other Key Ratios**

The table below summaries key ratio in our Restated Financial Information for the financial years ended March 31, 2017, 2016, 2015 and for the period ended December 31, 2017:

Particulars	For the period ended December 31, 2017	For the year ended March 31,		
		2017	2016	2015
Fixed Asset Turnover Ratio	5.27*	6.03	5.33	6.40
Debt Equity Ratio	1.00	1.09	1.11	1.39
Current Ratio	1.95	1.94	1.85	1.64
Inventory Turnover Ratio	2.39*	2.85	2.67	3.77

*\*Not Annualized*

*Fixed Asset Turnover Ratio:* This is defined as revenue from operations divided by total fixed assets, based on Restated Financial Information.

*Debt Equity Ratio:* This is defined as total debt divided by total shareholder funds. Total debt is the sum of long-term borrowings, short-term borrowings and current maturity of long term debt, based on Restated Financial Information.

*Current Ratio:* This is defined as current assets divided by current liabilities, based on Restated Financial Information.

*Inventory Turnover Ratio:* This is defined as revenue from operations divided by average inventory. Average inventory is computed by dividing the sum of opening inventory and closing inventory by two, based on Restated Financial Information.

#### **Cash Flows**

The table below summaries our cash flows from our Restated Financial Information for the financial years 2017, 2016, 2015 and for the period ended December 31, 2017:

*(Rs. in lakhs)*

Particulars	For the period ended December 31, 2017	For the year ended March 31,		
		2017	2016	2015
Net cash (used in)/ generated from operating activities	235.22	8.31	204.89	86.72
Net cash (used in)/ generated from investing activities	(151.21)	(17.35)	5.50	8.56
Net cash (used in)/ generated from financing activities	(38.50)	(27.03)	(187.52)	(112.54)
Net increase/ (decrease) in cash and cash equivalents	45.52	(36.08)	42.87	(17.41)
Cash and Cash Equivalents at the beginning of the period	43.26	79.34	36.47	53.88
Cash and Cash Equivalents at the end of the period	81.03	43.26	79.34	36.47

### ***Operating Activities***

#### *Period Ended December 31, 2017*

Our net cash generated from operating activities was Rs. 235.22 lakhs for period ended December 31, 2017. Our operating profit before working capital changes was Rs. 256.43 lakhs for the period ended December 31, 2017 which was primarily adjusted by payment of income tax of Rs. 31.48 lakhs, increase in trade payables by Rs. 155.24 lakhs, increase in other current liabilities by Rs. 6.23 lakhs, increase in long term provisions by Rs. 0.99 lakh, increase in trade receivables by Rs. 112.54 lakhs, increase in inventories of finished goods by Rs. 23.08 lakhs and decrease in short term provisions by Rs. 11.58 lakhs.

#### *Financial year 2016-17*

Our net cash generated from operating activities was Rs. 8.31 lakhs in financial year 2016-17. Our operating profit before working capital changes was Rs. 297.11 lakhs in financial year 2016-17, which was primarily adjusted by payment of income tax of Rs. 41.38 lakhs, increase in trade payables by Rs. 134.21 lakhs, decrease in inventories by Rs. 129.70 lakhs, increase in long term provisions by Rs. 1.76 lakhs, increase in trade receivables by Rs. 510.24 lakhs, decrease in short term provisions by Rs. 3.47lakhs and increase in other current liabilities by Rs. 0.62 lakhs.

#### *Financial year 2015-16*

Our net cash generated from operating activities was Rs. 204.89 lakhs in financial year 2015-16. Our operating profit before working capital changes was Rs. 298.18 lakhs in financial year 2015-16, which was primarily adjusted by payment of income tax of Rs. 38.07 lakhs, decrease in trade receivables by Rs. 55.55 lakhs, increase in long term provisions by Rs. 0.27 lakhs, decrease in other current liabilities by Rs. 26.74 lakhs, increase in inventories of finished goods by Rs. 72.51 lakhs, decrease in trade payables by Rs. 17.11 lakhs and decrease in short term provisions by Rs. 5.33 lakhs.

#### *Financial year 2014-15*

Our net cash generated from operating activities was Rs. 86.72 lakhs in financial year 2014-15. Our operating profit before working capital changes was Rs. 223.48 lakhs in financial year 2014-15, which was primarily adjusted by payment of income tax of Rs. 14.83 lakhs, increase in long term provisions by Rs. 1.32 lakhs, increase in trade receivables by Rs. 88.04 lakhs, increase in inventories of finished goods by Rs. 26.95 lakhs, increase in other current liabilities by Rs.1.32 lakhs, decrease in trade payables by Rs. 8.38 lakhs and decrease in short term provisions by Rs. 1.19 lakhs.

### ***Investing Activities***

#### *Period Ended December 31, 2017*

Net cash used in investing activities was Rs. 151.21 lakhs for the period ended December 31, 2017. This was primarily on account of increase in short term loan and advances by Rs. 149.84 lakhs, increase in long term loan and advances by Rs. 2.20 lakhs and purchase of fixed assets of Rs. 0.15 lakhs which was partially offset by receipt of interest on term and other deposits of Rs. 0.97 lakhs.

#### *Financial year 2016-17*

Net cash used in investing activities was Rs. 17.35 lakhs for the financial year 2016-17. This was primarily on account of purchase of fixed assets of Rs. 18.44 lakhs and increase in short term loan and advances by Rs. 1.09 lakhs which was partially offset by receipt of interest on term and other deposits of Rs. 2.18 lakhs.

#### *Financial year 2015-16*

Net cash generated from investing activities was Rs. 5.50 lakhs for the financial year 2015-16. This was primarily on account of decrease in long term loan and advances by Rs. 6.33 lakhs, decrease in short term loan and advances by Rs. 4.06 lakhs and receipt of interest on term and other deposits of Rs. 2.01 lakhs which was partially offset by purchase of fixed assets of Rs. 6.90 lakhs.

#### *Financial year 2014-15*

Net cash generated from investing activities was Rs. 8.41 lakhs in financial year 2014-15. This was primarily on account of decrease in short term loan and advances by Rs. 7.47 lakhs and receipt of interest on term and other deposits of Rs. 1.68 lakhs which was partially offset by purchase of fixed assets of Rs. 0.74 lakhs.

### ***Financing Activities***

#### *Period Ended December 31, 2017*

Net cash used in financing activities for period ended December 31, 2017 was Rs. 38.50 lakhs primarily consisting of payment of interest on borrowings and other finance charges of Rs. 76.17 lakhs which was partially offset by increase in long term borrowings by Rs. 23.40 lakhs and increase in short term borrowings by Rs. 14.27 lakhs.

#### *Financial year 2016-17*

Net cash used in financing activities in financial year 2016-17 was Rs. 27.03 lakhs primarily consisting of payment of interest on borrowings and other finance charges of Rs. 112.03 lakhs which was partially offset by increase in long and short term borrowings by Rs. 81.09 lakhs and Rs. 3.91 lakhs respectively.

#### *Financial year 2015-16*

Net cash used in financing activities in financial year 2015-16 was Rs. 167.52 lakhs primarily consisting of payment of interest on borrowings and other finance charges of Rs. 104.54 lakhs and decrease in short and long term borrowings by Rs. 77.90 lakhs and Rs. 2.73 lakhs respectively.

*Financial year 2014-15*

Net cash used in financing activities in financial year 2014-15 was Rs. 112.54 lakhs primarily consisting of payment of interest on borrowings and other finance charges of Rs. 121.13 lakhs and decreases in long term borrowings by Rs. 62.75 lakhs which was partially offset by increase in short term borrowings by Rs. 71.34 lakhs.

**Financial Indebtedness**

As on December 31, 2017, the total outstanding borrowings of our Company include long-term borrowings of Rs. 565.53 lakhs and short-term borrowings of Rs. 469.43 lakhs. For further details, refer chapter titled “*Financial Indebtedness*” beginning on page 255 of this Draft Red Herring Prospectus.

(Rs. in lakhs)

<b>Particulars</b>	<b>As at December 31, 2017</b>
<b>Long Term Borrowings</b>	
<b>Unsecured Loans</b>	
- From Related Parties	153.44
- Inter Corporate Deposits	284.13
- From Shareholders and others	127.96
<b>Sub Total (A)</b>	<b>565.53</b>
<b>Short Term Borrowings</b>	
- Secured Working Capital Loan from Banks	469.43
<b>Sub Total (B)</b>	<b>469.43</b>
<b>Total (A)+(B)</b>	<b>1034.97</b>

In the event, any of our lenders declare an event of default, such current and any future defaults could lead to acceleration of our repayment obligations, termination of one or more of our financing agreements or force us to sell our assets, any of which could adversely affect our business, results of operations and financial condition.

**Related Party Transactions**

Related party transactions with certain of our promoters, directors and their entities and relatives primarily relates to remuneration payable, loans & advances given and taken and Issue of Equity Shares. For further details of such related parties under AS 18, refer chapter titled “*Financial Statements*” beginning on page 187 of this Draft Red Herring Prospectus.

**Contingent Liabilities**

As on December 31, 2017 and March 31, 2017 our Company is having the following contingent liability as per restated audited financials.

(Rs. in lakhs)

<b>Particulars</b>	<b>December 31<sup>st</sup>, 2017</b>	<b>March 31<sup>st</sup>, 2017</b>
Letter of Credit Outstanding	84.89	91.38
Pending Income-Tax demand against the Company	36.62	36.62

### ***Off-Balance Sheet Items***

We do not have any other off-balance sheet arrangements, derivative instruments or other relationships with any entity that have been established for the purposes of facilitating off-balance sheet arrangements.

### ***Qualitative Disclosure about Market Risk***

#### **Financial Market Risks**

Market risk is the risk of loss related to adverse changes in market prices, including interest rate risk. We are exposed to interest rate risk, inflation and credit risk in the normal course of our business.

#### **Interest Rate Risk**

Our financial results are subject to changes in interest rates, which may affect our debt service obligations and our access to funds.

#### **Effect of Inflation**

We are affected by inflation as it has an impact on the raw material cost, wages, etc. In line with changing inflation rates, we rework our margins so as to absorb the inflationary impact.

#### **Credit Risk**

We are exposed to credit risk on monies owed to us by our customers. If our customers do not pay us promptly, or at all, we may have to make provisions for or write-off such amounts.

#### **Reservations, Qualifications and Adverse Remarks**

Except as disclosed in chapter titled “*Financial Statements*” beginning on page 187 of this Draft Red Herring Prospectus, there has been no reservations, qualifications and adverse remarks.

#### **Details of Default, if any, Including Therein the Amount Involved, Duration of Default and Present Status, in Repayment of Statutory Dues or Repayment of Debentures or Repayment of Deposits or Repayment of Loans from any Bank or Financial Institution**

Except as disclosed in chapter titled “*Financial Statements*” beginning on page 187 of this Draft Red Herring Prospectus, there have been no defaults in payment of statutory dues or repayment of debentures and interest thereon or repayment of deposits and interest thereon or repayment of loans from any bank or financial institution and interest thereon by the Company during the period April 1, 2015 up to December 31, 2017.

#### **Material Frauds**

There are no material frauds, as reported by our statutory auditor, committed against our Company, in the last five Fiscals.

#### **Unusual or Infrequent Events or Transactions**

As on date, there have been no unusual or infrequent events or transactions including unusual trends on account of business activity, unusual items of income, change of accounting policies and discretionary reduction of expenses.

### **Significant Economic Changes that Materially Affected or are Likely to Affect Income from Continuing Operations**

Indian rules and regulations as well as the overall growth of the Indian economy have a significant bearing on our operations. Major changes in these factors can significantly impact income from continuing operations.

There are no significant economic changes that materially affected our Company's operations or are likely to affect income from continuing operations except as described in chapter titled "*Risk Factors*" beginning on page 20 of this Draft Red Herring Prospectus.

### **Known Trends or Uncertainties that have had or are expected to have a Material Adverse Impact on Sales, Revenue or Income from Continuing Operations**

Other than as described in the section titled "*Risk Factors*" beginning on page 20 of this Draft Red Herring Prospectus and in this chapter, to our knowledge there are no known trends or uncertainties that are expected to have a material adverse impact on revenues or income of our Company from continuing operations.

### **Future Changes in Relationship between Costs and Revenues, in Case of Events Such as Future Increase in Labour or Material Costs or Prices that will Cause a Material Change are known**

Other than as described in chapter titled "*Risk Factors*" beginning on page 20 of this Draft Red Herring Prospectus and in this section, to our knowledge there are no known factors that might affect the future relationship between cost and revenue.

### **Extent to which Material Increases in Net Sales or Revenue are due to Increased Sales Volume, Introduction of New Products or Services or Increased Sales Prices**

Changes in revenue in the last three financial years are as explained in the part "*Financial Year 2016-17 compared with financial year 2015-16 and Financial Year 2015-16 Compared With Financial Year 2014-15*" above.

### **Total Turnover of Each Major Industry Segment in Which the Issuer Operates**

Our business is limited to a single reportable segment.

### **Competitive Conditions**

We have competition with Indian and international manufacturers and our results of operations could be affected by competition in the pharmaceutical industry in India and international market in the future. We expect competition to intensify due to possible new entrants in the market, existing competitors further expanding their operations and our entry into new markets where we may compete with well-established unorganized companies / entities. This we believe may impact our financial condition and operations. For details, please refer to the chapter titled "*Risk Factors*" beginning on page 20 of this Draft Red Herring Prospectus.

### **Increase in income**

Increases in our income are due to the factors described above in in this chapter under “*Significant Factors Affecting Our Results of Operations*” and chapter titled “*Risk Factors*” beginning on page 20 of this Draft Red Herring Prospectus.

**Status of any Publicly Announced New Products or Business Segments**

Except as disclosed elsewhere in the Draft Red Herring Prospectus, we have not announced and do not expect to announce in the near future any new products or business segments.

**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 customer and supplier vis a vis the total revenue from operations respectively as March 31, 2017 and December 31, 2017 is as follows:

	<b>Customers</b>		<b>Suppliers</b>	
	March 31, 2017	December 31, 2017	March 31, 2017	December 31, 2017
Top 5 (%)	59.26%	36.97%	64.82%	51.52%
Top 10 (%)	75.90%	44.94%	77.61%	55.63%

**Seasonality of Business**

The nature of business is not seasonal.

## FINANCIAL INDEBTEDNESS

### FINANCIAL INDEBTEDNESS

In terms of the Articles of Association of the Company, the Board is authorized to accept deposits from members either in advance of calls or otherwise, and generally accept deposits, raise loans or borrow or secure the payment of any sum of moneys to be borrowed together with the moneys already borrowed including acceptance of deposits apart from temporary loans obtained from the Company's Bankers in the ordinary course of business, exceeding the aggregate of the paid-up capital of the Company and its free reserves (not being reserves set apart for any specific purpose) or upto such amount as may be approved by the shareholders from time to time.

Our Company has obtained the necessary consents required under the relevant loan documentation with banks and financial institutions for undertaking activities, such as change in its capital structure, change in its shareholding pattern and change in promoter's shareholding which has a possible change in the management control of our Company.

As on December 31, 2017, our Company has total outstanding secured borrowings from banks aggregating to 469.44 Lakhs.

Set forth below is a brief summary of our aggregate borrowings from banks and financial institutions on a consolidated basis as of December 31, 2017:

Category of Borrowing	Sanctioned Amount (in Lakhs )	Outstanding Amount (in Lakhs)
<b>Term Loan</b>	-	-
Working Capital Fund Based	450.00	461.69
Working Capital Non Fund Based	150.00	7.75
<b>Total Working Capital Limit</b>	<b>600.00</b>	<b>469.44</b>

#### Principal terms of the borrowings availed by us from banks:

##### Interest:

In terms of the loans availed by our Company, the interest rate is typically the base rate of a specified lender and spread per annum, subject to a minimum interest rate. The spread varies between different loans. The current effective interest rate for working capital loans availed by our Company ranges is 12.50% per annum (Basic Rate-8.00% + MCLR-4.50%)

##### Tenor/Re-payment:

The working capital facilities are typically repayable on demand.



**Primary Security:** In terms of our borrowings where security needs to be created, our Company is typically required to:

- a) Create first charge on entire current assets (Present & Future) like raw material, WIP, stocks in process, finished goods, etc lying in factory premises/ sales depots and offices.

**Collateral Security:** Equitable mortgages of the following properties:

1. Factory land and building measuring 5.17 bighas situated at 45/47, Khasra No. 1947, Bhatian, Tehsil- Naiagarh, Dist- Solan
2. Land situated at Village Gujara, Tehsil-Dharampuri, Dist.-Dhar (MP)
3. Godwon situated at 28/10, Taiwali Dewas Naka, A.B. Road, Indore (MP) measuring 465 sq.mt.
4. Shops measuring 46.84 sq.mtr. situated at UG-3, Bhanwarkua main Road, indore (MP)
5. Shops measuring 45.34 sq.mtr. situated at UG-4, Bhanwarkua main Road, indore (MP)
6. Residential House situated at 16, Mahesh Nagar, Ujjain (MP) measuring 139.35 sq. mtr.
7. Land and Building at Survery No. 12, Village Kakarda, tehsil-maheshwar, Dist.-Khargone, Madhya Pradesh measuring 1279 hectares
8. Entire fixed assets of the Company excluding Land and Building

**Guarantees:**

1. Vijay Kumar Nyati
2. Shailendra Biyani
3. Pradyuman Nyati
4. Pushpa Devi Biyani
5. Mamta Nyati
6. Rukmani Devi Nyati
7. M/s. Trupati Pharma

This is an indicative list and there may be additional requirements for creation of security under the various borrowing arrangements entered into by our Company.

**Restrictive Covenants:**

The Company shall not, without the Bank's prior permission in writing:

- Effect any change in its Capital Structure
- Implement any scheme of expansion/ modernization/ diversification/ renovation or acquire any fixed assets during any accounting year
- Formulate any scheme of amalgamation or reconstruction
- Effect any drastic change in the management set up
- Sell, assign, mortgage or otherwise dispose off any of the fixed assets charged to the Bank
- Effect any change in the remuneration payable to the Directors. Etc. wither in the form of sitting fees or otherwise

The aforementioned securities and conditions are an indicative list and there may be additional requirements for creation of security under the various borrowing arrangements entered into by our Company

### Unsecured Borrowings:

In addition to the secured borrowings availed by us from banks, we have also availed certain Unsecured loans.

Set forth below is a brief summary of Unsecured Loans as of December 31, 2017:

**a) From Companies (Inter corporate deposits):**

Sr.No.	Name of Shareholder	Amount (Rs. In lakhs)
1.	Chartist securities ltd.	0.60
2.	Chatrachaya Nirman Pvt Ltd	100.00
3.	East West Finvest (I) Ltd.	53.23
4.	Jayant Security Finance Ltd.	34.33
5.	Jay Jyoti India (P)Ltd	0.31
6.	Madhu Jas Promotions P.Ltd.	22.50
7.	Osram Enterprises Ltd	12.12
8.	Pardarshi Traders Pvt Ltd	7.42
9.	Rahul Premium Constuction Pvt.Ltd.	10.00
10.	Triple A Suitings Pvt.Ltd	10.00
11.	Sawalram Leasing And Financing Ltd.	3.62
12.	Suom Irrigation P. Ltd	30.00

**b) From Related parties:**

Sr.No.	Name of the Relative	Amount (Rs. In lakhs)
1.	Pradhyumn Mohanlal Nyati (HUF)	5.84
2.	Pradhyumn Nyati (Individual)	5.22
3.	Renu Biyani	2.91
4.	Vijay Kumar Nyati (RNK)	27.25
5.	Shailendra Biyani	105.09
6.	Pushpa Biyani	7.13

- c) From Others:** Apart from unsecured loans from Companies, Directors, shareholders and related parties, Our Company has availed loans from other individuals and entities. As on December 31, 2017, a total of 122.46 lakhs is outstanding to such other persons and entities.

### Tenor/Re-payment:

The unsecured loans from Companies, relatives and others are repayable on demand.

### Interest Rate

Interest rate for unsecured loans ranges from 0%p.a. to 16%p.a.

## **SECTION VI- LEGAL AND OTHER INFORMATION**

### **OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS**

Except, as stated in this section and mentioned elsewhere in this Draft Red Herring Prospectus, there are no litigations including, but not limited to suits, criminal proceedings, civil proceedings, actions taken by regulatory or statutory authorities or legal proceedings, including those for economic offences, tax liabilities, show cause notice or legal notices pending against our Company, Directors, Promoters, or against any other company or person/s whose outcomes could have a material adverse effect on the business, operations or financial position of the Company and there are no proceedings initiated for economic, civil or any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (a) of Part I of Schedule V of the Companies Act, 2013) other than unclaimed liabilities of our Company, and no disciplinary action has been taken by SEBI or any stock exchange against the Company, Directors, Promoters.

Except as disclosed below there are no i) litigation or legal actions, pending or taken, by any Ministry or department of the Government or a statutory authority against our Promoters during the last five years; (ii) direction issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action; (iii) pending proceedings initiated against our Company for economic offences; (iv) default and non-payment of statutory dues by our Company; (v) inquiries, inspections or investigations initiated or conducted under the Companies Act, 2013 or any previous companies law in the last five years against our Company and Subsidiaries including fines imposed or compounding of offences done in those five years; or (vi) material frauds committed against our Company in the last five years.

Except as stated below there are no Outstanding Material Dues (as defined below) to creditors; or (ii) outstanding dues to small scale undertakings and other creditors.

Our Board, in its meeting held on November 25, 2017 determined that outstanding dues to creditors in excess of Rs. 5.00 lakhs as per last audited financial statements shall be considered as material dues ("Material Dues").

Pursuant to SEBI ICDR Regulations, all other pending litigations except criminal proceedings, statutory or regulatory actions and taxation matters involving our Company, Promoters, Directors and Group Companies, would be considered 'material' for the purposes of disclosure if the monetary amount of claim by or against the entity or person in any such pending matter exceeds 2.00 lakhs as determined by our Board, in its meeting held on November 25, 2017.

Accordingly, we have disclosed all outstanding litigations involving our Company, Promoters, Directors and Group Companies which are considered to be material. In case of pending civil litigation proceedings wherein the monetary amount involved is not quantifiable, such litigation has been considered 'material' only in the event that the outcome of such litigation has an adverse effect on the operations or performance of our Company.

Unless otherwise stated to contrary, the information provided is as of date of this Draft Red Herring Prospectus.

#### **LITIGATIONS INVOLVING OUR COMPANY**

#### **LITIGATIONS AGAINST OUR COMPANY**

##### **Criminal Litigations**

Nil

### **Civil Proceedings**

Nil

### **Taxation Matters**

#### **AY 2012-13**

1. The Income Tax Department's website under the head 'Response to Outstanding Tax Demand' displays an outstanding demand raised on March 30, 2015 under Section 154 of the Income Tax Act, 1961 (hereinafter referred to as the "Act") under Section 245 of the Act against Affine Formulations Limited (hereinafter referred to as the "Assessee Company") for an outstanding demand amounting to Rs. 22,22,260/-. The amount is currently outstanding.

An assessment order dated March 30, 2015 was issued by Office of the Income Tax Officer – 1 (1), Indore (hereinafter referred to as "the Assessing Authority") against the Assessee Company stating that its total income for AY 2012-13 was Rs. 58,337/- as against NIL filed by the Assessee Company through its return of income dated September 30, 2012. The aforesaid mentioned order also required initiation of penalty proceedings under Section 271(1)(c) of the Act.

#### **AY 2014-15**

1. The Income Tax Department's website under the head '*Response to Outstanding Tax Demand*' displays an outstanding demand raised on May 12, 2015 under Section 143(1)(a) of the Income Tax Act, 1961 (hereinafter referred to as the "Act") under Section 245 of the Act against Affine Formulations Limited (hereinafter referred to as the "Assessee Company") for an outstanding demand amounting to Rs. 5,96,560/-. The Assessee Company also received an intimation dated May 12, 2015 pertaining to the demand payable. The amount is currently outstanding.

#### **AY 2015-16**

1. The Income Tax Department's website under the head '*Response to Outstanding Tax Demand*' displays an outstanding demand raised on June 30, 2016 under Section 143(1)(a) of the Income Tax Act, 1961 (hereinafter referred to as the "Act") under Section 245 of the Act against Affine Formulations Limited (hereinafter referred to as the "Assessee Company") for an outstanding demand amounting to Rs. 7,63,980/-. The amount is currently outstanding.

#### **AY 2016-17**

1. The Income Tax Department's website under the head '*Response to Outstanding Tax Demand*' displays an outstanding demand raised on January 12, 2017 under the Income Tax Act, 1961 (hereinafter referred to as the "Act") under Section 245 of the Act against Affine Formulations Limited (hereinafter referred to as the "Assessee Company") for an outstanding demand amounting to Rs. 78,780/-. The amount is currently outstanding.

### **Recent Development/Proceeding under Finance Act, 2016 in respect of Income Declaration Scheme, 2016 and The Income Declaration Scheme Rules, 2016**

Nil

### **Proceedings against Our Company for economic offences/securities laws/ or any other law**

Nil

### **Penalties in Last Five Years**

A notice dated July 25, 2016 was issued by the Deputy Director of office of employee state insurance corporation (hereinafter referred to as “the ESI”) to Affine Formulations Limited (hereinafter referred to as “the Noticee”) as the Noticee failed to pay the contribution under Regulation 31 of the Employees State Insurance (General) Regulation, 1950 (hereinafter referred to as “the Regulations”) within the contracted period. Rs. 5,108/- were required to be paid as penalty with regard to the same. Another notice dated July 25, 2016 was issued by the ESI to the Noticee for interest payable of Rs. 3,159/- on delayed payment of contribution. The Noticee paid Rs. 5,108/- vide challan no. 01416120237089 dated August 25, 2016 and Rs. 3,159/- vide challan no. 01416120237034 dated August 25, 2016.

### **Pending Notices against our Company**

Nil

### **Past Notices to our Company**

Nil

### **Disciplinary Actions taken by SEBI or stock exchanges against Our Company**

Nil

### **Defaults including non-payment or statutory dues to banks or financial institutions**

Nil

### **Details of material frauds against the Company in last five years and action taken by the Companies.**

Nil

### **LITIGATIONS FILED BY OUR COMPANY**

#### **Criminal Litigations**

Nil

#### **Civil Proceedings**

Nil

#### **Taxation Matters**

##### **AY 2009-10**

1. A Notice under Section 142(1) of the Income Tax Act, 1961 (herein referred to as “the Act”) was issued to Affine Formulations Limited (hereinafter referred to as “the Assessee Company”) dated September 08, 2016 by Office of the Income Tax Officer – 1 (1), Indore (hereinafter referred to as “the Assessing Authority”) wherein it was stated that due to non-compliance of submitting return of income, the Assessing Authority is proceeding with assessment of the Assessee Company’s income as per Section 144 of the Act. The Notice also stated to submit replies on certain points enumerated in the Notice itself. Subsequently, a Show Cause Notice dated November 25, 2016 was issued to the Assessee Company by the Assessing Authority to show cause as to why it shouldn’t be concluded that the Assessee Company has nothing to say/explain/furnish/produce with regard to its case. A Notice under Section 143(2) of the Act was also issued to the Assessee Company by the Assessing Authority for appearing before it to

provide further information on certain points. Subsequently, an assessment order dated December 26, 2016 was issued against the Assessee Company wherein the income assessed was Nil, however, penalty proceedings under Section 271(1)(b) were ordered to be initiated. Consequently, a penalty order dated June 13, 2017 was issued, imposing penalty of Rs. 10,000/- on the Assessing Company was issued by the Assessing Authority. A notice of demand under Section 156 of the Act dated was also issued to the Assessee Company demanding penalty of Rs. 10,000. However, the Assessee Company filed an appeal against the impugned order before the Commissioner of Income Tax – Appeals (hereinafter referred to as “the Appellate Authority”). The matter is currently pending.

#### **AY 2010-11**

1. A Notice under Section 142(1) of the Income Tax Act, 1961 (herein referred to as “the Act”) was issued to Affine Formulations Limited (hereinafter referred to as “the Assessee Company”) dated September 08, 2016 by Office of the Income Tax Officer – 1 (1), Indore (hereinafter referred to as “the Assessing Authority”) wherein it was stated that due to non-compliance of submitting return of income, the Assessing Authority is proceeding with assessment of the Assessee Company’s income as per Section 144 of the Act. The Notice also stated to submit replies on certain points enumerated in the Notice itself. Subsequently a Show Cause Notice dated November 25, 2016 was issued to the Assessee Company by the Assessing Authority to show cause as to why it shouldn’t be concluded that the Assessee Company has nothing to say/explain/furnish/produce with regard to its case. Subsequently, an Assessment Order dated March 31, 2010 was issued against the Assessee Company wherein the income assessed was Nil however, penalty proceedings under Section 271(1)(b) were ordered to be initiated. Consequently, a penalty order dated June 13, 2017 was issued, imposing penalty of Rs. 10,000/- on the Assessing Company was issued by the Assessing Authority. A notice of demand under Section 156 of the Act dated was also issued to the Assessee Company demanding penalty of Rs. 10,000. However, the Assessee Company filed an appeal against the impugned order before the Commissioner of Income Tax – Appeals (hereinafter referred to as “the Appellate Authority”). The matter is currently pending.

#### **AY 2011-12**

1. An Assessment Order dated December 26, 2016 was issued against the Affine Formulations Limited (hereinafter referred to as the “Assessee Company”) by Office of the Income Tax Officer – 1 (1), Indore (hereinafter referred to as “the Assessing Authority”) wherein the income assessed was Rs. 33,320/- and penalty proceedings under Section 271(1)(b) of the Income Tax Act, 1961 (hereinafter referred to as the “Act”) were ordered to be initiated since the Assessee Company had failed to make timely compliance of the notices/questionnaires issued to it. Consequently, a penalty order dated June 13, 2017 was issued, imposing penalty of Rs. 10,000/- on the Assessing Company was issued by the Assessing Authority. A notice of demand under Section 156 of the Act dated was also issued to the Assessee Company demanding penalty of Rs. 10,000. However, the Assessee Company filed an appeal against the impugned order before the Commissioner of Income Tax – Appeals (hereinafter referred to as “the Appellate Authority”). The matter is currently pending.

The Income Tax Department’s website under the head ‘*Response to Outstanding Tax Demand*’ displays an outstanding demand raised on September 25, 2014 under Section 271(1)(c) read with Section 245 of the Act against the Assessee Company for an outstanding demand amounting to Rs. 10,050/-. The amount is currently outstanding.

#### **AY 2013-14**

1. An assessment order dated March 28, 2016 was issued by Office of the Income Tax Officer – 1 (1), Indore (hereinafter referred to as “the Assessing Authority”) against the Affine Formulations Limited (hereinafter referred to as the “Assessee Company”) stating that its total income for AY 2013-14 was Rs. 2,08,63,968/- as against NIL filed by the Assessee Company through its return of income dated March 31, 2014. The aforesaid mentioned order also required initiation of penalty proceedings under Section 271(1)(c) of the Income Tax Act, 1961 (hereinafter referred to as “the Act”) for furnishing inaccurate particulars. Consequently, a notice of demand under Section 156 of the Act dated March 28, 2016 was issued to the Assessee Company raising demand of Rs. 44,05,970/-. A notice under Section 142(1) of the Act dated September 04, 2015 was issued to the Assessee Company by the Assessing Authority to present certain documents before it in connection with assessment for the assessment year 2013-14. Another notice of demand under Section 156 was issued to the Assessee Company by the Assessing Authority dated September 22, 2016 wherein it stated that the Assessee’s demand payable was Rs. 79,26,480/-. A Notice under Section 226(3) of the Act dated June 09, 2017 was issued to the Assessee Company by Income Tax Officer – 1(1) (hereinafter referred to as “the Assessing Authority”) which also stated that the Assessee Company’s due was Rs. 79,36,480/-. The Assessee Company has filed an appeal against demand assessed against it before the Commissioner of Income Tax – Appeals (hereinafter referred to as “the Appellate Authority”). A recovery notice was also issued to the Assessee Company dated September 04, 2016 for payment of 15% of 79,36,480/- during the pendency of the case before the Appellate Authority. A notice dated August 17, 2017 bearing reference no. ITO-1(1)/Demand/2017-18 was issued to the Assessee Company wherein it was stated that Rs. 10,000 was payable by the Assessee Company under Section 271(1)(b) of the Act. The matter is currently pending.

The Income Tax Department’s website under the head ‘*Response to Outstanding Tax Demand*’ displays an outstanding demand raised on August 09, 2014 under Section 143(1)(a) of the Act under Section 245 of the Act against the Assessee Company for an outstanding demand amounting to Rs. 3,50,390/-. The amount is currently outstanding.

**Recent Development/Proceeding under Finance Act, 2016 in respect of Income Declaration Scheme, 2016 and The Income Declaration Scheme Rules, 2016**

Nil

**Details of any enquiry, inspection or investigation initiated under Companies Act, 2013 or any previous Company Law**

Nil

**LITIGATIONS INVOLVING DIRECTOR/S OF OUR COMPANY**

**LITIGATIONS AGAINST DIRECTOR/S OF OUR COMPANY**

**Criminal Litigations**

Nil

**Civil Proceedings**

Nil

**Taxation Matters**

*[MR. SHAILENDRA BIYANI IS ALSO A PROMOTER AS WELL AS A DIRECTOR OF THE COMPANY. FOR LITIGATION PERTAINING TO HIM, PLEASE REFER THE PAGE NO. 258 UNDER THE HEAD "LITIGATIONS INVOLVING PROMOTER/S OF OUR COMPANY"]*

**Recent Development/Proceeding under Finance Act, 2016 in respect of Income Declaration Scheme, 2016 and The Income Declaration Scheme Rules, 2016**

Nil

**Past Penalties imposed on our Directors**

Nil

**Proceedings initiated against our directors for Economic Offences/securities laws/ or any other law**

Nil

**Directors on list of wilful defaulters of RBI**

Nil

**LITIGATIONS FILED BY DIRECTOR/S OF OUR COMPANY**

**Criminal Litigations**

Nil

**Civil Proceedings**

Nil

**Taxation Matters**

Nil

**Recent Development/Proceeding under Finance Act, 2016 in respect of Income Declaration Scheme, 2016 and The Income Declaration Scheme Rules, 2016**

Nil

**LITIGATIONS INVOLVING PROMOTER/S OF OUR COMPANY**

**LITIGATIONS AGAINST OUR PROMOTER/S**

**Criminal Litigations**

Nil

**Civil Proceedings**

Nil

**Taxation Matters**

**Shailendra Biyani**

**AY 2011-12**



1. Shailendra Biyani (hereinafter referred to as the “Assessee”) filed his return of income for AY 2011-12 on March 31, 2013, declaring his total income Rs. 9,64,140/-. The case was however selected for scrutiny through Computer Aided Scrutiny System (“CASS”) and notice under Section 143(2) of the Income Tax Act, 1961 (hereinafter referred to as the “Act”) was issued to the Assessee on August 13, 2013. Consequently, an Assessment Order dated March 27, 2014 was issued by Assistant Commissioner of Income Tax – 1(1) (hereinafter referred to as “the Assessing Authority”) declaring the Assessee’s total income for AY 2011-12 at Rs. 12,09,959/-. Penalty Notice under Section 271(1)c of the Act was also directed to be issued against the Assessee in the aforesaid mentioned Assessment Order. A notice of demand under Section 156 of the Act dated March 27, 2014 was also issued to the Assessee for payment of Rs. 3,47,150/-. The amount is currently outstanding.

The Income Tax Department’s website under the head ‘*Response to Outstanding Tax Demand*’ displays an outstanding demand raised on September 22, 2014 under Section 271(1)(c) of the Income Tax Act, 1961 (hereinafter referred to as the “Act”) under Section 245 of the Act against Shailendra Biyani (hereinafter referred to as the “Assessee”) for an outstanding demand amounting to Rs. 30,100/-. The amount is currently outstanding.

#### **AY 2012-13**

1. Shailendra Biyani (hereinafter referred to as the “Assessee”) received a communication dated May 09, 2017 bearing reference no. CPC/1213/G16/10185593 from Centralized Processing Centre, Income Tax Department (hereinafter referred to as “the Assessing Authority”) wherein it was stated that outstanding demand of the Assessee for the AY 2012-13 is Rs. 2,703/-. The amount is currently outstanding.

#### **AY 2013-14**

1. The Income Tax Department’s website under the head ‘*Response to Outstanding Tax Demand*’ displays an outstanding demand raised on March 18, 2016 under Section 143(3) of the Income Tax Act, 1961 (hereinafter referred to as the “Act”) under Section 245 of the Act against Shailendra Biyani (hereinafter referred to as the “Assessee”) for an outstanding demand amounting to Rs. 26,230/-. The amount is currently outstanding.

#### **AY 2015-16**

1. The Income Tax Department’s website under the head ‘*Response to Outstanding Tax Demand*’ displays an outstanding demand raised on January 05, 2016 under Section 143(1)(a) of the Income Tax Act, 1961 (hereinafter referred to as the “Act”) under Section 245 of the Act against Shailendra Biyani (hereinafter referred to as the “Assessee”) for an outstanding demand amounting to Rs. 97,400/-, as an intimation under Section 143 of the Act, was issued to the Assessee on the aforesaid mentioned date. The amount is currently outstanding.

#### **Recent Development/Proceeding under Finance Act, 2016 in respect of Income Declaration Scheme, 2016 and The Income Declaration Scheme Rules, 2016**

Nil

#### **Past Penalties imposed on our Promoters**

Nil

#### **Proceedings initiated against our Promoters for Economic Offences/securities laws/ or any other law**

Nil

**Litigation /Legal Action pending or taken by Any Ministry or any statutory authority against any Promoter in last five years**

Nil

**Penalties in Last Five Years**

Nil

**Litigation /defaults in respect of the companies/Firms/ventures/ with which our promoter was associated in Past.**

Nil

**Adverse finding against Promoter for violation of Securities laws or any other laws**

Nil

**LITIGATIONS FILED BY OUR PROMOTER/S**

**Criminal Litigations**

Nil

**Civil Proceedings**

Nil

**Taxation Matters**

Nil

**Recent Development/Proceeding under Finance Act, 2016 in respect of Income Declaration Scheme, 2016 and The Income Declaration Scheme Rules, 2016**

Nil

**LITIGATIONS INVOLVING OUR GROUP COMPANIES**

**[AS ON DATE OF THIS DRAFT RED HERRING PROSPECTUS, OUR COMPANY DOES NOT HAVE ANY GROUP COMPANY]**

**LITIGATIONS INVOLVING OUR SUBSIDIARY COMPANIES**

**[AS ON DATE OF THIS DRAFT RED HERRING PROSPECTUS, OUR COMPANY DOES NOT HAVE ANY SUBSIDIARY]**

**OTHER MATTERS**

Nil

**DETAILS OF ANY INQUIRY, INSPECTION OR INVESTIGATION INITIATED UNDER PRESENT OR PREVIOUS COMPANIES LAWS IN LAST FIVE YEARS AGAINST THE COMPANY OR ITS SUBSIDIARIES**

Nil

**OUTSTANDING LITIGATION AGAINST OTHER COMPANIES OR ANY OTHER PERSON WHOSE OUTCOME COULD HAVE AN ADVERSE EFFECT ON OUR COMPANY**

Nil

**MATERIAL DEVELOPMENTS SINCE THE LAST BALANCE SHEET**

Except as mentioned under the chapter — “*Management Discussion and Analysis of Financial Condition and Result of Operation*” on page 238 of this Draft Red Herring Prospectus, there have been no material developments, since the date of the last audited balance sheet.

**OUTSTANDING DUES TO SMALL SCALE UNDERTAKINGS OR ANY OTHER CREDITORS**

As of December 31, 2017, our Company had 73 creditors, to whom a total amount of Rs. 794.23 lakhs was outstanding. As per the requirements of SEBI Regulations, our Company, pursuant to a resolution of our Board dated November 25, 2017, considered creditors to whom the amount due exceeds Rs. 5.00 lakhs as per our Company’s restated financials for the purpose of identification of material creditors. Based on the above, the following are the material creditors of our Company.

<b>Creditors</b>	<b>Amount (Rs. in Lakhs)</b>
Aurbindo Pharma Ltd	218.91
Jyoti Health Care Pvt. Ltd.	135.90
Vyali International, Roorkee	88.24
Tiwari Chemical	51.42
Metrochem API Pvt. Ltd	39.76
Flexi Caps & Polymers P. Ltd	20.46
Vinayak Enterprises	19.00
Vyali International, Bhiwandi	18.92
Sattam Packaging	16.79
Pharma Planet (India)	15.35
Shri Sai Packing	13.23
Crystal Packaging Industries	11.96
Alka Laboratories Pvt Ltd	10.51
Kamal Industries	10.45
Boss Pharma	8.68
Apex Enterprises	8.17
Meghmani LLP	7.88
Baroda Print & Pack	7.28
Braun Pharma	7.20
Vyali International, Indore	6.82
Opal Ware Private Limited	6.69
Pharma Zone	6.62

Creditors	Amount (Rs. in Lakhs)
Excellent Pharma Care India	6.10

Further, none of our creditors have been identified as micro enterprises and small scale undertakings by our Company based on available information. For complete details about outstanding dues to creditors of our Company, please see website of our Company [www.affineformulations.com](http://www.affineformulations.com).

Information provided on the website of our Company is not a part of this Draft Red Herring Prospectus and should not be deemed to be incorporated by reference. Anyone placing reliance on any other source of information, including our Company's website, [www.affineformulations.com](http://www.affineformulations.com), would be doing so at their own risk.

## **GOVERNMENT AND OTHER STATUTORY APPROVALS**

Our Company has received the necessary consents, licenses, permissions, registrations and approvals from the Government/RBI, various Government agencies and other statutory and/ or regulatory authorities required for carrying on our present business activities and except as mentioned under this heading, no further material approvals are required for carrying on our present business activities. Our Company undertakes to obtain all material approvals and licenses and permissions required to operate our present business activities. Unless otherwise stated, these approvals or licenses are valid as of the date of this Draft Red Herring Prospectus and in case of licenses and approvals which have expired; we have either made an application for renewal or are in the process of making an application for renewal. In order to operate our pharmaceutical formulations manufacturing and trading business, we require various approvals and/ or licenses under various laws, rules and regulations. For further details in connection with the applicable regulatory and legal framework, please refer chapter “Key Industry Regulations and Policies” on page 152 of this Draft Red Herring Prospectus.

The Company has its business located at:

**Registered Office:** 28/10 Talwali Dewas Naka, Indore - 452010, Madhya Pradesh, India

**Manufacturing Unit/ Warehouse/ Raw Material storage:** 1947/3, Vill.Bhatian, Tehs. Nalagarh, Dist. Solan, Himachal Pradesh, India

The objects clause of the Memorandum of Association enables our Company to undertake its present business activities. The approvals required to be obtained by our Company include the following:

### **APPROVALS FOR THE ISSUE**

#### **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 April 20, 2018 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 Extra-Ordinary General Meeting/Annual General Meeting held on May 15, 2018 authorized the Issue.

#### **In- principle approval from the Stock Exchange**

We have received in-principle approvals from the stock exchange for the listing of our Equity Shares pursuant to letter dated [●] bearing reference no. [●].

#### **Agreements with NSDL and CDSL**

1. The Company has entered into an agreement dated [●] 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 [●] 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 [●].

### **INCORPORATION AND OTHER DETAILS**

1. The Certificate of Incorporation dated July 04, 2006 issued by the Registrar of Companies, Madhya Pradesh and Chhattisgarh, in the name of “AFFINE FORMULATIONS PRIVATE LIMITED”.
2. Fresh Certificate of Incorporation Consequent upon Conversion from Private Company to Public company issued on September 20, 2016 by the Registrar of Companies, Gwalior in the name of “AFFINE FORMULATIONS LIMITED”.
3. The Corporate Identification Number (CIN) of the Company is U24232MP2006PLC018755.

**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:

Sr. No.	Description	Authority	Registration No./ Reference No./ License No.	Date of Issue	Date of Expiry
1.	Registration Certificate of Establishment (under Section 366 read with Section 427 of the Madhya Pradesh Municipal Corporation Act, 1956)	Nagar Palika Nigam, Indore	201712351378	April 01, 2017	March 31, 2018
2.	Udyog Aadhar Memorandum/ Entrepreneurs Memorandum for setting micro, small and medium Enterprises Unit	Office of Member Secretary, Single Window Clearance Agency, Department of Industries, Nalagarh, District. Solan, Himachal Pradesh	02/009/12/71078	March 26, 2013	NA
3	License to work a factory (under Factories Act, 1948 and Rules made thereunder)	Chief Inspector of Factories, Himachal Pradesh	A.D. (Fac) N/Z Una/1172/09-162-63	Issuance of letter for registration under the Factories Act, 1948: February, 2010	Not traceable

4	Certificate of renewal of license to manufacture for sale of drugs other than those specified in schedule X	State drugs controller	MNB/07/652 & MB/07/653	February 11, 2018	February 10, 2023
5	GMP Certificate (Expired)	Health & Family Welfare Department, Himachal Pradesh	HFW-H (Drugs) 308/07 Vol-II	June 07, 2018	December 31, 2020

### **TAX RELATED APPROVALS/LICENSES/REGISTRATIONS**

<b>Sr. No</b>	<b>Authorisation granted</b>	<b>Issuing Authority</b>	<b>Registration No./Reference No./License No.</b>	<b>Date of Issue</b>	<b>Validity</b>
1	Permanent Account Number (PAN)	Income Tax Department, Government of India	AAGCA2291J	July 04, 2006	Perpetual
2	Tax Deduction Account Number (TAN)	Income Tax Department through National Securities Depository Limited (NSDL), Ministry of Finance, Government of India	BPLA03695G	April 05, 2007	Perpetual
3	Goods and Service Tax Identification Number (GSTIN)	Government of Himachal Pradesh and Government of India	02AAGCA2291J1Z W	June 28, 2017	NA
3	Certificate of Registration (under the Himachal Pradesh Value Added Tax Act, 2005 read with the Himachal Pradesh Value Added Tax Rules, 2005)	Assistant Commercial Tax Officer, Commercial Tax Department, Government of Himachal Pradesh.	TIN no.: 02030300595	Not traceable	NA

Sr. No.	Authorisation granted	Issuing Authority	Registration No./Reference No./License No.	Date of Issue	Validity
5	Certificate of Registration of Central Sales Tax (Under Rule 5(1) of Central Sales Tax (Registration and Turnover) Rules, 1957)	Assistant Commercial Tax Officer, Commercial Tax Department, Government of Himachal Pradesh	TIN no.: 02030300595	Not traceable	Not traceable

#### **LABOUR RELATED APPROVALS/REGISTRATIONS**

Sr. No.	Description	Authority	Registration No./Reference No./License No.	Date of Issue
1.	Employees Provident Fund Registration (under Employees' Provident Funds and Miscellaneous Provisions Act, 1952)	Employees Provident Fund Organisation, Ministry of Labour, Government of India	No.PN/SM/HP-6231 Enf. 1/17281	January 28, 2009
2	Registration for Employees State Insurance (under Employees State Insurance Act, 1948)	Employees State Insurance Corporation	14-40206-34	March 05, 2008

#### **ENVIRONMENT RELATED LICENSES /APPROVALS/ REGISTRATIONS**

Sr No.	Description	Authority	Registration Number	Date of Certificate	Date of Expiry
1	Renewal of Consent to Operate/Establish (Expired)	Himachal Pradesh State Pollution Control Board	HPSPCB/PCB-ID17064 14679-81	October 01, 2014	March 31, 2017


#### **OTHER BUSINESS RELATED APPROVALS**

Sr No.	Description	Authority	Registration Number	Date of Certificate	Date of Expiry
1	ISO 9001:2015 Quality Management System	Quality Research Organization	1080916053K	July 05, 2016	July 04, 2019



## **INTELLECTUAL PROPERTY RELATED APPROVALS/REGISTRATIONS**

### **TRADEMARKS**

<b>Sr · No ·</b>	<b>Trademark</b>	<b>Trade mark Type</b>	<b>Class</b>	<b>Applica nt</b>	<b>Applicati on No.</b>	<b>Date of Applica tion</b>	<b>Validity/ Renewal</b>	<b>Registrati on status</b>
1.		Devic e	5	Affine Formula tions Limited	3689618	Novemb er 28, 2017	-	Formalitie s Chk Fail

**Company has confirmed that no other applications have been made by the Company nor has it registered any type of intellectual property including trademarks/copyrights/patents etc.**

### **PENDING APPROVALS:**

1. Application for change of name of the approvals except the ones enumerated below, is not made by the Company from “Affine Formulations Private Limited” to “Affine Formulations Limited”:
  - a. Goods and Service Tax Identification Number (GSTIN)
2. Our Company made application for the registration certificate of establishment
3. Our Company has made application for the Consent to Establish/Operate by Himachal Pradesh State Pollution Control Board.
4. Our Company made application for the authorization for handling hazardous wastes

### **MATERIAL LICENSES / APPROVALS FOR WHICH THE COMPANY IS YET TO APPLY**

1. Certificate of Registration of Service Tax

## OTHER REGULATORY AND STATUTORY DISCLOSURES

### AUTHORITY FOR THE ISSUE

The Issue has been authorized by a resolution passed by our Board of Directors at its meeting held on April 20, 2018 and by the shareholders of our Company by a special resolution, pursuant to Section 62(1) (c) of the Companies Act, 2013 passed at the Extra-ordinary General Meeting of our Company held on May 15, 2018 at registered office of the Company.

### PROHIBITION BY SEBI, RBI OR OTHER GOVERNMENTAL AUTHORITIES

Neither Company, nor our Directors, our Promoters or the relatives (as defined under the Companies Act) of Promoters, our Promoter Group, and our Group Companies have been declared as wilful defaulter(s) by the RBI or any other governmental authority. Further, there has been no violation of any securities law committed by any of them in the past and no such proceedings are currently pending against any of them.

We confirm that our Company, Promoters, Promoter Group, Directors or Group Companies have not been prohibited from accessing or operating in the capital markets under any order or direction passed by SEBI or any other regulatory or Governmental Authority.

Neither our Promoters, nor any of our Directors or persons in control of our Company are / were associated as promoter, directors or persons in control of any other company which is debarred from accessing or operating in the capital markets under any order or directions made by the SEBI or any other regulatory or Governmental Authorities.

None of our Directors are in any manner associated with the securities market. There has been no action taken by SEBI against any of our Directors or any entity our Directors are associated with as directors.

### ELIGIBILITY FOR THIS ISSUE

Our Company is eligible for the Issue in accordance with Regulation 106(M) (1) and other provisions of Chapter XB of the SEBI (ICDR) Regulations, as we are an Issuer whose post-issue face value capital does not exceed ten crores and we shall hence issue shares to the public and propose to list the same on the Small and Medium Enterprise Exchange (in this case being the “EMERGE Platform of the National Stock Exchange of India Limited”)

We confirm that:

1. In accordance with Regulation 106(P) of the SEBI (ICDR) Regulations, this Issue will be hundred per cent underwritten and that the Book Running Lead Manager to the Issue will underwrite at least 15% of the total issue size. For further details pertaining to underwriting please refer to chapter titled “*General Information*” beginning on page 71 of this Draft Red Herring Prospectus.
2. In accordance with Regulation 106(R) of the SEBI (ICDR) Regulations, we shall ensure that the total number of proposed allottees in the Issue is greater than or equal to fifty, otherwise, the entire application money will be refunded forthwith. If such money is not repaid within eight working days from the date our Company becomes liable to repay it, then our Company and every officer in default shall, on and from expiry of eight days, be liable to repay such application money, with interest as prescribed under SEBI (ICDR) Regulations, the Companies Act, 2013 and applicable

laws. Further, in accordance with Section 40 of the Companies Act, 2013, the Company and each officer in default may be punishable with fine and/or imprisonment in such a case.

3. In accordance with Regulation 106(O) of the SEBI (ICDR) Regulations, we have not filed any Offer Document with SEBI nor has SEBI issued any observations on our Offer Document. Also, we shall ensure that our Book Running Lead Manager submits the copy of Prospectus along with a Due Diligence Certificate including additional confirmations as required to SEBI at the time of filing the Prospectus with Stock Exchange and the Registrar of Companies.
4. In accordance with Regulation 106(V) of the SEBI (ICDR) Regulations, we have entered into an agreement with the Book Running Lead Manager and Market Maker to ensure compulsory Market Making for a minimum period of three years from the date of listing of equity shares offered in this Issue. For further details of the arrangement of market making please refer to the chapter titled “*General Information*” beginning on page 71 of this Draft Red Herring Prospectus.
5. The Company has track record of 3 Years and positive cash accruals (earnings before depreciation and tax) from operations for at least 2 financial years preceding the application and
6. Net worth of the Company is positive.
7. The Company has not been referred to Board for Industrial and Financial Reconstruction.
8. No petition for winding up is admitted by a court of competent jurisdiction against the Company.
9. No material regulatory or disciplinary action 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 company(ies) of the applicant company.
10. The Company has a website [www.affineformulations.com](http://www.affineformulations.com)
11. We further confirm that we shall be complying with all the other requirements as laid down for such an Issue under Chapter XB of SEBI (ICDR) Regulations, as amended from time to time and subsequent circulars and guidelines issued by SEBI and the Stock Exchange.
12. There is no default in payment of interest and/or principal to the debenture/bond/fixed deposit holders, banks, FIs by the Company, promoters/promoting company(ies), group companies, companies promoted by the promoters/promoting company(ies) during the past three years.

As per Regulation 106(M)(3) of SEBI (ICDR) Regulations, 2009, the provisions of Regulations 6(1), 6(2), 6(3), Regulation 7, Regulation 8, Regulation 9, Regulation 10, Regulation 25, Regulation 26, Regulation 27 and Sub-regulation (1) of Regulation 49 of SEBI (ICDR) Regulations, 2009 shall not apply to us in this Issue.

#### **DISCLAIMER CLAUSE OF SEBI**

**IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE OFFER DOCUMENT TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED TO MEAN THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THIS ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. THE BOOK RUNNING LEAD MANAGER, PANTOMATH CAPITAL ADVISORS PRIVATE LIMITED HAS CERTIFIED THAT THE DISCLOSURES**

**MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS FOR THE TIME BEING IN FORCE. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS PROSPECTUS, THE BOOK RUNNING LEAD MANAGER, PANTOMATH CAPITAL ADVISORS PRIVATE LIMITED, IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGER, PANTOMATH CAPITAL ADVISORS PRIVATE LIMITED, SHALL FURNISHED TO STOCK EXCHANGE/SEBI A DUE DILIGENCE CERTIFICATE IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992 AFTER FILING OF PROSPECTUS WITH ROC AND BEFORE OPENING OF ISSUE.**

**“WE, THE UNDER NOTED BOOK RUNNING LEAD MANAGER TO THE ABOVE MENTIONED FORTHCOMING ISSUE STATE AND CONFIRM AS FOLLOWS:**

- 1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, CIVIL LITIGATIONS, DISPUTES WITH COLLABORATORS, CRIMINAL LITIGATIONS ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE PROSPECTUS PERTAINING TO THE SAID ISSUE;**
- 2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE ISSUER, WE CONFIRM THAT:**
  - A. THE DRAT RED HERRING PROSPECTUS FILED WITH THE EXCHANGE / BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**
  - B. ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY THE BOARD, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
  - C. THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF COMPANIES ACT, 1956, APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER**

**APPLICABLE LEGAL REQUIREMENTS.**

- 3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE PROSPECTUS ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID.**
- 4. WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFILL THEIR UNDERWRITING COMMITMENTS.- NOTED FOR COMPLIANCE**
- 5. WE CERTIFY THAT WRITTEN CONSENTS FROM PROMOTERS HAVE BEEN OBTAINED FOR INCLUSION OF HIS SPECIFIED SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE PROSPECTUS.**
- 6. WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS' CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS.**
- 7. WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE. – NOT APPLICABLE**
- 8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION. – COMPLIED TO THE EXTENT APPLICABLE**
- 9. WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN**

**A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 40 OF THE COMPANIES ACT, 2013 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION – NOTED FOR COMPLIANCE**

- 10. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE- NOT APPLICABLE. UNDER SECTION 29 OF THE COMPANIES ACT, 2013 EQUITY SHARES IN THE ISSUE WILL BE ISSUED IN DEMATERIALIZED FORM ONLY.**
- 11. WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.**
- 12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS:**
  - A. AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER AND**
  - B. AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.**
- 13. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE. – NOTED FOR COMPLIANCE**
- 14. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE THAT HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE, ETC.**
- 15. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY. – NOTED FOR COMPLIANCE**
- 16. WE ENCLOSE STATEMENT ON PRICE INFORMATION OF PAST ISSUES HANDLED BY MERCHANT BANKERS AS PER FORMAT SPECIFIED BY THE BOARD (SEBI)**

**THROUGH CIRCULAR – DETAILS ARE ENCLOSED IN “ANNEXURE A”**

**17. WE CERTIFY THAT PROFITS FROM RELATED PARTY TRANSACTION HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS.”- COMPLIED WITH TO THE EXTENT OF THE RELATED PARTY TRANSACTIONS REPORTED IN ACCORDANCE WITH ACCOUNTING STANDARD 18 IN THE FINANCIAL STATEMENTS OF THE COMPANY INCLUDED IN THE PROSPECTUS**

**ADDITIONAL CONFIRMATIONS/ CERTIFICATION TO BE GIVEN BY MERCHANT BANKER IN DUE DILIGENCE CERTIFICATE TO BE GIVEN ALONG WITH OFFER DOCUMENT REGARDING SME EXCHANGE**

- (1) “WE CONFIRM THAT NONE OF THE INTERMEDIARIES NAMED IN THE PROSPECTUS HAVE BEEN DEBARRED FROM FUNCTIONING BY ANY REGULATORY AUTHORITY.**
- (2) WE CONFIRM THAT ALL THE MATERIAL DISCLOSURES IN RESPECT OF THE ISSUER HAVE BEEN MADE IN PROSPECTUS AND CERTIFY THAT ANY MATERIAL DEVELOPMENT IN THE ISSUER OR RELATING TO THE ISSUE UP TO THE COMMENCEMENT OF LISTING AND TRADING OF THE SPECIFIED SECURITIES OFFERED THROUGH THIS ISSUE SHALL BE INFORMED THROUGH PUBLIC NOTICES/ ADVERTISEMENTS IN ALL THOSE NEWSPAPERS IN WHICH PRE-ISSUE ADVERTISEMENT AND ADVERTISEMENT FOR OPENING OR CLOSURE OF THE ISSUE HAVE BEEN GIVEN.**
- (3) WE CONFIRM THAT THE ABRIDGED PROSPECTUS CONTAINS ALL THE DISCLOSURES AS SPECIFIED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009. – NOTED FOR COMPLIANCE**
- (4) WE CONFIRM THAT AGREEMENTS HAVE BEEN ENTERED INTO WITH THE DEPOSITORIES FOR DEMATERIALISATION OF THE SPECIFIED SECURITIES OF THE ISSUER.**
- (5) WE CERTIFY THAT AS PER THE REQUIREMENTS OF FIRST PROVISIO TO SUB-REGULATION 4 OF REGULATION 32 OF SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CASH FLOW STATEMENT HAS BEEN PREPARED AND DISCLOSED IN THE PROSPECTUS.**
- (6) WE CONFIRM THAT UNDERWRITING ARRANGEMENTS AS PER REQUIREMENTS OF REGULATION 106P AND 106V OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE.**
- (7) WE CONFIRM THAT MARKET MAKING ARRANGEMENTS AS PER REQUIREMENTS OF REGULATION 106P AND 106V OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE.**

**Note:**

The filing of this Draft Red Herring Prospectus does not, however, absolve our Company from any liabilities under section 34, 35 and 36(1) of the Companies Act, 2013 or from the requirement of obtaining such statutory and other clearances as may be required for the purpose of the proposed Issue. SEBI further reserves the right to take up at any point of time, with the Book Running Lead Manager any irregularities or lapses in the Prospectus.

All legal requirements pertaining to the Issue will be complied with at the time of registration of the Prospectus with the Registrar of Companies, Gwalior, in terms of Section 26, 30, 32 and 33 of the Companies Act, 2013.

#### **DISCLAIMER STATEMENT FROM OUR COMPANY AND THE BOOK RUNNING LEAD MANAGER**

Our Company, our Directors and the Book Running Lead Manager accept no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in the advertisements or any other material issued by or at instance of our Company and anyone placing reliance on any other source of information, including our website [www.affineformulations.com](http://www.affineformulations.com) would be doing so at his or her own risk.

#### **Caution**

The Book Running Lead Manager accepts no responsibility, save to the limited extent as provided in the Agreement for Issue Management entered into among the Book Running Lead Manager and our Company dated December 29, 2017 the Underwriting Agreement dated [●], entered into among the Underwriter and our Company and the Market Making Agreement dated [●], entered into among the Market Maker, Book Running Lead Manager and our Company.

Our Company and the Book Running Lead Manager shall make all information available to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports or at collection centres, etc.

The Book Running Lead Manager and its associates and affiliates may engage in transactions with and perform services for, our Company and associates of our Company in the ordinary course of business and may in future engage in the provision of services for which they may in future receive compensation. Pantomath Capital Advisors Private Limited is not an 'associate' of the Company and is eligible to Book Running Lead Manager this Issue, under the SEBI (Merchant Bankers) Regulations, 1992.

**Investors who apply in this Issue will be required to confirm and will be deemed to have represented to our Company and the Underwriter and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares and will not offer, sell, pledge or transfer the Equity Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares. Our Company and the Book Running Lead Manager and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares.**

#### **PRICE INFORMATION AND THE TRACK RECORD OF THE PAST ISSUES HANDLED BY THE BOOK RUNNING LEAD MANAGER**



For details regarding the price information and track record of the past issue handled by M/s. Pantomath Capital Advisors Private Limited, as specified in Circular reference CIR/CFD/DIL/7/2015 dated October 30, 2015 issued by SEBI, please refer “Annexure A” to this Prospectus and the website of the Book Running Lead Manager at [www.pantomathgroup.com](http://www.pantomathgroup.com)

#### **DISCLAIMER IN RESPECT OF JURISDICTION**

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are not minors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in shares, Indian Mutual Funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under applicable trust law and who are authorized under their constitution to hold and invest in shares, public financial institutions as specified in Section 2(72) of the Companies Act, 2013, VCFs, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of Rs. 2,500 Lakhs, pension funds with minimum corpus of Rs. 2,500 Lakhs and the National Investment Fund, and permitted non-residents including FPIs, Eligible NRIs, multilateral and bilateral development financial institutions, FVCIs and eligible foreign investors, provided that they are eligible under all applicable laws and regulations to hold Equity Shares of the Company. The Prospectus does not, however, constitute an invitation to purchase shares offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Prospectus comes is required to inform 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 the Draft Red Herring Prospectus has been filed with EMERGE Platform of the National Stock Exchange of India Limited for its observations and National Stock Exchange of India Limited will 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 Draft Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

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

Further, each applicant where required agrees that such applicant will not sell or transfer any Equity Shares or create any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with applicable laws, legislations and Prospectus in each jurisdiction, including India.

**DISCLAIMER CLAUSE OF THE EMERGE PLATFORM OF NATIONAL STOCK EXCHANGE OF INDIA LIMITED**

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 [●] dated [●] permission to the Issuer to use the Exchange's name in this Offer Document as one of the stock exchanges on which this Issuer's securities are proposed to be listed. The Exchange has scrutinized this 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 NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription /acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.”

#### **FILING**

The Draft Red Herring Prospectus has not been filed with SEBI, nor has SEBI issued any observation on the Offer Document in terms of Regulation 106(M) (3). However, a copy of the Red Herring Prospectus and Prospectus will be filed with SEBI. Pursuant to SEBI Circular Number SEBI/HO/CFD/DIL1/CIR/P/2018/011 dated January 19, 2018, a copy of the Red Herring Prospectus and Prospectus will be filed online through SEBI Intermediary Portal at <https://siportal.sebi.gov.in>. A copy of the Red Herring Prospectus and Prospectus along with the documents required to be filed under Section 26 of the Companies Act, 2013 will be delivered to the RoC situated at 3<sup>rd</sup> Floor, 'A' Block, Sanjay Complex Jayendra Ganj, Gwalior.

#### **LISTING**

In terms of Chapter XB of the SEBI (ICDR) Regulations, there is no requirement of obtaining in principle approval from EMERGE Platform of the National Stock Exchange of India Limited. However application has been made to the EMERGE Platform of the National Stock Exchange of India Limited for obtaining permission to deal in and for an official quotation of our Equity Shares. EMERGE Platform of the National Stock Exchange of India Limited is the Designated Stock Exchange, with which the Basis of Allotment will be finalized.

The National Stock Exchange of India Limited has given its in-principal approval for using its name in our Red Herring Prospectus and Prospectus vide its letter dated [●]

If the permissions to deal in and for an official quotation of our Equity Shares are not granted by the EMERGE Platform of the National Stock Exchange of India Limited, our Company will forthwith repay, without interest, all moneys received from the bidders in pursuance of the Draft Red Herring Prospectus. If such money is not repaid within 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 Working Days from the Issue Closing Date

## **CONSENTS**

Consents in writing of: (a) the Directors, the Promoters, the Company Secretary & Compliance Officer, Chief Financial Officer, Statutory Auditor, Peer Reviewed Auditor, Banker to the Company and (b) Book Running Lead Manager, Underwriter, Market Maker, Registrar to the Issue, Public Issue Bank / Banker to the Issue and Refund Banker to the Issue, Legal Advisor to the Issue, Syndicate Member to the Issue to act in their respective capacities have been obtained and is filed along with a copy of the Red Herring Prospectus/ 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 Red Herring Prospectus/ Prospectus for registration with the RoC. Our Peer Reviewed Auditors have given their written consent to the inclusion of their report in the form and context in which it appears in this Draft Red Herring Prospectus/ Red Herring Prospectus /Prospectus and such consent and report shall not be withdrawn up to the time of delivery of the Red Herring Prospectus/ Prospectus for filing with the RoC.

## **EXPERT TO THE ISSUE**

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

- Report of the Peer Reviewed Auditor on Statement of Tax Benefits.
- Report of the Peer Reviewed Auditor on the Restated Financial Statements for the period ended December 31, 2017 and for the financial year ended on March 31, 2017, 2016, 2015, 2014 and 2013 of our Company.

## **EXPENSES OF THE ISSUE**

The expenses of this Issue include, among others, underwriting and management fees, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. For details of total expenses of the Issue, refer to chapter “*Objects of the Issue*” beginning on page 99 of this Draft Red Herring Prospectus.

## **DETAILS OF FEES PAYABLE**

### **Fees Payable to the Book Running Lead Manager**

The total fees payable to the Book Running Lead Manager will be as per the Mandate Letter issued by our Company to the Book Running Lead Manager, the copy of which is available for inspection at our Registered Office.

### **Fees Payable to the Registrar to the Issue**

The fees payable to the Registrar to the Issue will be as per the Agreement signed by our Company and the Registrar to the Issue dated December 29, 2017 a copy of which is available for inspection at our Registered Office. The Registrar to the Issue will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided by the Company to the Registrar to the Issue to enable them to send refund orders or allotment advice by registered post/ speed post/ under certificate of posting.

### **Fees Payable to Others**

The total fees payable to the Legal Advisor, Auditor and Advertiser, etc. will be as per the terms of their respective engagement letters if any.

#### **UNDERWRITING COMMISSION, BROKERAGE AND SELLING COMMISSION**

The underwriting commission and selling commission for this Offer is as set out in the Underwriting Agreement to entered into between our Company and the Book Running Lead Manager. Payment of underwriting commission, brokerage and selling commission would be in accordance with Section 40 of Companies Act, 2013 and the Companies (Prospectus and Allotment of Securities) Rule, 2014

#### **PREVIOUS RIGHTS AND PUBLIC ISSUES SINCE THE INCORPORATION**

We have not made any previous rights and/or public issues since incorporation, and are an “Unlisted Issuer” in terms of the SEBI (ICDR) Regulations and this Issue is an “Initial Public Offering” in terms of the SEBI (ICDR) Regulations.

#### **PREVIOUS ISSUES OF SHARES OTHERWISE THAN FOR CASH**

Except as stated in the chapter titled “*Capital Structure*” beginning on page 82 of this Draft Red Herring Prospectus, our Company has not issued any Equity Shares for consideration otherwise than for cash.

#### **COMMISSION AND BROKERAGE ON PREVIOUS ISSUES**

Since this is the initial public offer of the Equity Shares by our Company, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of our Equity Shares since our inception.

#### **PARTICULARS IN REGARD TO OUR COMPANY AND OTHER LISTED COMPANIES UNDER THE SAME MANAGEMENT WITHIN THE MEANING OF SECTION 370 (1B) OF THE COMPANIES ACT, 1956 WHICH MADE ANY CAPITAL ISSUE DURING THE LAST THREE YEARS:**

None of the equity shares of our Group Companies are listed on any recognized stock exchange. None of the above companies have raised any capital during the past 3 years.

#### **PROMISE VERSUS PERFORMANCE FOR OUR COMPANY**

Our Company is an “Unlisted Issuer” in terms of the SEBI (ICDR) Regulations, and this Issue is an “Initial Public Offering” in terms of the SEBI (ICDR) Regulations. Therefore, data regarding promise versus performance is not applicable to us.

#### **OUTSTANDING DEBENTURES, BONDS, REDEEMABLE PREFERENCE SHARES AND OTHER INSTRUMENTS ISSUED BY OUR COMPANY**

As on the date of this Draft Red Herring Prospectus, our Company has no outstanding debentures, bonds or redeemable preference shares.

#### **STOCK MARKET DATA FOR OUR EQUITY SHARES**

Our Company is an “Unlisted Issuer” in terms of the SEBI (ICDR) Regulations, and this Issue is an “Initial Public Offering” in terms of the SEBI (ICDR) Regulations. Thus there is no stock market data available for the Equity Shares of our Company.

#### **MECHANISM FOR REDRESSAL OF INVESTOR GRIEVANCES**

The Agreement between the Registrar and Our Company provides for retention of records with the Registrar for a period of at least three years from the last date of dispatch of the letters of allotment, demat credit and unblocking of funds to enable the investors to approach the Registrar to this Issue for redressal of their grievances. All grievances relating to this Issue may be addressed to the Registrar with a copy to the Compliance Officer, giving full details such as the name, address of the applicant, number of Equity Shares applied for, amount paid on application and the bank branch or collection centre where the application was submitted.

All grievances relating to the ASBA process may be addressed to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the Designated Branch or the collection centre of the SCSB where the Application Form was submitted by the ASBA applicants.

#### **DISPOSAL OF INVESTOR GRIEVANCES BY OUR COMPANY**

Our Company or the Registrar to the Issue or the SCSB in case of ASBA Bidders shall redress routine investor grievances within 15 working days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

We have reconstituted the Stakeholders Relationship Committee of the Board *vide* resolution passed at the Board Meeting held on December 23, 2017. For further details, please refer to the chapter titled “*Our Management*” beginning on page 168 of this Draft Red Herring Prospectus.

Our Company has appointed Prachi Jain as Company Secretary and Compliance Officer and she may be contacted at the following address:

**Prachi Jain**

28/10 Talwali Dewas Naka

Indore, Madhya Pradesh 452010, India

**Tel:** 0731 4098747 / 0731 4239376

**Fax:** 0731 4239376

**Email:** [cs@affineformulations.com](mailto:cs@affineformulations.com)

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

Investors can contact the Company Secretary and Compliance Officer or the Registrar in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of allocation, credit of allotted Equity Shares in the respective beneficiary account or unblocking of funds, *etc.*

#### **CHANGES IN AUDITORS DURING THE LAST THREE FINANCIAL YEARS**

There has been no change in auditors of the Company during the last three financial years

#### **CAPITALISATION OF RESERVES OR PROFITS**

Save and except as stated in the chapter titled “*Capital Structure*” beginning on page 82 of this Draft Red Herring Prospectus, our Company has not capitalized its reserves or profits during the last five years.

#### **REVALUATION OF ASSETS**

Our Company has not revalue its assets since incorporation.

#### **PURCHASE OF PROPERTY**

Other than as disclosed in this Draft Red Herring Prospectus, there is no property which has been purchased or acquired or is proposed to be purchased or acquired which is to be paid for wholly or partly from the proceeds of the present Issue or the purchase or acquisition of which has not been completed on the date of this Draft Red Herring Prospectus.

Except as stated elsewhere in this Draft Red Herring Prospectus, our Company has not purchased any property in which the Promoters and/or Directors have any direct or indirect interest in any payment made there under.

#### **SERVICING BEHAVIOR**

There has been no default in payment of statutory dues or of interest or principal in respect of our borrowings or deposits.

## **SECTION VII- ISSUE INFORMATION**

### **TERMS OF THE ISSUE**

The Equity Shares being issued and transferred pursuant to this Issue shall be subject to the provisions of the Companies Act, 2013, SEBI ICDR Regulations, SCRA, SCRR, the Memorandum and Articles of Association, the SEBI Listing Regulations, the terms of the Red Herring Prospectus, the Abridged Prospectus, Bid cum Application Form, the Revision Form, the CAN/ the Allotment Advice and other terms and conditions as may be incorporated in the Allotment Advices and other documents/certificates that may be executed in respect of the 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 FIPB, the Stock Exchanges, 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 Exchanges, the RoC and any other authorities while granting their approval for the Issue. SEBI has notified the SEBI Listing Regulations on September 2, 2015, which among other things governs the obligations applicable to a listed company which were earlier prescribed under the Equity Listing Agreement. The Listing Regulations have become effective from December 1, 2015.

Please note that, in terms of SEBI Circular No. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015. All the investors applying in a public issue shall use only Application Supported by Blocked Amount (ASBA) facility for making payment.

Further vide the said circular Registrar to the Issue and Depository Participants have been also authorised to collect the Application forms. Investors may visit the official website of the concerned stock exchange for any information on operationalization of this facility of form collection by Registrar to the Issue and DPs as and when the same is made available.

### **RANKING OF EQUITY SHARES**

The Equity Shares being issued and transferred in the Issue shall be subject to the provisions of the Companies Act, 2013 and the Memorandum and Articles of Association and shall rank *pari-passu* with the existing Equity Shares of our Company including rights in respect of dividend. The Allottees upon receipt of Allotment of Equity Shares under this Issue will be entitled to dividends and other corporate benefits, if any, declared by our Company after the date of Allotment in accordance with Companies Act, 1956 and Companies Act, 2013 and the Articles. For further details, please refer to the section titled “*Main Provisions of Articles of Association*” beginning on page number 349 of this Draft Red herring Prospectus.

### **MODE OF PAYMENT OF DIVIDEND**

The declaration and payment of dividend will be as per the provisions of Companies Act, SEBI Listing Regulations and recommended by the Board of Directors at their discretion and approved by the shareholders and will depend on a number of factors, including but not limited to earnings, capital requirements and overall financial condition of our Company. We shall pay dividend, if declared, to our Shareholders as per the provisions of the Companies Act, SEBI Listing Regulations and our Articles of Association. For further details, please refer to the chapter titled “*Dividend Policy*” on page 186 of this Draft Red Herring Prospectus.

### **FACE VALUE AND ISSUE PRICE PER SHARE**

The face value of the Equity Shares is Rs. 10 each and the Issue Price at the lower end of Price Band is

Rs. [●] per Equity Share and at the higher end of the Price Band is Rs. [●] per Equity Share.

The Price Band and the minimum Bid Lot size for the Issue will be decided by our Company in consultation with the BRLM and advertised in all edition of the English national newspaper [●], [●] edition of the Hindi national newspaper [●] and the Regional newspaper [●], each with wide circulation, at least five Working Days prior to the Bid/Issue Opening Date and shall be made available to the Stock Exchanges for the purpose of uploading the same on their websites. The Price Band, along with the relevant financial ratios calculated at the Floor Price and at the Cap Price, shall be prefilled in the Bid cum Application Forms available on the websites of the Stock Exchanges.

At any given point of time there shall be only one denomination of Equity Shares.

#### **COMPLIANCE WITH SEBI ICDR REGULATIONS**

Our Company shall comply with all requirements of the SEBI ICDR Regulations. Our Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

#### **RIGHTS OF THE EQUITY SHAREHOLDERS**

Subject to applicable laws, rules, regulations and guidelines and the Articles of Association, the Equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to receive Annual Reports & notices to members;
- Right to attend general meetings and exercise voting rights, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive issue for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation subject to any statutory and preferential claim being satisfied;
- Right of free transferability subject to applicable law, including any RBI rules and regulations; and
- Such other rights, as may be available to a shareholder of a listed public limited company under the Companies Act, 2013 Act, the terms of the SEBI Listing Regulations and the Memorandum and Articles of Association of our Company.

For a detailed description of the main provisions of the Articles of Association relating to voting rights, dividend, forfeiture and lien and / or consolidation / splitting, please refer to the section titled “*Main Provisions of Articles of Association*” beginning on page number 349 of this Draft Red herring 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 [●] amongst NSDL, our Company and the Registrar to the Issue; and



- Agreement dated [●] amongst CDSL, our Company and the Registrar to the Issue.

Since trading of the Equity Shares is in dematerialised form, the tradable lot is [●] Equity Share. Allotment in this Issue will be only in electronic form in multiples of one Equity Share subject to a minimum Allotment of [●] Equity Shares to the successful applicants in terms of the SEBI circular No. CIR/MRD/DSA/06/2012 dated February 21, 2012.

Allocation and allotment of Equity Shares through this Issue will be done in multiples of [●] Equity Share subject to a minimum allotment of [●] Equity Shares to the successful applicants.

#### **MINIMUM NUMBER OF ALLOTTEES**

Further in accordance with the Regulation 106R of SEBI (ICDR) Regulations, the minimum number of allottees in this Issue shall be 50 shareholders. In case the minimum number of prospective allottees is less than 50, no allotment will be made pursuant to this Issue and the monies blocked by the SCSBs shall be unblocked within 4 working days of closure of issue.

#### **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 state securities laws in the United States and may not be issued or sold within the United States or to, or for the account or benefit of, “U.S. persons” (as defined in Regulation S), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being issued and sold only outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those issues 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 issued or sold, and applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.**

#### **JOINT HOLDER**

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as joint tenants with benefits of survivorship.

#### **NOMINATION FACILITY TO BIDDERS**

In accordance with Section 72 of the Companies Act, 2013 the sole Bidder, or the first Bidder along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to equity share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/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 our Registered Office or to the registrar and transfer agents of our Company.

Any person who becomes a nominee by virtue of the provisions of Section 72 of the Companies Act, 2013 shall upon the production of such evidence as may be required by the Board, elect either:

- a. to register himself or herself as the holder of the Equity Shares; or
- b. to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Issue will be made only in dematerialized mode there is no need to make a separate nomination with our Company. Nominations registered with respective depository participant of the applicant would prevail. If the investor wants to change the nomination, they are requested to inform their respective depository participant.

#### **WITHDRAWAL OF THE ISSUE**

Our Company in consultation with the BRLM, reserve the right to not to proceed with the Issue after the Bid/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 days of the Bid/Issue Closing Date or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Issue. The Book Running Lead Manager through, the Registrar to the Issue, shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one Working Day from the date of receipt of such notification. Our Company shall also inform the same to the Stock Exchanges on which Equity Shares are proposed to be listed.

Notwithstanding the foregoing, this Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchange, which our Company shall apply for after Allotment, and (ii) the final RoC approval of the Prospectus after it is filed with the RoC. If our Company withdraws the Issue after the Bid/ Issue Closing Date and thereafter determines that it will proceed with an issue/issue for sale of the Equity Shares, our Company shall file a fresh Draft Red Herring Prospectus with Stock Exchange.

#### **BID/ ISSUE OPENING DATE**

Bid / Issue Opening Date	[●]
Bid / Issue Closing Date	[●]
Finalisation of Basis of Allotment with the Designated Stock Exchange	[●]
Initiation of Refunds	[●]
Credit of Equity Shares to demat accounts of Allottees	[●]
Commencement of trading of the Equity Shares on the Stock Exchange	[●]

The above timetable is indicative and does not constitute any obligation on our Company, and the BRLM. Whilst our Company shall ensure that all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Equity Shares on the Stock Exchange are taken within 6 Working Days of the Bid/Issue Closing Date, the timetable may change due to various factors, such as extension of the Bid/Issue Period by our Company, revision of the Price Band or any delays in receiving the final listing and trading approval from the Stock Exchange. The Commencement of

trading of the Equity Shares will be entirely at the discretion of the Stock Exchange and in accordance with the applicable laws.

Bids and any revision to the same shall be accepted **only between 10.00 a.m. and 5.00 p.m. (IST)** during the Bid/Issue Period. On the Bid/Issue Closing Date, the Bids and any revision to the same shall be accepted between **10.00 a.m. and 5.00 p.m. (IST)** or such extended time as permitted by the Stock Exchanges, in case of Bids by Retail Individual Bidders after taking into account the total number of Bids received up to the closure of timings and reported by the Book Running Lead Manager to the Stock Exchanges. It is clarified that Bids not uploaded on the electronic system would be rejected. Bids will be accepted only on Working Days, i.e., Monday to Friday (excluding any public holiday).

Due to limitation of time available for uploading the Bids on the Bid/Issue Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/Issue Closing Date and, in any case, no later than 5.00 p.m. (IST) on the Bid/Issue Closing Date. All times mentioned in this Draft Red Herring Prospectus are Indian Standard Times. Bidders are cautioned that in the event a large number of Bids are received on the Bid/Issue Closing Date, as is typically experienced in public issue, some Bids may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation under the Issue. Bids will be accepted only on Business Days. Neither our Company nor the Book Running Lead Manager is liable for any failure in uploading the Bids due to faults in any software/hardware system or otherwise. Any time mentioned in this Draft Red Herring Prospectus is Indian Standard Time.

Our Company in consultation with the BRLM, reserves the right to revise the Price Band during the Bid/ Issue Period, provided that the Cap Price shall be less than or equal to 120% of the Floor Price and the Floor Price shall not be less than the face value of the Equity Shares. The revision in Price Band shall not exceed 20% on the either side i.e. the floor price can move up or down to the extent of 20% of the Floor Price and the Cap Price will be revised accordingly.

**In case of revision of the Price Band, the Bid/Issue Period will be extended for at least three additional working days after revision of Price Band subject to the Bid/ Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bid/ Issue Period, if applicable, will be widely disseminated by notification to the Stock Exchange, by issuing a press release and also by indicating the changes on the websites of the Book Running Lead Manager and at the terminals of the Syndicate Member.**

In case of any discrepancy in the data entered in the electronic book vis-à-vis the data contained in the Bid cum Application Form, for a particular Bidder, the Registrar to the Issue shall ask for rectified data.

#### **MINIMUM SUBSCRIPTION**

This Issue is not restricted to any minimum subscription level and is 100% underwritten.

As per Section 39 of the Companies Act, 2013, if the “stated minimum amount” has not be subscribed and the sum payable on application is not received within a period of 30 days from the date of the Red Herring Prospectus, the application money has to be returned within such period as may be prescribed. If our Company does not receive the 100% subscription of the issue through the Issue Document including devolvement of Underwriters, if any, within sixty (60) days from the date of closure of the issue, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after our Company becomes liable to pay the amount, our Company and every officer in default will, on and from the expiry of this period, be jointly and severally liable to repay the money,

with interest or other penalty as prescribed under the SEBI Regulations, the Companies Act 2013 and applicable law.

In accordance with Regulation 106 P (1) of the SEBI (ICDR) Regulations, our Issue shall be hundred percent underwritten. Thus, the underwriting obligations shall be for the entire hundred percent of the issue through the Draft Red Herring Prospectus and shall not be restricted to the minimum subscription level.

Further, in accordance with Regulation 106(R) of the SEBI (ICDR) Regulations, our Company shall ensure that the number of prospective allottees to whom the Equity Shares will allotted will not be less than 50 (Fifty).

Further, in accordance with Regulation 106(Q) of the SEBI (ICDR) Regulations, our Company shall ensure that the minimum application size in terms of number of specified securities shall not be less than Rs.1,00,000/- (Rupees One Lakh) per application.

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

#### **MIGRATION TO MAIN BOARD**

Our company may migrate to the Main board of NSE from SME Exchange on a later date subject to the following:

- If the Paid up Capital of our Company is likely to increase above Rs. 2,500 lakhs by virtue of any further issue of capital by way of rights issue, preferential issue, bonus issue etc. (which has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the Promoter in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal and for which the company has obtained in-principal approval from the Main Board), our Company shall apply to NSE for listing of its shares on its Main Board subject to the fulfillment of the eligibility criteria for listing of specified securities laid down by the Main Board.

OR

- If the Paid up Capital of our company is more than Rs. 1,000 lakhs but below Rs. 2,500 lakhs, our Company may still apply for migration to the Main Board and if the Company fulfills the eligible criteria for listing laid by the Main Board and if the same has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the Promoter in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal.

#### **MARKET MAKING**

The shares issued and transferred through this Issue are proposed to be listed on the EMERGE Platform of NSE with compulsory market making through the registered Market Maker of the SME Exchange for a minimum period of three years or such other time as may be prescribed by the Stock Exchange, from the date of listing on NSE EMERGE. For further details of the market making arrangement please refer to chapter titled “*General Information*” beginning on page 71 of this Draft Red herring Prospectus.

#### **ARRANGEMENT FOR DISPOSAL OF ODD LOT**

The trading of the equity shares will happen in the minimum contract size of [●] shares in terms of the SEBI circular no. CIR/MRD/DSA/06/2012 dated February 21, 2012. However, the market maker shall buy the entire shareholding of a shareholder in one lot, where value of such shareholding is less than the minimum contract size allowed for trading on NSE EMERGE.

#### **AS PER THE EXTANT POLICY OF THE GOVERNMENT OF INDIA, OCBS CANNOT PARTICIPATE IN THIS ISSUE**

The current provisions of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, provides a general permission for the NRIs, FIIs and foreign venture capital investors registered with SEBI to invest in shares of Indian Companies by way of subscription in an IPO. However, such investments would be subject to other investment restrictions under the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, RBI and/or SEBI regulations as may be applicable to such investors.

The Allotment of the Equity Shares to Non-Residents shall be subject to the conditions, if any, as may be prescribed by the Government of India / RBI while granting such approvals.

#### **OPTION TO RECEIVE SECURITIES IN DEMATERIALIZED FORM**

In accordance with the SEBI ICDR Regulations, Allotment of Equity Shares to successful applicants will only be in the dematerialized form. Applicants will not have the option of Allotment of the Equity Shares in physical form. The Equity Shares on Allotment will be traded only on the dematerialized segment of the Stock Exchange. Allottees shall have the option to re-materialise the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

#### **NEW FINANCIAL INSTRUMENTS**

There are no new financial instruments such as deep discounted bonds, debenture, warrants, secured premium notes, etc. issued by our Company.

#### **APPLICATION BY ELIGIBLE NRIs, FPI'S REGISTERED WITH SEBI, VCF'S, AIF'S REGISTERED WITH SEBI AND QFI'S**

It is to be understood that there is no reservation for Eligible NRIs or FPIs or QFIs or VCFs or AIFs registered with SEBI. Such Eligible NRIs, QFIs, FPIs, VCFs or AIFs registered with SEBI will be treated on the same basis with other categories for the purpose of Allocation.

#### **RESTRICTIONS, IF ANY ON TRANSFER AND TRANSMISSION OF EQUITY SHARES**

Except for lock-in of the pre-Issue Equity Shares and Promoter's minimum contribution in the Issue as detailed in the chapter "*Capital Structure*" beginning on page 82 of this Draft Red herring Prospectus and except as provided in the Articles of Association, there are no restrictions on transfers of Equity Shares. There are no restrictions on transmission of shares and on their consolidation / splitting except as provided in the Articles of Association. For details please refer to the section titled "Main Provisions of the Articles of Association" beginning on page 349 of this Draft Red herring Prospectus.

The above information is given for the benefit of the Applicants. The Applicants are advised to make their own enquiries about the limits applicable to them. Our Company and the Book Running Lead Manager do not accept any responsibility for the completeness and accuracy of the information stated hereinabove. Our Company and the Book Running Lead Manager are not liable to inform the investors of any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of the Draft Red herring Prospectus. Applicants are advised to make their independent

investigations and ensure that the number of Equity Shares Applied for do not exceed the applicable limits under laws or regulations.

## ISSUE STRUCTURE

This Issue is being made in terms of Regulation 106(M)(1) of Chapter XB of SEBI (ICDR) Regulations, 2009, as amended from time to time, whereby, our post issue face value capital exceeds ten crore rupees but does not exceed twenty five crores. The Company shall issue specified securities to the public and propose to list the same on the Small and Medium Enterprise Exchange ("SME Exchange", in this case being the EMERGE Platform of NSE). For further details regarding the salient features and terms of such an issue please refer chapter titled "*Terms of the Issue*" and "*Issue Procedure*" on page 286 and 296 of this Draft Red Herring Prospectus.

### Following is the issue structure:

Initial Public Issue of up to 25,68,000 Equity Shares of face value of Rs. 10/- each fully paid (the 'Equity Shares') for cash at a price of Rs. [●] (including a premium of Rs. [●]) aggregating to Rs. [●]. The Issue comprises a Net Issue to the public of up to [●] Equity Shares (the "Net Issue"). The Issue and Net Issue will constitute [●] and [●] of the post-Issue paid-up Equity Share capital of our Company.

The issue comprises a reservation of upto [●] Equity Shares of Rs. 10 each for subscription by the designated Market Maker ("the Market Maker Reservation Portion").

Particulars	Net issue to Public*	Market Maker Reservation Portion
<b>Number of Equity Shares</b>	[●] Equity Shares	[●] Equity Shares
<b>Percentage of Issue Size available for allocation</b>	[●] of Issue Size	[●] of Issue Size
<b>Basis of Allotment / Allocation if respective category is oversubscribed</b>	Proportionate subject to minimum allotment of [●] equity shares and further allotment in multiples of [●] equity shares each. For further details please refer to the section titled " <i>Issue Procedure</i> " beginning on page 296 of the Draft Red Herring Prospectus	Firm allotment
<b>Mode of Bid cum Application</b>	All Applicants/Bidders shall make the application (Online or Physical through ASBA Process only)	Through ASBA Process only
<b>Minimum Bid Size</b>	<b><i>For QIB and NII</i></b> Such number of Equity Shares in multiples of [●] Equity Shares such that the Application size exceeds Rs 2,00,000 <b><i>For Retail Individuals</i></b> [●] Equity shares	[●] Equity Shares of Face Value of Rs. 10.00 each
<b>Maximum Bid Size</b>	<b><i>For Other than Retail Individual</i></b>	[●] Equity Shares of Face

<b>Particulars</b>	<b>Net issue to Public*</b>	<b>Market Maker Reservation Portion</b>
	<p><b>Investors:</b> For all other investors the maximum application size is the Net Issue to public subject to limits as the investor has to adhere under the relevant laws and regulations as applicable.</p> <p><b>For Retail Individuals:</b> [●]Equity Shares</p>	Value of Rs 10 each
<b>Mode of Allotment</b>	Compulsorily in Dematerialised mode	Compulsorily in Dematerialised mode
<b>Trading Lot</b>	[●] Equity Shares	[●] Equity Shares, however the Market Maker may accept odd lots if any in the market as required under the SEBI ICDR Regulations
<b>Terms of payment</b>	The entire Bid Amount will be payable at the time of submission of the Bid Form	

\*allocation in the net offer to public category shall be made as follows:

- (a) minimum fifty per cent to retail individual investors; and
- (b) remaining to:
  - (i) individual applicants other than retail individual investors; and
  - (ii) other investors including corporate bodies or institutions, irrespective of the number of specified securities applied for;
- (c) the unsubscribed portion in either of the categories specified in clauses (a) or (b) may be allocated to applicants in the other category.

In case of joint Bids, the Bid cum Application Form should contain only the name of the first Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. The signature of only such first Bidder would be required in the Bid cum Application Form and such first Bidder would be deemed to have signed on behalf of the joint holders.



## ISSUE PROCEDURE

*All Bidders should review the General Information Document for Investing in public issues prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013 notified by SEBI (“General Information Document”), and including SEBI circular bearing number CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 and SEBI circular bearing number SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016 included below under “Part B – General Information Document”, which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 and the SEBI ICDR Regulations. The General Information Document has been updated to reflect the enactments and regulations, to the extent applicable to a public issue. The General Information Document is also available on the websites of the Stock Exchanges and the BRLM. Please refer to the relevant provisions of the General Information Document which are applicable to the Issue.*

*Our Company and the BRLM do not accept any responsibility for the completeness and accuracy of the information stated in this section and are not liable for any amendment, modification or change in the applicable law which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that their Bids are submitted in accordance with applicable laws and do not exceed the investment limits or maximum number of the Equity Shares that can be held by them under applicable law or as specified in this Draft Red Herring Prospectus.*

*Please note that all the Bidders can participate in the Issue only through the ASBA process. All Bidders shall ensure that the ASBA Account has sufficient credit balance such that the full Bid Amount can be blocked by the SCSB at the time of submitting the Bid. Please note that all Bidders are required to make payment of the full Bid Amount along with the Bid cum Application Form.*

*Bidders are required to submit Bids to the Selected Branches / Offices of the RTAs, DPs, Designated Bank Branches of SCSBs or to the Syndicate Members. The lists of banks that have been notified by SEBI to act as SCSB (Self Certified Syndicate Banks) for the ASBA Process are provided on <http://www.sebi.gov.in>. For details on designated branches of SCSB collecting the Bid cum Application Form, please refer the above mentioned SEBI link. The list of Stock Brokers, Depository Participants (“DP”), Registrar to an Issue and Share Transfer Agent (“RTA”) that have been notified by National Stock Exchange of India Ltd. to act as intermediaries for submitting Bid cum Application Forms are provided on <http://www.nseindia.com> For details on their designated branches for submitting Bid cum Application Forms, please see the above mentioned NSE website.*

*Pursuant to the SEBI (Issue of Capital and Disclosure Requirements) (Fifth Amendment) Regulations, 2015, the ASBA process become mandatory for all investors w.e.f. January 1, 2016 and it allows the registrar, share transfer agents, depository participants and stock brokers to accept Bid cum Application Forms.*

## BOOK BUILDING PROCEDURE

The Issue is being made under Regulation 106(M)(1) of Chapter XB of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 via book building process wherein at least 50% of the Net Issue to Public is being issued to the Retail Individual Bidders and the balance shall be issued to QIBs and Non-Institutional Bidders. Further if the retail individual investor category is entitled to more than fifty per cent. on proportionate basis, the retail individual investors shall be allocated that higher percentage. However, if the aggregate demand from the Retail Individual Bidders is less than 50%, then

the balance Equity Shares in that portion will be added to the non-retail portion issued to the remaining investors including QIBs and NIIs and vice-versa subject to valid bids being received from them at or above the Issue Price.

Subject to the valid Bids being received at or above 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 Bidders shall not be less than the minimum Bid lot, subject to availability of Equity Shares in Retail Portion, and the remaining available Equity Shares, if any, shall be allotted on a proportionate basis. Under subscription, if any, in any category, would be allowed to be met with spill over from any other category or a combination of categories at the discretion of our Company in consultation with the BRLM and the Stock Exchange.

Investors should note that according to section 29(1) of the Companies Act, 2013, allotment of Equity Shares to all successful Bidders will only be in the dematerialised form. The Bid cum Application Forms which do not have the details of the Bidder's depository account including DP ID, PAN and Beneficiary Account Number shall be treated as incomplete and rejected. In case DP ID, Client ID and PAN mentioned in the Bid cum Application Form and entered into the electronic system of the stock exchanges, do not match with the DP ID, Client ID and PAN available in the depository database, the bid is liable to be rejected. Bidders will not have the option of getting allotment of the Equity Shares in physical form. The Equity Shares on allotment shall be traded only in the dematerialised segment of the Stock Exchanges.

#### **BID CUM APPLICATION FORM**

Copies of the Bid cum Application Form and the abridged prospectus will be available at the offices of the BRLM, the Designated Intermediaries at Bidding Centres, and Registered Office of our Company. An electronic copy of the Bid cum Application Form will also be available for download on the websites of the NSE ([www.nseindia.com](http://www.nseindia.com)), the SCSBs, the Registered Brokers, the RTAs and the CDPs at least one day prior to the Bid/Issue Opening Date.

All Bidders shall mandatorily participate in the Offer only through the ASBA process. ASBA Bidders must provide bank account details and authorisation to block funds in the relevant space provided in the Bid cum Application Form and the Bid cum Application Forms that do not contain such details are liable to be rejected.

ASBA Bidders shall ensure that the Bids are made on Bid cum Application Forms bearing the stamp of the Designated Intermediary, submitted at the Collection Centres only (except in case of electronic Bid cum Application Forms) and the Bid cum Application Forms not bearing such specified stamp are liable to be rejected.

The prescribed colour of the Bid cum Application Form for various categories is as follows:

<b>Category</b>	<b>Colour of Bid cum Application Form*</b>
Resident Indians and Eligible NRIs applying on a non-repatriation basis	White
Non-Residents and Eligible NRIs, FIIs, FVCIs, etc. applying on a repatriation basis	Blue

*\*excluding electronic Bid cum Application Form*

Designated Intermediaries (other than SCSBs) shall submit/deliver the Bid cum Application Forms to respective SCSBs where the Bidder has a bank account and shall not submit it to any non-SCSB Bank.

#### **WHO CAN BID?**

In addition to the category of Bidders set forth under “*General Information Document for Investing in Public Issues – Category of Investors Eligible to participate in an Issue*”, the following persons are also eligible to invest in the Equity Shares under all applicable laws, regulations and guidelines, including:

- FPIs and sub-accounts registered with SEBI other than Category III foreign portfolio investor;
- Category III foreign portfolio investors, which are foreign corporates or foreign individuals only under the Non Institutional Investors (NIIs) category;
- Scientific and/ or industrial research organizations authorised in India to invest in the Equity Shares.

#### **MAXIMUM AND MINIMUM APPLICATION SIZE**

##### ***a) For Retail Individual Bidders:***

The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter, so as to ensure that the Bid Amount payable by the Bidder does not exceed Rs 2,00,000. In case of revision of Bid, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs. 2,00,000.

##### ***b) For Other Bidders (Non-Institutional Bidders and QIBs):***

The Bid cum Application must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs.2,00,000 and in multiples of [●] Equity Shares thereafter. A Bid cannot be submitted for more than the Issue Size. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. **A QIB and a Non-Institutional Bidder cannot withdraw or lower the size of their Bid at any stage and are required to pay the entire Bid Amount upon submission of the Bid.** The identity of QIBs applying in the Net Issue shall not be made public during the Issue Period. In case of revision in Bid, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than Rs 2,00,000 for being considered for allocation in the Non-Institutional Portion.

#### **INFORMATION FOR THE BIDDERS**

- a. Our Company shall file the Red Herring Prospectus with the RoC at least three working days before the Bid / Issue Opening Date.
- b. Our Company shall, after registering the Red Herring Prospectus with the RoC, make a pre-Issue advertisement, in the form prescribed under the ICDR Regulations, in English and Hindi national newspapers and one regional newspaper with wide circulation. In the pre-Issue advertisement, our Company and the Book Running Lead Manager shall advertise the Issue Opening Date, the Issue Closing Date. This advertisement, subject to the provisions of the Companies Act, shall be in the format prescribed in Part A of Schedule XIII of the ICDR Regulations.
- c. The Price Band as decided by our Company in consultation with the Book Running Lead Manager is Rs. [●] per Equity Share. The Floor Price of Equity Shares is Rs. [●] per Equity Share and the Cap Price is Rs. [●] per Equity Share and the minimum bid lot is of [●] Equity Shares. Our Company

shall also announce the Price Band at least five Working Days before the Issue Opening Date in English and Hindi national newspapers and one regional newspaper with wide circulation.

- d. This announcement shall contain relevant financial ratios computed for both upper and lower end of the Price Band. Further, this announcement shall be disclosed on the websites of the Stock Exchanges where the Equity Shares are proposed to be listed and shall also be pre-filled in the Bid cum Application Forms available on the websites of the stock exchanges.
- e. The Issue Period shall be for a minimum of three Working Days. In case the Price Band is revised, the Issue Period shall be extended, by an additional three Working Days, subject to the total Issue Period not exceeding ten Working Days. The revised Price Band and Issue Period will be widely disseminated by notification to the SCSBs and Stock Exchanges, and by publishing in English and Hindi national newspapers and one regional newspaper with wide circulation and also by indicating the change on the websites of the Book Running Lead Manager and at the terminals of the members of the Syndicate.

The Bidders should note that in case the PAN, the DP ID and Client ID mentioned in the Bid cum Application Form and entered into the electronic bidding system of the Stock Exchanges by the Syndicate Member does not match with the PAN, DP ID and Client ID available in the database of Depositories, the Bid cum Application Form is liable to be rejected.

#### **OPTION TO SUBSCRIBE IN THE ISSUE**

- a. As per Section 29(1) of the Companies Act, 2013 allotment of Equity Shares shall be in dematerialised form only.
- b. The Equity Shares, on allotment, shall be traded on the Stock Exchange in demat segment only.

A single Bid cum application from any investor shall not exceed the investment limit / minimum number of specified securities that can be held by him/her/it under the relevant regulations / statutory guidelines and applicable law.

#### **AVAILABILITY OF RED HERRING PROSPECTUS AND BID CUM APPLICATION FORM**

Copies of the Bid cum Application Form and the abridged prospectus will be available at the offices of the BRLM, the Designated Intermediaries at Bidding Centres, and Registered Office of our Company. An electronic copy of the Bid cum Application Form will also be available for download on the websites of SCSBs (via Internet Banking) and NSE ([www.nseindia.com](http://www.nseindia.com)) at least one day prior to the Bid/Issue Opening Date.

#### **APPLICATIONS BY ELIGIBLE NRI'S/ RFPI's ON REPATRIATION BASIS**

Copies of the Bid cum Application Form and the abridged prospectus will be available at the offices of the BRLM, the Designated Intermediaries at Bidding Centres, and Registered Office of our Company. An electronic copy of the Bid cum Application Form will also be available for download on the websites of SCSBs (via Internet Banking) and NSE ([www.nseindia.com](http://www.nseindia.com)) at least one day prior to the Bid/Issue Opening Date.

#### **PARTICIPATION BY ASSOCIATED/ AFFILIATES OF BOOK RUNNING LEAD MANAGER AND SYNDICATE MEMBERS**

The BRLM and the Syndicate Members, if any, shall not be allowed to purchase in this Issue in any manner, except towards fulfilling their underwriting obligations. However, the associates and affiliates of the BRLM and the Syndicate Members, if any, may subscribe the Equity Shares in the Issue, either in the QIB Category or in the Non-Institutional Category as may be applicable to such Bidders, where the allocation is on a proportionate basis and such subscription may be on their own account or on

behalf of their clients.

#### **APPLICATIONS BY ELIGIBLE NRI'S**

NRIs may obtain copies of Bid cum Application Form from the offices of the BRLM and the Designated Intermediaries. Eligible NRI Bidders bidding on a repatriation basis by using the Non-Resident Forms should authorize their SCSB to block their Non-Resident External ("NRE") accounts, or Foreign Currency Non-Resident ("FCNR") ASBA Accounts, and eligible NRI Bidders bidding on a non-repatriation basis by using Resident Forms should authorize their SCSB to block their Non-Resident Ordinary ("NRO") accounts for the full Bid Amount, at the time of the submission of the Bid cum Application Form.

Eligible NRIs bidding on non-repatriation basis are advised to use the Bid cum Application Form for residents (white in colour).

Eligible NRIs bidding on a repatriation basis are advised to use the Bid cum Application Form meant for Non-Residents (blue in colour)

#### **BIDS BY FPI INCLUDING FIIs**

In terms of the SEBI FPI Regulations, any qualified foreign investor or FII who holds a valid certificate of registration from SEBI shall be deemed to be an FPI until the expiry of the block of three years for which fees have been paid as per the SEBI FII Regulations. An FII or a sub-account may participate in this Issue, in accordance with Schedule 2 of the FEMA Regulations, until the expiry of its registration with SEBI as an FII or a sub-account. An FII shall not be eligible to invest as an FII after registering as an FPI under the SEBI FPI Regulations.

In case of Bids made by FPIs, a certified copy of the certificate of registration issued by the designated depository participant under the FPI Regulations is required to be attached to the Bid cum Application Form, failing which our Company reserves the right to reject any Bid without assigning any reason. An FII or subaccount may, subject to payment of conversion fees under the SEBI FPI Regulations, participate in the Issue, until the expiry of its registration as a FII or sub-account, or until it obtains a certificate of registration as FPI, whichever is earlier. Further, in case of Bids made by SEBI-registered FIIs or sub-accounts, which are not registered as FPIs, a certified copy of the certificate of registration as an FII issued by SEBI is required to be attached to the Bid cum Application Form, failing which our Company reserves the right to reject any Bid without assigning any reason.

In terms of the SEBI FPI Regulations, the 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) must be below 10.00% of our post-Issue Equity Share capital. Further, in terms of the FEMA Regulations, the total holding by each FPI shall be below 10.00% of the total paid-up Equity Share capital of our Company and the total holdings of all FPIs put together shall not exceed 24% of the paid-up Equity Share capital of our Company. The aggregate limit of 24% may be increased up to the sectorial cap by way of a resolution passed by the Board of Directors followed by a special resolution passed by the Shareholders of our Company and subject to prior intimation to RBI. In terms of the FEMA Regulations, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs as well as holding of FIIs (being deemed FPIs) shall be included. The existing individual and aggregate investment limits an FII or sub account in our Company is 10.00% and 24% of the total paid-up Equity Share capital of our Company, respectively.

FPIs are permitted to participate in the 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 SEBI FPI Regulations, an FPI, other than Category III foreign portfolio and unregulated broad based funds, which are classified as Category II foreign portfolio investor by virtue of their investment manager being appropriately regulated, may issue or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by an FPI against securities held by it that are listed or proposed to be listed on any recognized stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with know your client' norms. An FPI is also required to ensure that no further issue or transfer of any offshore derivative instrument is made by or on behalf of it to any persons that are not regulated by an appropriate foreign regulatory authority.

FPIs who wish to participate in the Issue are advised to use the Bid cum Application Form for Non-Residents (blue in colour).

#### **BIDS BY SEBI REGISTERED VCFs, AIFs and FVCIs**

The SEBI FVCI Regulations and the SEBI AIF Regulations inter-alia prescribe the investment restrictions on the VCFs, FVCIs and AIFs registered with SEBI. Further, the SEBI AIF Regulations prescribe, among others, the investment restrictions on AIFs.

The holding by any individual VCF registered with SEBI in one venture capital undertaking should not exceed 25% of the corpus of the VCF. Further, VCFs and FVCIs can invest only up to 33.33% of the investible funds by way of subscription to an initial public offering.

The category I and II AIFs cannot invest more than 25% of the corpus in one Investee Company. A category III AIF cannot invest more than 10% of the corpus in one Investee Company. A venture capital fund registered as a category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than 1/3rd of its corpus by way of subscription to an initial public offering of a venture capital undertaking. Additionally, the VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the VCF Regulation until the existing fund or scheme managed by the fund is wound up and such funds shall not launch any new scheme after the notification of the SEBI AIF Regulations.

All FIIs and FVCIs should note that refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of Bank charges and commission.

Our Company or the BRLM will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

There is no reservation for Eligible NRIs, FPIs and FVCIs and all Bidders will be treated on the same basis with other categories for the purpose of allocation.

Our Company or the BRLM will not be responsible for loss, if any, incurred by the bidder on account of conversion of foreign currency. There is no reservation for Eligible NRIs, FPIs and FVCIs and all bidders will be treated on the same basis with other categories for the purpose of allocation.'

#### **BIDS BY MUTUAL FUNDS**

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid cum Application in whole or in part, in either case, without assigning any reason thereof.

In case of a mutual fund, a separate Bid cum Application can be made in respect of each scheme of the mutual fund registered with SEBI and such Applications in respect of more than one scheme of the mutual fund will not be treated as multiple applications provided that the Bids clearly indicate the scheme concerned for which the Bids has been made.

The Bids made by the asset management companies or custodians of Mutual Funds shall specifically state the names of the concerned schemes for which the Applications are made.

#### **BIDS BY LIMITED LIABILITY PARTNERSHIPS**

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form. Failing this, our Company reserves the right to reject any bid without assigning any reason thereof. Limited liability partnerships can participate in the Issue only through the ASBA process.

#### **BIDS BY INSURANCE COMPANIES**

In case of Bids made by insurance companies registered with the IRDA, a certified copy of certificate of registration issued by IRDA must be attached to the Bid cum Application Form. Failing this, our Company reserves the right to reject any Bid by Insurance Companies without assigning any reason thereof. The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2000, as amended, are broadly set forth below:

- 1) equity shares of a company: the least of 10.00% of the investee company's subscribed capital (face value) or 10.00% of the respective fund in case of life insurer or 10.00% of investment assets in case of general insurer or reinsurer;
- 2) the entire group of the investee company: not more than 15% of the respective fund in case of a life insurer or 15% of investment assets in case of a general insurer or reinsurer or 15% of the investment assets in all companies belonging to the group, whichever is lower; and
- 3) the industry sector in which the investee company belong to: not more than 15% of the fund of a life insurer or a general insurer or a reinsurer or 15% of the investment asset, whichever is lower

The maximum exposure limit, in the case of an investment in equity shares, cannot exceed the lower of an amount of 10% of the investment assets of a life insurer or general insurer and the amount calculated under (a), (b) and (c) above, as the case may be. Insurance companies participating in this Issue shall comply with all applicable regulations, guidelines and circulars issued by IRDAI from time to time.

#### **BIDS UNDER POWER OF ATTORNEY**

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, FIIs, Mutual Funds, insurance companies and provident funds with a minimum

corpus of Rs. 2500 Lakhs (subject to applicable law) and pension funds with a minimum corpus of Rs. 2500 Lakhs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reasons thereof. In addition to the above, certain additional documents are required to be submitted by the following entities:

- a) With respect to Bids by FIIs and Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form.
- b) With respect to Bids by insurance companies registered with the Insurance Regulatory and Development Authority, in addition to the above, a certified copy of the certificate of registration issued by the Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form.
- c) With respect to Bids made by provident funds with a minimum corpus of Rs. 2500 Lakhs (subject to applicable law) and pension funds with a minimum corpus of Rs. 2500 Lakhs, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Bid cum Application Form.
- d) With respect to Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form
- e) Our Company in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form, subject to such terms and conditions that our Company and the BRLM may deem fit.

The above information is given for the benefit of the Bidders. Our Company, the Book Running Lead Manager and the Syndicate Members are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and Bidders are advised to ensure that any single Bid from them does not exceed the applicable investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in the Draft Red Herring Prospectus.

#### **BIDS BY PROVIDENT FUNDS/PENSION FUNDS**

In case of Bids made by provident funds with minimum corpus of Rs. 25 Crore (subject to applicable law) and pension funds with minimum corpus of Rs. 25 Crore, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged along with the Bid Cum Application Form. Failing this, the Company reserves the right to accept or reject any bid in whole or in part, in either case, without assigning any reason thereof.

#### **BIDS BY BANKING COMPANY**

In case of Bids made by banking companies registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, and (ii) the approval of such banking company's investment committee are required to be attached to the Bid cum application Form, failing which our Company reserve the right to reject any Bid by a banking company without assigning any reason.



Bid cum Application Form, failing which our Company reserve the right to reject any Bid by a banking company without assigning any reason.

The investment limit for banking companies in non-financial services companies as per the Banking Regulation Act, 1949, as amended (the “Banking Regulation Act”), and the 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.

#### **BIDS BY SCSBs**

SCSBs participating in the Issue are required to comply with the terms of the SEBI circulars dated September 13, 2012 and January 2, 2013. Such SCSBs are required to ensure that for making Bid cum applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs. Further, such account shall be used solely for the purpose of making Bid cum application in public issues and clear demarcated funds should be available in such account for such Bid cum applications.

#### **ISSUANCE OF A CONFIRMATION NOTE (“CAN”) AND ALLOTMENT IN THE ISSUE**

1. Upon approval of the basis of allotment by the Designated Stock Exchange, the BRLM or Registrar to the Issue shall send to the SCSBs a list of their Bidders who have been allocated Equity Shares in the Issue.
2. The Registrar will then dispatch a CAN to their Bidders who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder

#### **TERMS OF PAYMENT**

##### **Terms of Payment**

The entire Issue price of Rs. [●] per share is payable on Bid cum application. In case of allotment of lesser number of Equity Shares than the number applied, the Registrar to the issue shall instruct the SCSBs to unblock the excess amount blocked.

SCSBs will transfer the amount as per the instruction received by the Registrar to the Public Issue Bank Account, post finalisation of basis of Allotment. The balance amount after transfer to the Public Issue Account shall be unblocked by the SCSBs.

The Bidders should note that the arrangement with Bankers to the issue or the Registrar is not prescribed by SEBI and has been established as an arrangement between our Company, the Bankers to the Issue and the Registrar to the Issue to facilitate collections from the Bidders.

#### **Payment mechanism for Bidders**

The Bidders shall specify the bank account number in the Bid cum Application Form and the SCSBs shall block an amount equivalent to the Bid cum Application Amount in the bank account specified in the Bid cum Application Form. The SCSB shall keep the Application Amount in the relevant bank account blocked until withdrawal/ rejection of the bid cum application or receipt of instructions from the Registrar to unblock the Application Amount. However, Non Retail Bidders shall neither withdraw nor lower the size of their bid cum applications at any stage. In the event of withdrawal or rejection of the Bid cum Application Form or for unsuccessful Application Forms, the Registrar to the Issue shall give instructions to the SCSBs to unblock the application money in the relevant bank account within one day of receipt of such instruction. The Application Amount shall remain blocked in the ASBA Account until finalisation of the Basis of Allotment in the Issue and consequent transfer of the Application Amount to the Public Issue Account, or until withdrawal/ failure of the Issue or until rejection of the bid cum application by the ASBA Applicant, as the case may be.

Please note that pursuant to the applicability of the directions issued by SEBI vide its circular bearing number CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015, all Investors are applying in this Issue shall mandatorily make use of ASBA facility.

#### **SIGNING OF UNDERWRITING AGREEMENT AND FILING OF PROSPECTUS WITH ROC**

- a) Our Company has entered into an Underwriting agreement dated [●].
- b) A copy of the Red Herring Prospectus and Prospectus will be filed with the RoC in terms of Section 32 of the Companies Act.

#### **PRE- ISSUE ADVERTISEMENT**

Subject to Section 30 of the Companies Act, 2013, our Company shall, after registering the Red Herring Prospectus with the RoC, publish a pre-Issue advertisement, in the form prescribed by the SEBI Regulations, in: (i) English National Newspaper; (ii) Hindi National Newspaper; and (iii) Regional Newspaper, each with wide circulation. In the pre-Issue advertisement, we shall state the Bid Opening Date and the Bid Closing Date. This advertisement, subject to the provisions of Section 30 of the Companies Act, 2013, shall be in the format prescribed in Part A of Schedule XIII of the SEBI Regulations.

#### **ADVERTISEMENT REGARDING ISSUE PRICE AND PROSPECTUS**

Our Company will issue a statutory advertisement after the filing of the Prospectus with the RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the final derived Issue Price. Any material updates between the date of the Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

#### **GENERAL INSTRUCTIONS**

*Do's:*

1. Check if you are eligible to apply as per the terms of the Red Herring Prospectus and under applicable law, rules, regulations, guidelines and approvals;
2. Ensure that you have Bid within the Price Band;
3. Read all the instructions carefully and complete the Bid cum Application Form in the prescribed form;
4. Ensure that the details about the PAN, DP ID and Client ID are correct and the Bidders depository account is active, as Allotment of the Equity Shares will be in the dematerialised form only;
5. Ensure that your Bid cum Application Form bearing the stamp of a Designated Intermediary is submitted to the Designated Intermediary at the Bidding Centre;
6. If the first applicant is not the account holder, ensure that the Bid cum Application Form is signed by the account holder. Ensure that you have mentioned the correct bank account number in the Bid cum Application Form;
7. Ensure that the signature of the First Bidder in case of joint Bids, is included in the Bid cum Application Forms;
8. Ensure that the name(s) given in the Bid cum Application Form is/are exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case of joint Bids, the Bid cum Application Form should contain only the name of the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names;
9. Ensure that you request for and receive a stamped acknowledgement of the Bid cum Application Form for all your Bid options;
10. Ensure that you have funds equal to the Bid Amount in the ASBA Account maintained with the SCSB before submitting the Bid cum Application Form under the ASBA process to the respective member of the Syndicate (in the Specified Locations), the SCSBs, the Registered Broker (at the Broker Centres), the RTA (at the Designated RTA Locations) or CDP (at the Designated CDP Locations);
11. Submit revised Bids to the same Designated Intermediary, through whom the original Bid was placed and obtain a revised acknowledgment;
12. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of a SEBI circular dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, and (ii) Bids by persons resident in the state of Sikkim, who, in terms of a SEBI circular dated July 20, 2006, may be exempted from specifying their PAN for transacting in the securities market, all Bidders should mention their PAN allotted under the IT Act. The exemption for the Central or the State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same. All other applications in which PAN is not mentioned will be rejected;
13. Ensure that the Demographic Details are updated, true and correct in all respects;

14. Ensure that thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India are attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;
15. Ensure that the category and the investor status is indicated;
16. Ensure that in case of Bids under power of attorney or by limited companies, corporates, trust etc., relevant documents are submitted;
17. Ensure that Bids submitted by any person outside India should be in compliance with applicable foreign and Indian laws;
18. Bidders should note that in case the DP ID, Client ID and the PAN mentioned in their Bid cum Application Form and entered into the online IPO system of the Stock Exchanges by the relevant Designated Intermediary, as the case may be, do not match with the DP ID, Client ID and PAN available in the Depository database, then such Bids are liable to be rejected. Where the Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in the same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form;
19. Ensure that the Bid cum Application Forms are delivered by the Bidders within the time prescribed as per the Bid cum Application Form and the Red Herring Prospectus;
20. Ensure that you have mentioned the correct ASBA Account number in the Bid cum Application Form;
21. Ensure that you have correctly signed the authorization/undertaking box in the Bid cum Application Form, or have otherwise provided an authorization to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form at the time of submission of the Bid;
22. Ensure that you receive an acknowledgement from the concerned Designated Intermediary, for the submission of your Bid cum Application Form; and

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

***Dont's:***

1. Do not Bid for lower than the minimum Bid size;
2. Do not Bid/revise Bid Amount to less than the Floor Price or higher than the Cap Price;
3. Do not pay the Bid Amount in cash, by money order, cheques or demand drafts or by postal order or by stock invest;
4. Do not send Bid cum Application Forms by post; instead submit the same to the Designated Intermediary only;
5. Do not submit the Bid cum Application Forms to any non-SCSB bank or our Company;
6. Do not Bid on a Bid cum Application Form that does not have the stamp of the relevant Designated Intermediary;
7. Do not Bid at Cut-off Price (for Bids by QIBs and Non-Institutional Bidders);

8. Do not instruct your respective Banks to release the funds blocked in the ASBA Account under the ASBA process;
9. Do not Bid for a Bid Amount exceeding Rs. 200,000 (for Bids by Retail Individual Bidders);
10. Do not fill up the Bid cum Application Form such that the Equity Shares Bid for exceeds the Issue size and / or investment limit or maximum number of the Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations or under the terms of the Red Herring Prospectus;
11. Do not submit the General Index Register number instead of the PAN;
12. Do not submit the Bid without ensuring that funds equivalent to the entire Bid Amount are blocked in the relevant ASBA Account;
13. Do not submit Bids on plain paper or on incomplete or illegible Bid cum Application Forms or on Bid cum Application Forms in a colour prescribed for another category of Bidder;
14. Do not submit a Bid in case you are not eligible to acquire Equity Shares under applicable law or your relevant constitutional documents or otherwise;
15. Do not Bid if you are not competent to contract under the Indian Contract Act, 1872 (other than minors having valid depository accounts as per Demographic Details provided by the depository);
16. Do not submit more than five Bid cum Application Forms per ASBA Account;

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

#### **BIDS AT DIFFERENT PRICE LEVELS AND REVISION OF BIDS**

- a) Our Company in consultation with the BRLM, and without the prior approval of, or intimation, to the Bidders, reserves the right to revise the Price Band during the Bid/ Issue Period, provided that the Cap Price shall be less than or equal to 120% of the Floor Price and the Floor Price shall not be less than the face value of the Equity Shares. The revision in Price Band shall not exceed 20% on the either side i.e. the floor price can move up or down to the extent of 20% of the floor price disclosed. If the revised price band decided, falls within two different price bands than the minimum application lot size shall be decided based on the price band in which the higher price falls into.
- b) Our Company in consultation with the BRLM, will finalize the Issue Price within the Price Band, without the prior approval of, or intimation, to the Bidders
- c) The Bidders can Bid at any price within the Price Band. The Bidder has to Bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders may Bid at the Cut-off Price. However, bidding at Cut-off Price is prohibited for QIB and Non-Institutional Bidders and such Bids from QIB and Non-Institutional Bidders shall be rejected.
- d) Retail Individual Bidders, who Bid at Cut-off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders shall submit the Bid cum Application Form along with a cheque/demand draft for the Bid Amount based on the Cap Price with the Syndicate. In case of ASBA Bidders (excluding Non-Institutional Bidders and QIB Bidders) bidding at Cut-off Price, the ASBA Bidders shall instruct the SCSBs to block an amount based on the Cap Price.

#### **COMMUNICATIONS**

All future communications in connection with Bids made in this Issue should be addressed to the Registrar quoting the full name of the sole or First Bidder, Bid cum Application Form number, Bidders Depository Account Details, number of Equity Shares applied for, date of Bid cum Application Form, name and address of the Application Collecting Intermediary where the Application was submitted thereof and a copy of the acknowledgement slip.

Bidders can contact the Compliance Officer or the Registrar in case of any pre Issue or post Issue related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary accounts, etc.

## **IMPERSONATION**

*Attention of the Bidders is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:*

*“Any person who—*

- a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or
- b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or
- c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,

*shall be liable for action under Section 447.”*

## **UNDERTAKINGS BY THE COMPANY**

Our Company undertake as follows:

1. That the complaints received in respect of the Issue shall be attended expeditiously and satisfactorily;
2. That all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at EMERGE Platform of National Stock Exchange of India Limited where the Equity Shares are proposed to be listed within six working days from Issue Closure date.
3. That the funds required for making refunds as per the modes disclosed or dispatch of allotment advice by registered post or speed post shall be made available to the Registrar and Share Transfer Agent to the Issue by our Company;
4. That our Promoter’s contribution in full has already been brought in;
5. That no further issue of Equity Shares shall be made till the Equity Shares issued through the Prospectus are listed or until the Application monies are refunded on account of non-listing, under-subscription etc.; and
6. That adequate arrangement shall be made to collect all Applications Supported by Blocked Amount while finalizing the Basis of Allotment.
7. If our Company does not proceed with the Issue after the Bid/Issue Opening Date but before allotment, then the reason thereof shall be given as a public notice to be issued by our Company

within two days of the Bid/Issue Closing Date. The public notice shall be issued in the same newspapers where the Pre-Issue advertisements were published. The stock exchanges on which the Equity Shares are proposed to be listed shall also be informed promptly;

8. If our Company withdraw the Issue after the Bid/Issue Closing Date, our Company shall be required to file a fresh Draft Red Herring Prospectus with the Stock exchange/RoC/SEBI, in the event our Company subsequently decides to proceed with the Issue;
9. Allotment is not made within the prescribed time period under applicable law, the entire subscription amount received will be refunded/unblocked within the time prescribed under applicable law. If there is delay beyond the prescribed time, our Company shall pay interest prescribed under the Companies Act, 2013, the SEBI Regulations and applicable law for the delayed period

#### **UTILIZATION OF THE ISSUE PROCEEDS**

The Board of Directors of our Company certifies that:

1. all monies received out of the issue shall be transferred to a separate Bank Account other than the bank account referred to in Sub-Section (3) of Section 40 of the Companies Act, 2013;
2. details of all monies utilized out of the issue referred above shall be disclosed and continue to be disclosed till the time any part of the Issue Proceeds remains unutilised, under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilized;
3. details of all unutilized monies out of the issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested; and
4. Our Company shall comply with the requirements of the SEBI Listing Regulations in relation to the disclosure and monitoring of the utilisation of the proceeds of the 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 Exchanges where listing is sought has been received.
6. The Book Running Lead Manager undertakes that the complaints or comments received in respect of the Issue shall be attended by our Company expeditiously and satisfactory.

#### **EQUITY SHARES IN DEMATERIALIZED FORM WITH NSDL OR CDSL**

To enable all shareholders of the Company to have their shareholding in electronic form, the Company is in the process of signing the following tripartite agreements with the Depositories and the Registrar and Share Transfer Agent:

- a. Agreement dated [●] among NSDL, the Company and the Registrar to the Issue;
- b. Agreement dated [●] among CDSL, the Company and the Registrar to the Issue;

The Company's shares bear ISIN no [●].

## PART B

### GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC ISSUES

*This General Information Document highlights the key rules, processes and procedures applicable to public issues in accordance with the provisions of the Companies Act, 2013 (to the extent notified and in effect), the Companies Act, 1956 (without reference to the provisions thereof that have ceased to have effect upon the notification of the Companies Act, 2013), the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. Bidders should not construe the contents of this General Information Document as legal advice and should consult their own legal counsel and other advisors in relation to the legal matters concerning the Issue. For taking an investment decision, the Bidders should rely on their own examination of the Issue and the Issuer, and should carefully read the Draft Red Herring prospectus before investing in the Issue.*

#### SECTION 1: PURPOSE OF THE GENERAL INFORMATION DOCUMENT (GID)

This document is applicable to the public issues undertaken *inter-alia* through the Book-Building Process as well as to the Fixed Price Issue. The purpose of the “General Information Document for Investing in Public Issues” is to provide general guidance to potential Bidders in IPOs, on the processes and procedures governing IPOs and FPOs, undertaken in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (“SEBI ICDR Regulations, 2009”).

Bidders should note that investment in equity and equity related securities involves risk and Bidder should not invest any funds in the Issue unless they can afford to take the risk of losing their investment. The specific terms relating to securities and/or for subscribing to securities in an Issue and the relevant information about the Issuer undertaking the Issue are set out in the Red Herring Prospectus (“RHP”)/Prospectus filed by the Issuer with the Registrar of Companies (“RoC”). Bidders should carefully read the entire RHP/Prospectus and the Bid cum Application Form/Application Form and the Abridged Prospectus of the Issuer in which they are proposing to invest through the Issue. In case of any difference in interpretation or conflict and/or overlap between the disclosure included in this document and the RHP/Prospectus, the disclosures in the RHP/Prospectus shall prevail. The RHP/Prospectus of the Issuer is available on the websites of stock exchanges, on the website(s) of the BRLM to the Issue and on the website of Securities and Exchange Board of India (“SEBI”) at [www.sebi.gov.in](http://www.sebi.gov.in).

For the definitions of capitalized terms and abbreviations used herein Bidders may refer to the section “Glossary and Abbreviations” beginning on page 3 of this Draft Red Herring Prospectus.

#### SECTION 2: BRIEF INTRODUCTION TO IPOs ON SME EXCHANGE

##### 2.1 Initial public offer (IPO)

An IPO means an offer of specified securities by an unlisted Issuer to the public for subscription and may include an Offer for Sale of specified securities to the public by any existing holder of such securities in an unlisted Issuer.

For undertaking an IPO, an Issuer is *inter-alia* required to comply with the eligibility requirements of in terms of either Regulation 26(1) or Regulation 26(2) of the SEBI ICDR Regulations, 2009. For details of compliance with the eligibility requirements by the Issuer, Bidders/Applicants may



refer to the DRHP.

## **2.2 Further public offer (FPO)**

An FPO means an offer of specified securities by a listed Issuer to the public for subscription and may include Offer for Sale of specified securities to the public by any existing holder of such securities in a listed Issuer. For undertaking an FPO, the Issuer is inter-alia required to comply with the eligibility requirements in terms of Regulation 26/ Regulation 27 of the SEBI ICDR Regulations, 2009. For details of compliance with the eligibility requirements by the Issuer, Bidders/Applicants may refer to the RHP/Prospectus.

The Issuer may also undertake IPO under of chapter XB of the SEBI (ICDR) Regulations, wherein as per,

- Regulation 106M (1): An issuer whose post- issue face value capital does not exceed ten crore rupees shall issue its specified securities in accordance with provisions of this Chapter.
- Regulation 106M (2): An issuer, whose post issue face value capital, is more than ten crore rupees and up to twenty five crore rupees, may also issue specified securities in accordance with provisions of this Chapter.

The present Issue being made under Regulation 106M (1) of Chapter XB of SEBI (ICDR) Regulation.

## **2.3 OTHER ELIGIBILITY REQUIREMENTS**

In addition to the eligibility requirements specified in paragraphs 2.1 and 2.2, an Issuer proposing to undertake an IPO or an FPO is required to comply with various other requirements as specified in the SEBI ICDR Regulations, 2009, the Companies Act, 1956 and the Companies Act, 2013 (the “Companies Act”), The Securities Contracts (Regulation) Rules, 1957 (the “SCRR”), industry-specific regulations, if any, and other applicable laws for the time being in force. Following are the eligibility requirements for making an SME IPO under Regulation 106M (2) of Chapter XB of SEBI (ICDR) Regulation:

- (a) In accordance with regulation 106(P) of the SEBI (ICDR) Regulations, issue has to be 100% underwritten and the BRLM has to underwrite at least 15% of the total issue size.
- (b) In accordance with Regulation 106(R) of the SEBI (ICDR) Regulations, total number of proposed allottees in the issue shall be greater than or equal to fifty, otherwise, the entire application money will be refunded forthwith. If such money is not repaid within eight days from the date the company becomes liable to repay it, than the Company and every officer in default shall, on and from expiry of eight days, be liable to repay such application money, with interest as prescribed under section 40 of the Companies Act, 2013.
- (c) In accordance with Regulation 106(O) the SEBI (ICDR) Regulations, Company is not required to file any Offer Document with SEBI nor has SEBI issue any observations on the Offer Document. The Book Running Lead Manager shall submit the copy of Red Herring Prospectus and Prospectus along with a Due Diligence Certificate including additional confirmations as required to SEBI at the time of filing the Red Herring Prospectus and Prospectus with the Registrar of Companies.
- (d) In accordance with Regulation 106(V) of the SEBI ICDR Regulations, the BRLM has to ensure compulsory market making for a minimum period of three years from the date of listing of

Equity Shares offered in the issue.

- (e) The company should have track record of at least 3 years
- (f) The company should have positive cash accruals (earnings before depreciation and tax) from operations for at least 2 financial years preceding the application and its net-worth should be positive
- (g) The post issue paid up capital of the company (face value) shall not be more than Rs. 25 crore.
- (h) The issuer shall mandatorily facilitate trading in demat securities.
- (i) The issuer should not be referred to Board for Industrial and Financial Reconstruction.
- (j) No petition for winding up is admitted by a court or a liquidator has not been appointed of competent jurisdiction against the Company
- (k) No material regulatory or disciplinary action should have been taken by any stock exchange or regulatory authority in the past three years against the issuer
- (l) The Company should have a website. Issuer shall also comply with all the other requirements as laid down for such an Issue under Chapter XB of SEBI (ICDR) Regulations and subsequent circulars and guidelines issued by SEBI and the Stock Exchange.

As per Regulation 106(M)(3) of SEBI (ICDR) Regulations, 2009, the provisions of Regulations 6(1), 6(2), 6(3), Regulation 7, Regulation 8, Regulation 9, Regulation 10, Regulation 25, Regulation 26, Regulation 27 and Sub regulation (1) of Regulation 49 of SEBI (ICDR) Regulations, 2009 shall not apply to this issue.

Thus Company is eligible for the issue in accordance with regulation 106M (1) and other provisions of chapter XB of the SEBI (ICDR) Regulations as the post issue face value capital does not exceed Rs. 1000 Lakhs. Company also complies with the eligibility conditions laid by the EMERGE Platform of NSE for listing of our Equity Shares.

## **2.4 TYPES OF PUBLIC ISSUES – FIXED PRICE ISSUES AND BOOK BUILT ISSUES**

In accordance with the provisions of the SEBI ICDR Regulations, 2009, an Issuer can either determine the Issue Price through the Book Building Process (“**Book Built issues**”) or undertake a Fixed Price Issue (“**Fixed Price Issues**”). An issuer may mention Price or Price Band in the Draft Red Herring Prospectus (in case of a fixed price Issue) and Floor price or price band in the Red Herring prospectus (in case of a book built issue) and determine the price at a later date before registering the prospectus with the Registrar of Companies.

The cap on the Price Band should be less than or equal to 120% of the Floor Price. The issuer shall announce the Price or the Floor Price or the Price Band through advertisement in all newspapers in which the pre-issue advertisement was given at least five Working Days before the Bid/ Issue Opening Date, in case of an IPO and at least one Working Day before the Bid/Issue Opening Date, in case of an FPO.

The Floor Price or the Issue price cannot be lesser than the face value of the securities. Bidders should refer to the RHP/ Prospectus or Issue advertisements to check whether the Issue is a Book Built Issue or a Fixed Price Issue.

## **2.5 ISSUE PERIOD**

The Issue may be kept open for a minimum of three Working Days (for all category of Bidders/Applicants) and not more than ten Working Days. Bidders/Applicants are advised to refer to the Bid cum Application Form and Abridged Prospectus or RHP/Prospectus for details of the Bid/Issue Period. Details of Bid/Issue Period are also available on the website of the Stock Exchange(s).

In case of a Book Built Issue, the Issuer may close the Bid/Issue Period for QIBs one Working Day prior to the Bid/Issue Closing Date if disclosures to that effect are made in the RHP. In case of revision of the Floor Price or Price Band in Book Built Issues the Bid/Issue Period may be extended by at least three Working Days, subject to the total Bid/Issue Period not exceeding 10 Working Days. For details of any revision of the Floor Price or Price Band, Bidders/Applicants may check the announcements made by the Issuer on the websites of the Stock Exchanges and the BRLM and the advertisement in the newspaper(s) issued in this regard

## **2.6 MIGRATION TO MAIN BOARD**

SME Issuer may migrate to the Main Board of SE from the SME Exchange at a later date subject to the following:

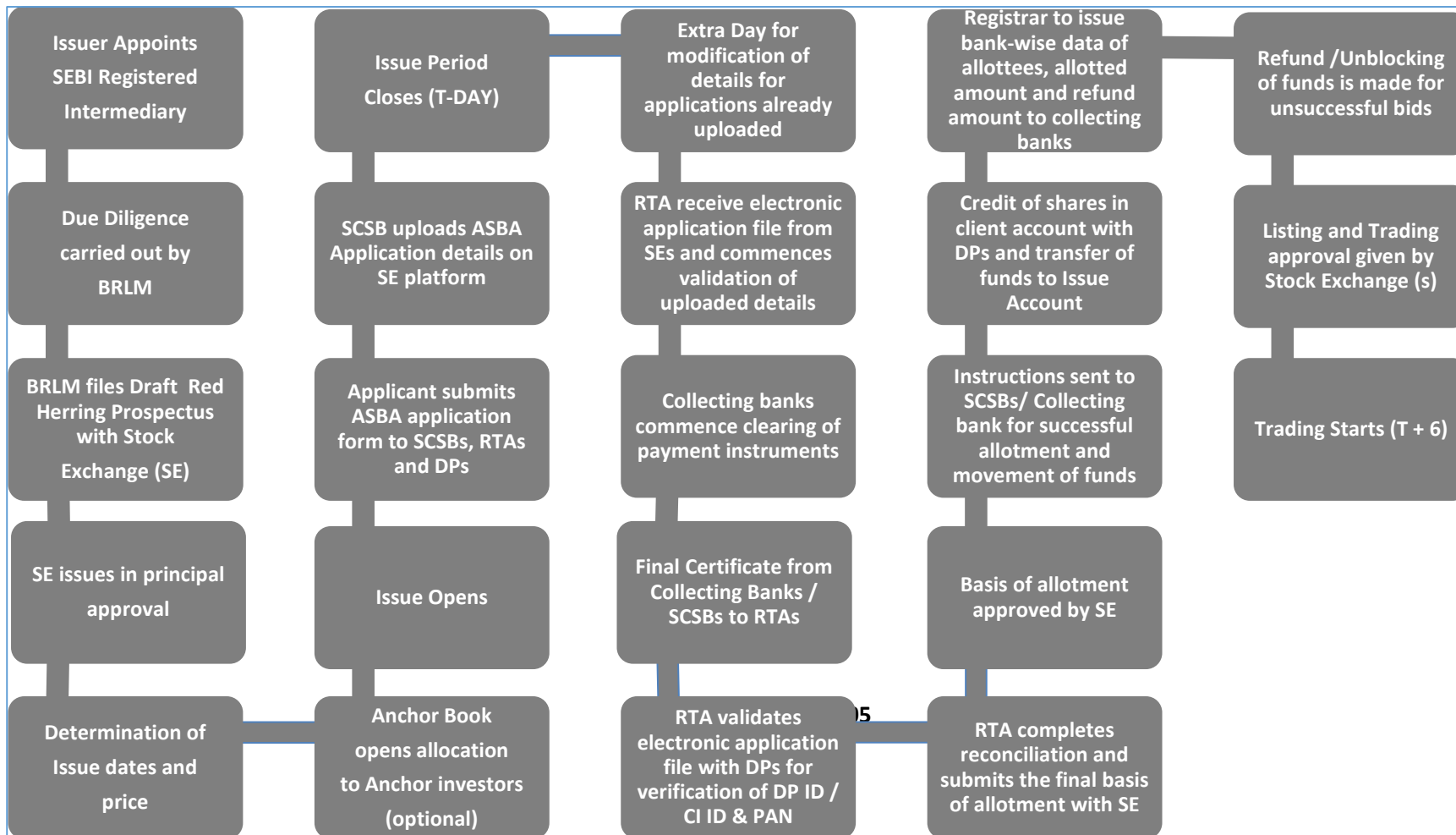
- (a) If the Paid up Capital of the Company is likely to increase above Rs. 25 crores by virtue of any further issue of capital by way of rights, preferential issue, bonus issue etc. (which has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the Promoter in favor of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal and for which the company has obtained in-principal approval from the main board), the Company shall apply to SE for listing of its shares on its Main Board subject to the fulfillment of the eligibility criteria for listing of specified securities laid down by the Main Board.

OR

- (b) If the Paid up Capital of the company is more than 10 crores but below Rs. 25 crores, the Company may still apply for migration to the main board if the same has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the Promoter in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal.

## **2.7 FLOWCHART OF TIMELINES**

A flow chart of process flow in Fixed Price and Book Built Issues is as follows



### **SECTION 3: CATEGORY OF INVESTORS ELIGIBLE TO PARTICIPATE IN AN ISSUE**

*Each Bidder should check whether it is eligible to apply under applicable law.* Furthermore, certain categories of Bidders, such as NRIs, FPIs and FVCIs may not be allowed to apply in the Issue or to hold Equity Shares, in excess of certain limits specified under applicable law. Bidders are requested to refer to the DRHP for more details.

Subject to the above, an illustrative list of Bidders is as follows:

1. Indian nationals resident in India who are not incompetent to contract in single or joint names (not more than three) or in the names of minors through natural/legal guardian;
2. Hindu Undivided Families or HUFs, in the individual name of the Karta. The Bidders should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: Name of Sole or First Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta. Bids by HUFs would be considered at par with those from individuals;
3. Companies, Corporate Bodies and Societies registered under the applicable laws in India and authorized to invest in the Equity Shares under their respective constitutional and charter documents;
4. Mutual Funds registered with SEBI;
5. Eligible NRIs on a repatriation basis or on a non-repatriation basis, subject to applicable laws. NRIs other than Eligible NRIs are not eligible to participate in this Issue;
6. Indian Financial Institutions, scheduled commercial banks, regional rural banks, co-operative banks (subject to RBI permission, and the SEBI Regulations and other laws, as applicable);
7. FPIs other than Category III FPI; VCFs and FVCIs registered with SEBI
8. Limited Liability Partnerships (LLPs) registered in India and authorized to invest in equity shares;
9. State Industrial Development Corporations;
10. Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts and who are authorized under their constitution to hold and invest in equity shares;
11. Scientific and/or Industrial Research Organizations authorized to invest in equity shares;
12. Insurance Companies registered with IRDA;
13. Provident Funds and Pension Funds with minimum corpus of Rs. 2,500 Lakhs and who are authorized under their constitution to hold and invest in equity shares;
14. Multilateral and Bilateral Development Financial Institutions;
15. National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of Government of India published in the Gazette of India;
16. Insurance funds set up and managed by army, navy or air force of the Union of India or by Department of Posts, India;
17. Any other person eligible to apply in this Issue, under the laws, rules, regulations, guidelines and policies applicable to them and under Indian laws

As per the existing regulations, OCBs cannot participate in this Issue.

## SECTION 4: APPLYING IN THE ISSUE

**Book Built Issue:** Bidders should only use the specified Bid cum Application Form (or in case of Anchor Investors, the Anchor Investor Application Form) either bearing the stamp of a member of the Syndicate or any other Designated Intermediary, bearing a stamp of the Registered Broker or stamp of SCSBs as available or downloaded from the websites of the Stock Exchanges.

Bid cum Application Forms are available with the Book Running Lead Manager, members of the Syndicate, Registered Brokers, Designated Intermediaries at Branches of the Bidding Centres, SCSBs and at the registered office of the Issuer. Electronic Bid cum Application Forms will be available on the websites of the Stock Exchanges at least one day prior to the Bid/Offer Opening Date. For further details, regarding availability of Bid cum Application Forms, Bidders may refer to the DRHP/RHP.

**Fixed Price Issue:** Applicants should only use the specified cum Application Form bearing the stamp of an SCSB as available or downloaded from the websites of the Stock Exchanges. Application Forms are available with the Designated Branches of the SCSBs and at the Registered and Corporate Office of the Issuer. For further details, regarding availability of Application Forms, Applicants may refer to the Prospectus.

Bidders/Applicants should ensure that they apply in the appropriate category. The prescribed colour of the Bid cum Application Form for various categories of Bidders/Applicants is as follows:

Category	Colour of the Bid cum Application Form (Excluding downloaded forms from SE website)
Resident Indian, Eligible NRIs applying on a non repatriation basis	White
Non-Residents and Eligible NRIs, FIIs, FVCIs, etc. applying on a repatriation basis	Blue
Anchor Investors (where applicable) & Bidders applying in the reserved category	Not Applicable

Securities issued in an IPO can only be in dematerialized form in compliance with Section 29 of the Companies Act, 2013. Bidders will not have the option of getting the allotment of specified securities in physical form. However, they may get the specified securities rematerialized subsequent to allotment.

### 4.1 INSTRUCTIONS FOR FILING THE BID CUM APPLICATION FORM/ ASBA FORM

Bidders may note that forms not filled completely or correctly as per instructions provided in this GUID, the RHP and the Bid cum Application Form/ Application Form are liable to be rejected.

Instructions to fill each field of the Bid cum Application Form can be found on the reverse side of the Bid cum Application Form. Specific instructions for filling various fields of the Resident Bid cum Application Form and Non-Resident Bid cum Application Form and samples are provided below.

The samples of the Bid cum Application Form for resident Bidders and the Bid cum Application Form for non- resident Bidders are reproduced below:

# R Bid cum Application Form

<b>COMMON BID CUM APPLICATION FORM</b>	<b>AFFINE FORMULATIONS LIMITED - INITIAL PUBLIC ISSUE - R</b> Registered Office: 28/10 Talwadi Dewas Naka, Indore, Madhya Pradesh 452010 India CIN: U24232MP2006PLC018755; Tel. No.:0731 4098747; Fax No.: NA E-mail: <a href="mailto:cs@affineformulations.com">cs@affineformulations.com</a> ; Website: <a href="http://www.affineformulations.com">www.affineformulations.com</a>	<b>FOR RESIDENT INDIANS INCLUDING RESIDENT QIBs AND ELIGIBLE NRIs APPLYING ON A NON-REPATRIATION BASIS</b>																																																																														
 To, The Board of Directors AFFINE FORMULATIONS LIMITED	<b>BOOK BUILT ISSUE</b> ISIN - INE-----	Bid Cum Application Form No. _____																																																																														
<b>SYNDICATE MEMBER'S STAMP &amp; CODE</b> _____ <b>BROKER'S / SCSB / CDP / RTA STAMP &amp; CODE</b> _____	<b>1. NAME &amp; CONTACT DETAILS OF SOLE / FIRST BIDDER</b> Mr./Ms./M/s. _____ _____ Address _____ _____ Email _____ Tel.No (with STD code) / Mobile _____	<b>2. PAN OF SOLE / FIRST BIDDER</b> _____																																																																														
<b>3. BIDDER'S DEPOSITORY ACCOUNT DETAILS</b> <input type="checkbox"/> NSDL <input type="checkbox"/> CDSL For NSDL enter 8 Digit DP ID followed by 8 Digit Client ID / For CDSL enter 16 Digit Client ID.	<b>4. BID OPTIONS (Only Retail individual Bidders can BID at "Cut-Off"). Price band Rs. [a]/- to Rs. [z]/-.</b> <table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2">Bid Options</th> <th colspan="8">No. of Equity Shares Bid (In Figures) (Bids must be in multiples of [n] equity shares)</th> <th colspan="6">Price per Equity Share (₹) / "Cut-off"</th> <th rowspan="2">"Cut-Off" (Please tick)</th> </tr> <tr> <th>8</th><th>7</th><th>1</th><th>1</th><th>4</th><th>3</th><th>2</th><th>1</th> <th>3</th><th>2</th><th>1</th><th>3</th><th>2</th><th>1</th> </tr> </thead> <tbody> <tr> <td>Option 1</td> <td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td> <td></td><td></td><td></td><td></td><td></td><td></td> <td><input type="checkbox"/></td> </tr> <tr> <td>(OR) Option 2</td> <td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td> <td></td><td></td><td></td><td></td><td></td><td></td> <td><input type="checkbox"/></td> </tr> <tr> <td>(OR) Option 3</td> <td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td> <td></td><td></td><td></td><td></td><td></td><td></td> <td><input type="checkbox"/></td> </tr> </tbody> </table>	Bid Options	No. of Equity Shares Bid (In Figures) (Bids must be in multiples of [n] equity shares)								Price per Equity Share (₹) / "Cut-off"						"Cut-Off" (Please tick)	8	7	1	1	4	3	2	1	3	2	1	3	2	1	Option 1															<input type="checkbox"/>	(OR) Option 2															<input type="checkbox"/>	(OR) Option 3															<input type="checkbox"/>	<b>5. CATEGORY</b> <input type="checkbox"/> Retail Individual Bidder <input type="checkbox"/> Non Institutional Bidder <input type="checkbox"/> QIB
Bid Options	No. of Equity Shares Bid (In Figures) (Bids must be in multiples of [n] equity shares)								Price per Equity Share (₹) / "Cut-off"						"Cut-Off" (Please tick)																																																																	
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<b>6. INVESTOR STATUS</b> <input type="checkbox"/> Individual      - IND <input type="checkbox"/> Hindu Undivided Family*      - HUF <input type="checkbox"/> Non-Resident Indian      - NRI (Non-Repatriation basis) <input type="checkbox"/> Bodies Corporate      - CO <input type="checkbox"/> Banks & Financial Institutions      - FI <input type="checkbox"/> Mutual Funds      - MF <input type="checkbox"/> National Investment Funds      - NIF <input type="checkbox"/> Insurance Funds      - IF <input type="checkbox"/> Insurance Companies      - IC <input type="checkbox"/> Venture Capital Funds      - VCF <input type="checkbox"/> Alternate Investment Funds      - AIF <input type="checkbox"/> Others (Please Specify)      - OTH <small>*HUF should apply only through Karta (Applicator by HUF would be treated as per- work individual)</small>	<b>7. PAYMENT DETAILS</b> PAYMENT OPTION: Full Payment <input type="checkbox"/>																																																																															
Amount Blocked (₹ in Figures) _____ (₹ in words) _____ ASBA Bank A/c No. _____ Bank Name & Branch _____																																																																																
I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID CUM APPLICATION FORM AND THE ATTACHED ABRIDGED PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC ISSUE ("GID") AND HEREBY AGREE AND CONFIRM THE "BIDDERS UNDERTAKING" AS GIVEN OVER LEAF I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THIS BID CUM APPLICATION FORM GIVEN OVER LEAF.																																																																																
<b>8A. SIGNATURE OF SOLE / FIRST BIDDER</b> _____ Date: _____, 2018	<b>8B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS)</b> I/We authorize the SCSB to do all acts as are necessary to make the Application in the list as 1) _____ 2) _____ 3) _____	<b>SYNDICATE MEMBER/BROKER / SCSB / CDP / RTA STAMP (Acknowledging upload of Bid in Stock Exchange system)</b> _____																																																																														
TEAR HERE																																																																																
 <b>AFFINE FORMULATIONS LIMITED - INITIAL PUBLIC ISSUE - R</b>	Acknowledgement Slip for Syndicate Member Broker/SCSB/CDP/RTA	Bid Cum Application Form No. _____																																																																														
DPID / CLID _____	PAN of Sole / First Bidder _____																																																																															
Amount Blocked (₹ in figures) _____ ASBA A/c No. _____ Bank & Branch _____ Received from Mr./Ms./M/s. _____ Telephone / Mobile _____ Email _____	Stamp & Signature of SCSB Branch _____																																																																															
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<b>AFFINE FORMULATIONS LIMITED - INITIAL PUBLIC ISSUE - R</b>	Stamp & Signature of Syndicate Member / Registered Broker / SCSB / CDP / RTA _____	Name of Sole / First Bidder _____ <b>Acknowledgment Slip for Bidder</b> Bid Cum Application Form No. _____																																																																														

# NR Bid cum Application ASBA Form

COMMON BID CUM APPLICATION FORM	<b>AFFINE FORMULATIONS LIMITED - INITIAL PUBLIC ISSUE - NR</b> Registered Office: 28/10 Tahvati Dewas Naka, Indore, Madhya Pradesh 452010 India CIN: U24232MP2006PLC018755; Tel.No.:0731 4098747; Fax No.: NA E-mail: cs@affineformulations.com ; Website: www.affineformulations.com	FOR NON-RESIDENTS, INCLUDING ELIGIBLE NRIs, FIIs FPIs OR FVCIs, ETC APPLYING ON A REPATRIATION BASIS																																																																															
 To, The Board of Directors AFFINE FORMULATIONS LIMITED	BOOK BUILT ISSUE ISIN - INE-----	Bid Cum Application Form No. _____																																																																															
SYNDICATE MEMBER'S STAMP & CODE	BROKER'S / SCSB / CDP / RTA STAMP & CODE	1. NAME & CONTACT DETAILS OF SOLE / FIRST BIDDER Mr./Ms./M/s. _____ _____ Address _____ _____ Email _____ Tel.No (with STD code) / Mobile _____																																																																															
SUB-BROKER'S / SUB-AGENT'S STAMP & CODE	ESCROWBANK / SCSB BRANCH STAMP & CODE																																																																																
BANK BRANCH SERIAL NO.	SCSB SERIAL NO.																																																																																
2. PAN OF SOLE / FIRST BIDDER _____																																																																																	
3. BIDDER'S DEPOSITARY ACCOUNT DETAILS <input type="checkbox"/> NSDL <input type="checkbox"/> CDSL For NSDL enter 8 Digit DP ID followed by 8 Digit Client ID / For CDSL enter 16 Digit Client ID.		6. INVESTOR STATUS <input type="checkbox"/> NRI Non-Resident Indian(s) (Repatriation basis) <input type="checkbox"/> FI FI or Sub Account not a Corporate/ Foreign Individual <input type="checkbox"/> FIIA FI Sub Account Corporate/Individual <input type="checkbox"/> FVCI Foreign Venture Capital Investor <input type="checkbox"/> FPI Foreign Portfolio Investor <input type="checkbox"/> OTH Others (Please Specify)																																																																															
4. BID OPTIONS (Only Retail individual Bidders can BID at "Cut-Off", Price band Rs. [a]/- to Rs. [b]/-) <table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2">Bid Options</th> <th colspan="8">No. of Equity Shares Bid (In Figures) (Bids must be in multiples of [a] equity shares)</th> <th colspan="6">Price per Equity Share (₹) / "Cut-off"</th> <th rowspan="2">"Cut-Off" (Please / tick)</th> </tr> <tr> <th>8</th><th>7</th><th>1</th><th>1</th><th>4</th><th>3</th><th>2</th><th>1</th> <th>Bid Price</th><th>Retail Discount</th><th>Net Price</th><th>3</th><th>2</th><th>1</th> </tr> </thead> <tbody> <tr> <td>Option 1</td> <td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td> <td></td><td></td><td></td><td></td><td></td><td></td><td><input type="checkbox"/></td> </tr> <tr> <td>(OR) Option 2</td> <td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td> <td></td><td></td><td></td><td></td><td></td><td></td><td><input type="checkbox"/></td> </tr> <tr> <td>(OR) Option 3</td> <td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td> <td></td><td></td><td></td><td></td><td></td><td></td><td><input type="checkbox"/></td> </tr> </tbody> </table>			Bid Options	No. of Equity Shares Bid (In Figures) (Bids must be in multiples of [a] equity shares)								Price per Equity Share (₹) / "Cut-off"						"Cut-Off" (Please / tick)	8	7	1	1	4	3	2	1	Bid Price	Retail Discount	Net Price	3	2	1	Option 1															<input type="checkbox"/>	(OR) Option 2															<input type="checkbox"/>	(OR) Option 3															<input type="checkbox"/>	5. CATEGORY <input type="checkbox"/> Retail Individual Bidder <input type="checkbox"/> Non Institutional Bidder <input type="checkbox"/> QIB
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Amount Blocked (₹ in Figures) _____ (₹ in words) _____ ASBA Bank A/c No. _____ Bank Name & Branch _____																																																																																	
I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID CUM APPLICATION FORM AND THE ATTACHED ABRIDGED PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC ISSUES ("GID") AND HEREBY AGREE AND CONFIRM THE BIDDERS UNDERTAKING AS GIVEN OVERLEAF I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE BID CUM APPLICATION FORM GIVEN OVERLEAF.																																																																																	
8A. SIGNATURE OF SOLE / FIRST BIDDER  Date: _____, 2018	8B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS) I/We authorize the SCSB to do all acts as are necessary to make the Application in the list as 1) _____ 2) _____ 3) _____	SYNDICATE MEMBER/BROKER / SCSB / CDP / RTA STAMP (Acknowledging upload of Bid in Stock Exchange system)																																																																															
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#### 4.1.1 NAME AND CONTACT DETAILS OF THE SOLE/ FIRST BIDDER

Bidders should ensure that the name provided in this field is exactly the same as the name in which the Depository Account is held.

- (a) **Mandatory Fields:** Bidders should note that the name and address fields are compulsory and e-mail and/or telephone number/ mobile number fields are optional. Bidders should note that the contact details mentioned in the Bid cum Application Form/ Application Form may be used to dispatch communications) in case the communication sent to the address available with the Depositories are returned undelivered or are not available. The contact details provided in the Bid cum Application Form may be used by the Issuer, the members of the Syndicate, the Registered Broker and the Registrar to the Issue only for correspondence(s) related to an Issue and for no other purposes.
- (b) **Joint Bids:** In the case of Joint Bids, the Bids should be made in the name of the Bidder whose name appears first in the Depository account. The name so entered should be the same as it appears in the Depository records. The signature of only such first Bidder would be required in the Bid cum Application Form/ Application Form and such first Bidder would be deemed to have signed on behalf of the joint holders. All payments may be made out in favour of the Bidder whose name appears in the Bid cum Application Form/ Application Form or the Revision Form and all communications may be addressed to such Bidder and may be dispatched to his or her address as per the Demographic Details received from the Depositories.
- (c) **Impersonation:** Attention of the Bidders is specifically drawn to the provisions of sub section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

Any person who:

- *makes or abets making of an application in a fictitious name to a Company for acquiring, or subscribing for, its securities; or*
- *makes or abets making of multiple applications to a Company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*
- *otherwise induces directly or indirectly a Company to allot, or register any transfer of securities to him, or to any other person in a fictitious name,*

*Shall be liable for action under section 447 of the said Act.*

- (d) **Nomination Facility to Bidder:** Nomination facility is available in accordance with the provisions of Section 72 of the Companies Act, 2013. In case of allotment of the Equity Shares in dematerialized form, there is no need to make a separate nomination as the nomination registered with the Depository may prevail. For changing nominations, the Bidders should inform their respective DP.

#### 4.1.2 PAN NUMBER OF SOLE /FIRST BIDDER

- a) PAN (of the sole/first Bidder) provided in the Bid cum Application Form/Application Form should be exactly the same as the PAN of the person in whose sole or first name the relevant beneficiary account is held as per the Depositories' records.
- b) PAN is the sole identification number for participants transacting in the securities market irrespective of the amount of transaction except for Bids on behalf of the Central or State Government, Bids by officials appointed by the courts and Bids by Bidders residing in Sikkim ("PAN Exempted Bidders"). Consequently, all Bidders, other than the PAN Exempted Bidders, are required to disclose their PAN in the Bid cum Application Form, irrespective of the Bid Amount. Bids by the Bidders whose PAN is not available as per the Demographic Details available in their Depository records, are liable to be rejected.
- c) The exemption for the PAN Exempted Bidders is subject to (a) the Demographic Details received from the respective Depositories confirming the exemption granted to the beneficiary

owner by a suitable description in the PAN field and the beneficiary account remaining in “active status”; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same.

- d) Bid cum Application Forms which provide the GIR Number instead of PAN may be rejected.
- e) Bids by Bidders whose demat accounts have been ‘suspended for credit’ are liable to be rejected pursuant to the circular issued by SEBI on July 29, 2010, bearing number CIR/MRD/DP/22/2010. Such accounts are classified as “Inactive demat accounts” and Demographic Details are not provided by depositories.

#### **4.1.3 BIDDERS DEPOSITORY ACCOUNT DETAILS**

- a) Bidder should ensure that DP ID and the Client ID are correctly filled in the Bid cum Application Form. The DP ID and Client ID provided in the Bid cum Application Form should match with the DP ID and Client ID available in the Depository database, otherwise, the **Bid cum Application Form is liable to be rejected.**
- b) Bidder should ensure that the beneficiary account provided in the Bid cum Application Form is active.
- c) Bidder should note that on the basis of DP ID and Client ID as provided in the Bid cum Application Form, the Bidder may be deemed to have authorized the Depositories to provide to the Registrar to the Issue, any requested Demographic Details of the as available on the records of the depositories. These Demographic Details may be used, among other things, for sending allocation advice and for other correspondence(s) related to the Issue.
- d) Bidders are, advised to update any changes to their Demographic Details as available in the records of the Depository Participant to ensure accuracy of records. Any delay resulting from failure to update the Demographic Details would be at the Bidders’ sole risk.

#### **4.1.4 : BID OPTIONS**

- a) Price or Floor Price or Price Band, minimum Bid Lot and Discount (if applicable) may be disclosed in the RHP by the Issuer. The Issuer is required to announce the Floor Price or Price Band, minimum Bid Lot and Discount (if applicable) by way of an advertisement in at least one English, one Hindi and one regional newspaper, with wide circulation, at least five Working Days before Bid/Issue Opening Date in case of an IPO, and at least one Working Day before Bid/Issue Opening Date in case of an FPO.
- b) The Bidders may Bid at or above Floor Price or within the Price Band for IPOs undertaken through the Book Building Process. Cut-Off Price: Retail Individual Investors or Employees or Retail Individual Shareholders can Bid at the Cut off Price indicating their agreement to Bid for and purchase the Equity Shares at the Offer Price as determined at the end of the Book Building Process. Bidding at the Cut-off Price is prohibited for QIBs and NIIs and such Bids from QIBs and NIIs may be rejected.
- c) **Cut-Off Price: Retail Individual Investors or Employees or Retail Individual Shareholders can Bid at the Cut-off Price indicating their agreement to Bid for and purchase the Equity Shares at the Offer Price as determined at the end of the Book Building Process. Bidding at the Cut-off Price is prohibited for QIBs and NIIs and such Bids from QIBs and NIIs may be rejected.**
- d) **Minimum Bid Value and Bid Lot:** The Issuer in consultation with the BRLM may decide the minimum number of Equity Shares for each Bid to ensure that the minimum Bid value is within the range of above Rs.1,00,000. The minimum Bid Lot is accordingly determined by an Issuer on basis of such minimum Bid value.
- e) **Allotment:** The Allotment of specified securities to each RII shall not be less than the minimum Bid Lot, subject to availability of shares in the RII category, and the remaining available shares, if any, shall be Allotted on a proportionate basis. For details of the Bid Lot, Bidders may to the RHP or the advertisement regarding the Price Band published by the Issuer.

#### **4.1.4.1 Maximum and Minimum Bid Size**

- a) The Bidder may Bid for the desired number of Equity Shares at a specific price. Bids by Retail Individual Investors, Employees and Retail Individual Shareholders must be for such number of shares so as to ensure that the Bid Amount less Discount (as applicable), payable by the Bidder does not exceed Rs. 200,000.
- b) In case the Bid Amount exceeds Rs. 200,000 due to revision of the Bid or any other reason, the Bid may be considered for allocation under the Non-Institutional Category (with it not being eligible for Discount), then such Bid may be rejected if it is at the Cut-off Price.
- c) For NRIs, a Bid Amount of up to Rs. 200,000 may be considered under the Retail Category for the purposes of allocation and a Bid Amount exceeding Rs. 200,000 may be considered under the Non-Institutional Category for the purposes of allocation.
- d) Bids by QIBs and NIIs must be for such minimum number of shares such that the Bid Amount exceeds Rs. 200,000 and in multiples of such number of Equity Shares thereafter, as may be disclosed in the Bid cum Application Form and the RHP/Prospectus, or as advertised by the Issuer, as the case may be. Non-Institutional Investors and QIBs are not allowed to Bid at Cut off Price.
- e) RII may revise or withdraw their bids until Bid/Offer Closing Date. QIBs and NII's cannot withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after Bidding and are required to pay the Bid Amount upon submission of the Bid.
- f) In case the Bid Amount reduces to Rs. 200,000 or less due to a revision of the Price Band, Bids by the Non-Institutional Investors who are eligible for allocation in the Retail Category would be considered for allocation under the Retail Category.
- g) For Anchor Investors, if applicable, the Bid Amount shall be least Rs 10 crores. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors. Bids by various schemes of a Mutual Fund shall be aggregated to determine the Bid Amount. A Bid cannot be submitted for more than 60% of the QIB Category under the Anchor Investor Portion. Anchor Investors cannot withdraw their Bids or lower the size of their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after the Anchor Investor Bid/Offer Period and are required to pay the Bid Amount at the time of submission of the Bid. In case the Anchor Investor Issue Price is lower than the Issue Price, the balance amount shall be payable as per the pay-in-date mentioned in the revised CAN. In case the Issue Price is lower than the Anchor Investor Offer Price, the amount in excess of the Issue Price paid by the Anchor Investors shall not be refunded to them.
- h) A Bid cannot be submitted for more than the issue size.
  - I) The maximum Bid by any Bidder including QIB Bidder should not exceed the investment limits prescribed for them under the applicable laws.
  - II) The price and quantity options submitted by the Bidder in the Bid cum Application Form may be treated as optional bids from the Bidder and may not be cumulated. After determination of the issue Price, the number of Equity Shares Bid for by a Bidder at or above the issue Price may be considered for Allotment and the rest of the Bid(s), irrespective of the Bid Amount may automatically become invalid. This is not applicable in case of FPOs undertaken through Alternate Book Building Process.

#### **4.1.4.2 Multiple Bids**

- (a) Bidder should submit only one Bid cum Application Form. Bidder shall have the option to make a maximum of Bids at three different price levels in the Bid cum Application Form and such options are not considered as multiple Bids. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate, SCSB or Registered Broker

and duplicate copies of Bid cum Application Forms bearing the same application number shall be treated as multiple Bids and are liable to be rejected.

- (b) Bidders are requested to note the following procedures may be followed by the Registrar to the Issue to detect multiple Bids:
  - i. All Bids may be checked for common PAN as per the records of the Depository. For Bidders other than Mutual Funds and FII sub-accounts, Bids bearing the same PAN may be treated as multiple Bids by a Bidder and may be rejected.
  - ii. For Bids from Mutual Funds and FII sub-accounts, submitted under the same PAN, as well as Bids on behalf of the PAN Exempted Bidders, the Bid cum Application Forms may be checked for common DP ID and Client ID. Such Bids which have the same DP ID and Client ID may be treated as multiple Bids and are liable to be rejected.
- (c) The following Bids may not be treated as multiple Bids:
  - i. Bids by Reserved Categories Bidding in their respective Reservation Portion as well as bids made by them in the Offer portion in public category.
  - ii. Separate Bids by Mutual Funds in respect of more than one scheme of the Mutual Fund provided that the Bids clearly indicate the scheme for which the Bid has been made.
  - iii. Bids by Mutual Funds, and sub-accounts of FIIs (or FIIs and its sub-accounts) submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs.
  - iv. Bids by Anchor Investors under the Anchor Investor Portion and the QIB Portion.

#### **4.1.5 CATEGORY OF BIDDERS**

- (a) The categories of Bidders identified as per the SEBI ICDR Regulations, 2009 for the purpose of Bidding, allocation and allotment in the Issue are RIIs, NIIs and QIBs.
- (b) An Issuer can make reservation for certain categories of Bidders as permitted under the SEBI ICDR Regulations, 2009. For details of any reservations made in the Issue, Bidders may refer to the RHP.
- (c) The SEBI ICDR Regulations, 2009, specify the allocation or allotment that may be made to various categories of Bidders in an Issue depending upon compliance with the eligibility conditions. Details pertaining to allocation are disclosed on reverse side of the Revision Form. For Issue specific details in relation to allocation Bidder may refer to the DRHP.

#### **4.1.6 INVESTOR STATUS**

- (a) Each Bidder should check whether it is eligible to apply under applicable law and ensure that any prospective allotment to it in the Issue is in compliance with the investment restrictions under applicable law.
- (b) Certain categories of Bidder, such as NRIs, FPIs and FVCIs may not be allowed to Bid/apply in the Issue or hold Equity Shares exceeding certain limits specified under applicable law. Bidders are requested to refer to the Draft Red Herring Prospectus for more details.
- (c) Bidders should check whether they are eligible to apply on non-repatriation basis or repatriation basis and should accordingly provide the investor status. Details regarding investor status are different in the Resident Bid cum Application Form and Non-Resident Bid cum Application Form.
- (d) Bidders should ensure that their investor status is updated in the Depository records.

#### **4.1.7 PAYMENT DETAILS**

- i. The full Bid Amount (net of any Discount, as applicable) shall be blocked in the ASBA Account based on the authorisation provided in the Bid cum Application Form. If discount

is applicable in the Issue, the RIIs should indicate the full Bid Amount in the Bid cum Application Form and the funds shall be blocked for the Bid Amount net of Discount. Only in cases where the RHP indicates that part payment may be made, such an option can be exercised by the Bidder. In case of Bidders specifying more than one Bid Option in the Bid cum Application Form, the total Bid Amount may be calculated for the highest of three options at net price, i.e. Bid price less Discount offered, if any.

- ii. Bid Amount cannot be paid in cash, through money order or through postal order or through stock invest.
- iii. Bidders who Bid at Cut-off Price shall DEPOSIT the Bid Amount based on the Cap Price.
- iv. All Bidders can participate in the Offer only through the ASBA mechanism.
- v. Please note that, providing bank account details in the space provided in the Bid cum Application Form is mandatory and Applications that do not contain such details are liable to be rejected.

#### **4.1.7.1. Payment instructions for Bidders**

Bidders may submit the Bid cum Application Form either

in electronic mode through the internet banking facility offered by an SCSB authorizing blocking of funds that are available in the ASBA account specified in the Bid cum Application Form, or

in physical mode to any Designated Intermediary.

Bidders must specify the Bank Account number in the Bid cum Application Form. The Bid cum Application Form submitted by Bidder and which is accompanied by cash, demand draft, money order, postal order or any mode of payment other than blocked amounts in the ASBA Account maintained with an SCSB, will not be accepted.

Bidders should ensure that the Bid cum Application Form is also signed by the ASBA Account holder(s) if the Bidder is not the ASBA Account holder.

Bidders shall note that for the purpose of blocking funds under ASBA facility clearly demarcated funds shall be available in the account.

From one ASBA Account, a maximum of five Bid cum Application Forms can be submitted.

Bidders should submit the Bid cum Application Form only at the Bidding Centre i.e. to the respective member of the Syndicate at the Specified Locations, the SCSBs, the Registered Broker at the Broker Centres, the RTA at the Designated RTA Locations or CDP at the Designated CDP Locations

Bidders bidding through a Designated Intermediary, other than a SCSB, should note that Bid cum Application Forms submitted to such Designated Intermediary may not be accepted, if the SCSB where the ASBA Account, as specified in the Bid cum Application Form, is maintained has not named at least one branch at that location for such Designated Intermediary, to deposit Bid cum Application Forms.

Bidders bidding directly through the SCSBs should ensure that the Bid cum Application Form is submitted to a Designated Branch of a SCSB where the ASBA Account is maintained.

Upon receipt of the Bid cum Application Form, the Designated Branch of the SCSB may verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the Bid cum Application Form.

If sufficient funds are available in the ASBA Account, the SCSB may block an amount equivalent to the Bid Amount mentioned in the Bid cum Application Form and for application directly submitted to SCSB by investor, may enter each Bid option into the electronic bidding system as a separate Bid.

If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB may not accept such Bids and such bids are liable to be rejected.

Upon submission of a completed Bid cum Application Form each Bidder may be deemed to have agreed to block the entire Bid Amount and authorized the Designated Branch of the SCSB to block the Bid Amount specified in the Bid cum Application Form in the ASBA Account maintained with the SCSBs

The Bid Amount may remain blocked in the aforesaid ASBA Account until finalisation of the Basis of Allotment and consequent transfer of the Bid Amount against the Allotted Equity Shares to the Public Issue Account, or until withdrawal or failure of the Issue, or until withdrawal or rejection of the Bid, as the case may be.

SCSBs bidding in the Issue must apply through an Account maintained with any other SCSB; else their Bids are liable to be rejected.

#### **4.1.8. Unblocking of ASBA Account**

- (a) Once the Basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the Issue may provide the following details to the controlling branches of each SCSB, along with instructions to unblock the relevant bank accounts and for successful Bids transfer the requisite money to the Public Issue Account designated for this purpose, within the specified timelines: (i) the number of Equity Shares to be Allotted against each Bid, (ii) the amount to be transferred from the relevant bank account to the Public Issue Account, for each Bid, (iii) the date by which funds referred to in (ii) above may be transferred to the Public Issue Account, and (iv) details of rejected Bids, if any, to enable the SCSBs to unblock the respective bank accounts.
- (b) On the basis of instructions from the Registrar to the Issue, the SCSBs may transfer the requisite amount against each successful Bidder to the Public Issue Account and may unblock the excess amount, if any, in the ASBA Account.
- (c) In the event of withdrawal or rejection of the Bid cum Application Form and for unsuccessful Bids, the Registrar to the Issue may give instructions to the SCSB to unblock the Bid Amount in the relevant ASBA Account within six Working Days of the Bid/Issue Closing Date.
- (d) In the event of withdrawal or rejection of the Bid cum Application Form and for unsuccessful Bidders, the Registrar to the Issue may give instructions to the SCSB to unblock the Bid Amount in the relevant ASBA Account within 6 Working Days of the Bid/Issue Closing Date.

##### **4.1.8.1. Discount (if applicable)**

- (a) The Discount is stated in absolute rupee terms.
- (b) Bidders applying under RII category, Retail Individual Shareholder and employees are only eligible for discount. For Discounts offered in the Issue, Bidders may refer to the RHP/Prospectus.
- (c) The Bidders entitled to the applicable Discount in the Issue may make payment for an amount i.e. the Bid Amount less Discount (if applicable).

Bidder may note that in case the net payment (post Discount) is more than two lakh Rupees, the bidding system automatically considers such Bids for allocation under Non-Institutional Category. These Bids are neither eligible for Discount nor fall under RII category.

##### **4.1.8.2. Additional Payment Instructions for NRIs**

The Non-Resident Indians who intend to block funds through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians (non-repatriation basis). In the case of Bids by NRIs applying on a repatriation basis, payment shall not be accepted out of NRO Account.

#### **4.1.9. SIGNATURES AND OTHER AUTHORISATIONS**

- (a) Only the First Bidder is required to sign the Bid cum Application Form. Bidders should ensure that signatures are in one of the languages specified in the Eighth Schedule to the Constitution of India.
- (b) If the ASBA Account is held by a person or persons other than the Bidder, then the Signature

of the ASBA Account holder(s) is also required.

- (c) In relation to the Bids, signature has to be correctly affixed in the authorization/undertaking box in the Bid cum Application Form, or an authorisation has to be provided to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid/ amount mentioned in the Bid cum Application Form.
- (d) Bidders must note that Bid cum Application Form without signature of Bidder and /or ASBA Account holder is liable to be rejected.

#### **4.1.10. ACKNOWLEDGEMENT AND FUTURE COMMUNICATION**

- (a) Bidders should ensure that they receive the acknowledgment duly signed and stamped by Bid Collecting Intermediary or SCSB, as applicable, for submission of the Bid cum Application Form.
- (b) All communications in connection with Bid made in the Offer should be addressed as under:
  - i. In case of queries related to Allotment, non-receipt of Allotment Advice, credit of allotted equity shares, the Bidders should contact the Registrar to the Issue.
  - ii. In case of ASBA Bids submitted to the Designated Branches of the SCSBs, the Bidders should contact the relevant Designated Branch of the SCSB.
  - iii. Bidders may contact the Company Secretary and Compliance Officer or BRLM in case of any other complaints in relation to the Offer.
  - iv. In case of queries relating to uploading of Bids by a Syndicate Member, the Bidders should contact the relevant Syndicate Member.
  - v. In case of queries relating to uploading of Bids by a Registered Broker, the Bidders should contact the relevant Registered Broker
  - vi. In case of Bids submitted to the RTA, the Bidders should contact the relevant RTA.
  - vii. In case of Bids submitted to the DP, the Bidders should contact the relevant DP.
- (c) The following details (as applicable) should be quoted while making any queries -
  - i. Full name of the sole or First Bidder, Bid cum Application Form number, Bidder' DP ID, Client ID, PAN, number of Equity Shares applied for, amount paid on Bid.
  - ii. name and address of the Designated Intermediary, where the Bid was submitted; or For further details, Bidder may refer to the Draft Red Herring Prospectus and the Bid cum Application Form.

#### **4.2. INSTRUCTIONS FOR FILING THE REVISION FORM**

- (a) During the Bid/Offer Period, any Bidder (other than QIBs and NIIs, who can only revise their Bid amount upwards) who has registered his or her interest in the Equity Shares for a particular number of shares is free to revise number of shares applied using revision forms available separately.
- (b) RII may revise / withdraw their Bid till closure of the Bid/Offer period.
- (c) Revisions can be made only in the desired number of Equity Shares by using the Revision Form.
- (d) The Bidder can make this revision any number of times during the Bid/Offer Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the SCSB through which such Bidder had placed the original Bid.

A sample Revision form is reproduced below:

#### **Revision Form – R**

 To, The Board of Directors AFFINE FORMULATIONS LIMITED	<b>BOOK BUILT ISSUE</b> ISIN - INE-----	Bid Cum Application Form No. <span style="border: 1px solid black; display: inline-block; width: 100px; height: 20px;"></span>
SYNDICATE MEMBER'S STAMP & CODE  SUB-BROKER'S/SUB-AGENT'S STAMP & CODE  BANK BRANCH SERIAL NO.	BROKER'S / SCSB / DP/ RTA STAMP & CODE  ESCROW BANK / SCSB BRANCH STAMP & CODE  SCSB SERIAL NO.	<b>1. NAME &amp; CONTACT DETAILS OF SOLE/FIRST BIDDER</b> Mr./Ms/M/s _____ Address _____ Email _____ Tel. No (with STD code) / Mobile _____ <b>2. PAN OF SOLE / FIRST BIDDER</b> _____ <b>3. BIDDERS DEPOSITORY ACCOUNT DETAILS</b> <input type="checkbox"/> NSDL <input type="checkbox"/> CDSL For NSDL enter 8 Digit DPID followed by 8 Digit Client ID / For CDSL enter 11 Digit Client ID

**PLEASE CHANGE MY BID**

**4. FROM (AS PER LAST BID OR REVISION)**

Bid Options	No. of Equity Shares Bid (In Figures) (Bids must be in multiples of [●] equity shares)	Price per Equity Share (₹) / "Cut-off" (In Figures)			
		Bid Price	Retail Discount, if any	Net Price	"Cut-off" (Please ✓ tick)
Option 1	8 7 6 5 4 3 2 1	4 3 2 1	3 2 1	4 3 2 1	<input type="checkbox"/>
(OR) Option 2					<input type="checkbox"/>
(OR) Option 3					<input type="checkbox"/>

**5. TO (REVISED BID) (Only Retail individual Bidders can BID at "Cut-Off")**

Bid Options	No. of Equity Shares Bid (In Figures) (Bids must be in multiples of [●] equity shares)	Price per Equity Share (₹) / "Cut-off" (In Figures)			
		Bid Price	Retail Discount, if any	Net Price	"Cut-off" (Please ✓ tick)
Option 1	8 7 6 5 4 3 2 1	4 3 2 1	3 2 1	4 3 2 1	<input type="checkbox"/>
(OR) Option 2					<input type="checkbox"/>
(OR) Option 3					<input type="checkbox"/>

**6. PAYMENT DETAILS** PAYMENT OPTION : Full Payment

Additional Amount Blocked (₹ in Figures) \_\_\_\_\_ (₹ in words) \_\_\_\_\_

ASBA Bank A/c No. \_\_\_\_\_

Bank Name & Branch \_\_\_\_\_

I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID CUM APPLICATION FORM AND THE ATTACHED ABRIDGED PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC OFFERS ("GID") AND HEREBY AGREE AND CONFIRM THE BIDDERS UNDERTAKING AS GIVEN OVER LEAF I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILING UP THE BID CUM APPLICATION FORM GIVEN OVER LEAF.

<b>7 A. SIGNATURE OF SOLE / FIRST BIDDER</b>  Date: _____, 2018	<b>7 B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS)</b> I/We endorse the SCSB to attach as necessary to make the Application in the Offer: 1) _____ 2) _____ 3) _____	<b>SYNDICATE MEMBER/BROKER / SCSB / CDP / RTA STAMP</b> (acknowledging up load of Bid in Stock Exchange system)
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TEAR HERE

 <b>AFFINE FORMULATIONS LIMITED - INITIAL PUBLIC ISSUE - REVISION - R</b>	Acknowledgement Slip for Syndicate Member Broker/SCSB/CDP/RTA	Bid Cum Application Form No. <span style="border: 1px solid black; display: inline-block; width: 100px; height: 20px;"></span>
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PAN of Sole / First Bidder \_\_\_\_\_

DPID / CLID _____	ASBA A/c No. _____	Stamp & Signature of SCSB Branch
Additional Amount Blocked (₹ in figures) _____	Bank & Branch _____	_____
Received from Mr./Ms. _____	Telephone / Mobile _____ Email _____	


TEAR HERE

<b>AFFINE FORMULATIONS LIMITED - INITIAL PUBLIC ISSUE - R</b>	<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <th></th> <th>Option 1</th> <th>Option 2</th> <th>Option 3</th> </tr> <tr> <td>No. of Equity Shares</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Bid Price</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Additional Amount Blocked (₹)</td> <td></td> <td></td> <td></td> </tr> </table>		Option 1	Option 2	Option 3	No. of Equity Shares				Bid Price				Additional Amount Blocked (₹)				<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width:50%;">                 Stamp &amp; Signature of Syndicate Member / Registered Broker / SCSB / CDP / RTA             </td> <td style="width:50%;">                 Name of Sole / First Bidder             </td> </tr> <tr> <td colspan="2" style="text-align: center;"> <b>Acknowledgement Slip for Bidder</b> </td> </tr> <tr> <td colspan="2">                 Bid Cum Application Form No. <span style="border: 1px solid black; display: inline-block; width: 100px; height: 20px;"></span> </td> </tr> </table>	Stamp & Signature of Syndicate Member / Registered Broker / SCSB / CDP / RTA	Name of Sole / First Bidder	<b>Acknowledgement Slip for Bidder</b>		Bid Cum Application Form No. <span style="border: 1px solid black; display: inline-block; width: 100px; height: 20px;"></span>	
	Option 1	Option 2	Option 3																					
No. of Equity Shares																								
Bid Price																								
Additional Amount Blocked (₹)																								
Stamp & Signature of Syndicate Member / Registered Broker / SCSB / CDP / RTA	Name of Sole / First Bidder																							
<b>Acknowledgement Slip for Bidder</b>																								
Bid Cum Application Form No. <span style="border: 1px solid black; display: inline-block; width: 100px; height: 20px;"></span>																								
ASBA Bank A/c No. _____ Bank & Branch: _____																								



Revision Form – NR

<b>COMMON BID REVISION FORM</b>	<b>AFFINE FORMULATIONS LIMITED - INITIAL PUBLIC ISSUE - REVISION - NR</b> Registered Office: 28/10 Talwadi Dewas Naka, Indore, Madhya Pradesh 452010 India CIN: U24232MP2006PLC018755; Tel. No.: 0731 4098747; Fax No.: NA E-mail: cs@affineformulations.com; Website: www.affineformulations.com	<b>FOR NON-RESIDENTS, INCLUDING ELIGIBLE NRIs, FIIs FPIs OR FVCI, ETC APPLYING ON A REPATRIATION BASIS</b>
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 To, The Board of Directors AFFINE FORMULATIONS LIMITED	<b>BOOK BUILT ISSUE</b> ISIN - INE-----	Bid Cum Application Form No.	
SYNDICATE MEMBER'S STAMP & CODE	BROKER'S / SCSB / DP/ RTA STAMP & CODE	<b>1. NAME &amp; CONTACT DETAILS OF SOLE/FIRST BIDDER</b> Mr/Ms/M/s _____ Address _____ Email _____ Tel. No (with STD code) / Mobile _____	
SUB-BROKER'S/SUB-AGENT'S STAMP & CODE	ESCROWBANK / SCSB BRANCH STAMP & CODE	<b>2. PAN OF SOLE / FIRST BIDDER</b> _____	
BANK BRANCH SERIAL NO.	SCSB SERIAL NO.	<b>3. BIDDERS DEPOSITARY ACCOUNT DETAILS</b> <input type="checkbox"/> NSDL <input type="checkbox"/> CDSL For NSDL Enter 8 Digit DPID followed by 8 Digit Cheq ID / For CDSL Enter 11 Digit Cheq ID	

PLEASE CHANGE MY BID

4. FROM (AS PER LAST BID OR REVISION)													
Bid Options	No. of Equity Shares Bid (In Figures) (Bids must be in multiples of [e] equity shares)							Price per Equity Share (₹) / "Cut-off" (In Figures)					"Cut-off" (Please ✓ tick)
	8	7	6	5	4	3	2	1	Bid Price	Retail Discount, if any	Net Price		
Option 1													<input type="checkbox"/>
(OR) Option 2													<input type="checkbox"/>
(OR) Option 3													<input type="checkbox"/>


5. TO (REVISED BID) (Only Retail individual Bidders can BID at "Cut-Off")													
Bid Options	No. of Equity Shares Bid (In Figures) (Bids must be in multiples of [e] equity shares)							Price per Equity Share (₹) / "Cut-off" (In Figures)					"Cut-off" (Please ✓ tick)
	8	7	6	5	4	3	2	1	Bid Price	Retail Discount, if any	Net Price		
Option 1													<input type="checkbox"/>
(OR) Option 2													<input type="checkbox"/>
(OR) Option 3													<input type="checkbox"/>

<b>6. PAYMENT DETAILS</b>										PAYMENT OPTION : Full Payment <input checked="" type="checkbox"/>		
Additional Amount Blocked (₹ in Figures) _____ (₹ in words) _____												
ASBA Bank A/c No. _____												
Bank Name & Branch _____												

I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID CUM APPLICATION FORM AND THE ATTACHED ABRIDGED PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC OFFERS ("GID") AND HEREBY AGREE AND CONFIRM THE "BIDDERS UNDERTAKING" AS GIVEN OVERLEAF. I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE BID CUM APPLICATION FORM GIVEN OVERLEAF.

<b>7A. SIGNATURE OF SOLE / FIRST BIDDER</b>  Date: _____, 2018	<b>7B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS)</b> I/We authorize the SCSB to do all acts as necessary to make the Application in the Offer: 1) _____ 2) _____ 3) _____	<b>SYNDICATE MEMBER/BROKER / SCSB / CDP / RTA STAMP</b> (Acknowledging upload of Bid in Stock Exchange system)
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TEAR HERE

 AFFINE FORMULATIONS LIMITED - INITIAL PUBLIC ISSUE - REVISION - NR	Acknowledgement Slip for Syndicate Member Broker/SCSB/CDP/RTA	Bid Cum Application Form No.	
DPID / CLID: _____		PAN of Sole / First Bidder: _____	
Additional Amount Blocked (₹ in figures) _____ ASBA A/c No. _____		Stamp & Signature of SCSB Branch	
Bank & Branch _____		Received from Mr./Ms. _____	
Telephone / Mobile _____ Email _____		_____	

TEAR HERE

AFFINE FORMULATIONS BID REVISION FORM INITIAL PUBLIC ISSUE - NR	No. of Equity Shares _____ Bid Price _____ Additional Amount Blocked (₹) _____	Option 1 _____ Option 2 _____ Option 3 _____	Stamp & Signature of Syndicate Member / Registered Broker / SCSB / CDP / RTA	Name of Sole / First Bidder _____  Acknowledgment Slip for Bidder
ASBA Bank A/c No. _____ Bank & Branch _____		Bid Cum Application Form No. _____		

#### **4.2.1. NAME AND CONTACT DETAILS OF SOLE/FIRST BIDDER, PAN OF SOLE/FIRST BIDDER & DEPOSITORY ACCOUNT DETAILS OF THE BIDDER**

Bidders should refer to instructions contained in paragraphs 4.1.1, 4.1.2 and 4.1.3.

#### **4.2.2. BID OPTIONS REVISION 'FROM' AND 'TO'**

- (a) Apart from mentioning the revised number of shares in the Revision Form, the Bidder must also mention the details of shares applied/bid for given in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid cum Application Form and such Bidder is changing only one of the options in the Revision Form, the Bidder must still fill the details of the other two options that are not being revised, in the Revision Form. The members of the Syndicate, the Registered Brokers and the Designated Branches of the SCSBs may not accept incomplete or inaccurate Revision Form.
- (b) In case of revision, Bid options should be provided by Bidders in the same order as provided in the Bid cum Application Form.
- (c) In case of revision of Bids by RIIs, Employees and Retail Individual Shareholders, such Bidders should ensure that the Bid Amount, subsequent to revision, does not exceed Rs. 200,000. In case the Bid Amount exceeds Rs. 200,000 due to revision of the Bid or for any other reason, the Bid may be considered, subject to eligibility, for allocation under the Non-Institutional Category, not being eligible for Discount (if applicable) and such Bid may be rejected if it is at the Cut-off Price. The Cut-off Price option is given only to the RIIs, Employees and Retail Individual Shareholders indicating their agreement to Bid for and purchase the Equity Shares at the Issue Price as determined at the end of the Book Building Process.
- (d) In case the total amount (i.e., original Bid Amount plus additional payment) exceeds Rs. 200,000, the Bid will be considered for allocation under the Non-Institutional Category in terms of the RHP. If, however, the RII does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of allocation, such that no additional payment would be required from the RII and the RII is deemed to have approved such revised Bid at Cut-off Price.
- (e) In case of a downward revision in the Price Band, RIIs and Bids by Employees under the Reservation Portion, who have bid at the Cut-off Price could either revise their Bid or the excess amount paid at the time of Bidding may be unblocked in case of Bidders.

#### **4.2.3. PAYMENT DETAILS**

All Bidders are required to make payment of the full Bid Amount (less Discount, if applicable) along with the Bid Revision Form. In case of Bidders specifying more than one Bid Option in the Bid cum Application Form, the total Bid Amount may be calculated for the highest of three options at net price, i.e. Bid price less discount offered, if any.

- a) Bidder may Issue instructions to block the revised amount based on cap of the revised Price Band (adjusted for the Discount (if applicable) in the ASBA Account, to the same Designated Intermediary through whom such Bidder had placed the original Bid to enable the relevant SCSB to block the additional Bid Amount, if any.
- b) In case the total amount (i.e., original Bid Amount less discount (if applicable) plus additional payment) exceeds Rs. 200,000, the Bid may be considered for allocation under the Non-Institutional Category in terms of the DRHP. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for may be adjusted downwards for the purpose of Allotment, such that additional amount is required blocked and the Bidder is deemed to have approved such revised Bid at the Cut-off Price.
- c) In case of a downward revision in the Price Band, RIIs, Employees and Retail Individual Shareholders, who have bid at the Cut-off Price, could either revise their Bid or the excess amount paid at the time of Bidding may be unblocked.

**4.2.4. SIGNATURES AND ACKNOWLEDGEMENTS**

Bidders may refer to instructions contained at paragraphs 4.1.8 and 4.1.9 for this purpose.

**4.3. SUBMISSION OF REVISION FORM/ BID CUM APPLICATION FORM /APPLICATION FORM**

**4.3.1. Bidders may submit completed Bid cum Application form / Revision Form in the following manner:-**

<b>Mode of Bid</b>	<b>Submission of Bid cum Application Form</b>
All investors Bids	To the Bid cum Application Collecting Intermediaries as mentioned in the Red herring Prospectus/ Bid cum Application Form

Bidders should submit the Revision Form to the same Designated Intermediary through which such Bidders had placed the original Bid.

**SECTION 5: INSTRUCTIONS FOR FILING APPLICATION FORM IN ISSUES MADE OTHER THAN THROUGH THE BOOK BUILDING PROCESS (FIXED PRICE ISSUE)**

This being book built issue procedure for fixed price issue is not applicable.

**SECTION 6- ISSUE PROCEDURE IN BOOK BUILT ISSUE**

Book Building, in the context of the Issue, refers to the process of collection of Bids within the Price Band or above the Floor Price and determining the Issue Price based on the Bids received as detailed in Schedule XI of SEBI ICDR Regulations, 2009. The Issue Price is finalised after the Bid/Issue Closing Date. Valid Bids received at or above the Issue Price are considered for allocation in the Issue, subject to applicable regulations and other terms and conditions.

## **6.1 SUBMISSION OF BIDS**

- a) During the Bid/Issue Period, Bidders may approach any of the Designated Intermediaries to register their Bids. Anchor Investors who are interested in subscribing for the Equity Shares should approach the Book Running Lead Manager, to register their Bid.
- b) In case of Bidders (excluding NIIs and QIBs) Bidding at Cut-off Price, the Bidders may instruct the SCSBs to block Bid Amount based on the Cap Price less Discount (if applicable).

For Details of the timing on acceptance and upload of Bids in the Stock Exchanges Platform Bidders are requested to refer to the RHP.

## **ELECTRONIC REGISTRATION OF BIDS**

- a) The Designated Intermediary may register the Bids using the on-line facilities of the Stock Exchanges. The Designated Intermediaries can also set up facilities for off-line electronic registration of Bids, subject to the condition that they may subsequently upload the off-line data file into the on-line facilities for Book Building on a regular basis before the closure of the issue.
- b) On the Bid/Issue Closing Date, the Designated Intermediaries may upload the Bids till such time as may be permitted by the Stock Exchanges.
- c) Only Bids that are uploaded on the Stock Exchanges Platform are considered for allocation/Allotment. The Designated Intermediaries are given till 1:00 pm on the day following the Bid/Issue Closing Date to modify select fields uploaded in the Stock Exchange Platform during the Bid/Issue Period after which the Stock Exchange(s) send the bid information to the Registrar to the Issue for further processing.

## **6.2 BUILD UP OF THE BOOK**

- a. Bids received from various Bidders through the Designated Intermediaries may be electronically uploaded on the Bidding Platform of the Stock Exchanges' on a regular basis. The book gets built up at various price levels. This information may be available with the BRLM at the end of the Bid/Issue Period.
- b. Based on the aggregate demand and price for Bids registered on the Stock Exchanges Platform, a graphical representation of consolidated demand and price as available on the websites of the Stock Exchanges may be made available at the Bidding centres during the Bid/Issue Period.

## **6.3 WITHDRAWAL OF BIDS**

- a) RIIs can withdraw their Bids until Bid/Issue Closing Date. In case a RII wishes to withdraw the Bid during the Bid/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 in the ASBA Account.
- b) The Registrar to the Issue shall give instruction to the SCSB for unblocking the ASBA Account on the Designated Date. QIBs and NIIs can neither withdraw nor lower the size of their Bids at any stage.

## **6.4 REJECTION & RESPONSIBILITY FOR UPLOAD OF BIDS**

- a) **The Designated Intermediaries are individually responsible for the acts, mistakes or errors or omission in relation to:**
  - 1) the Bids accepted by the Designated Intermediaries,
  - 2) the Bids uploaded by the Designated Intermediaries, and
  - 3) the Bid cum Application Forms accepted but not uploaded by the Designated Intermediaries.

- b) The BRLM and their affiliate Syndicate Members, as the case may be, may reject Bids if all the information required is not provided and the Bid cum Application Form is incomplete in any respect.
- c) The SCSBs shall have no right to reject Bids, except in case of unavailability of adequate funds in the ASBA account or on technical grounds.
- d) In case of QIB Bidders, only the (i) SCSBs (for Bids other than the Bids by Anchor Investors); and (ii) BRLM and their affiliate Syndicate Members (only in the Specified Locations) have the right to reject bids. However, such rejection shall be made at the time of receiving the Bid and only after assigning a reason for such rejection in writing.
- e) All bids by QIBs, NIIs & RIIs Bids can be rejected on technical grounds listed herein.

## **GROUND OF REJECTIONS**

Bidders are advised to note that Bids are liable to be rejected inter alia on the following technical grounds:

- Amount blocked does not tally with the amount payable for the Equity Shares applied for;
- In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
- Bid by persons not competent to contract under the Indian Contract Act, 1872 including minors, insane persons;
- PAN not mentioned in the Bid cum Application Form;
- Bids at a price less than the Floor Price and Bids at a price more than the Cap Price;
- GIR number furnished instead of PAN;
- Bid for lower number of Equity Shares than specified for that category of investors;
- Bids at Cut-off Price by NIIs and QIBs;
- Submission of more than five Bid cum Application Forms/Application Form as through a single ASBA Account
- Bids for number of Equity Shares which are not in multiples Equity Shares which are not in multiples as specified in the DRHP;
- The amounts mentioned in the Bid cum Application Form/Application Form does not tally with the amount payable for the value of the Equity Shares Bid/Applied for;
- Bids for lower number of Equity Shares than the minimum specified for that category of investors;
- Category not ticked;
- Multiple Bids as defined in the DRHP;
- In case of Bids under power of attorney or by limited companies, corporate, trust etc., where relevant documents are not submitted;
- Bid accompanied by Stock invest/ money order/ postal order/ cash/ cheque/ demand draft/ pay order;
- Signature of sole Bidder is missing;
- Bid cum Application Forms not delivered by the Bidder within the time prescribed as per the Bid cum Application Forms, Bid/Issue Opening Date advertisement, as per the instructions in the RHP and the Bid cum Application Forms;

- In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's account number;
- Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
- Bid by OCBs;
- Bids by US persons other than in reliance on Regulation S or "qualified institutional buyers" as defined in Rule 144A under the Securities Act;
- Inadequate funds in the bank account to block the Bid Amount specified in the Bid cum Application Form/Application Form at the time of blocking such Bid Amount in the bank account;
- Bids not uploaded on the terminals of the Stock Exchanges; and
- Where no confirmation is received from SCSB for blocking of funds
- Bids by SCSBs wherein a separate account in its own name held with any other SCSB is not mentioned as the ASBA Account in the Bid cum Application Form/Application Form. Bids not duly signed by the sole/First Bidder;
- Bids by any persons outside India if not in compliance with applicable foreign and Indian laws;
- Bids that do not comply with the securities laws of their respective jurisdictions are liable to be rejected;
- Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
- Bids by persons who are not eligible to acquire Equity Shares of the Company in terms of all applicable laws, rules, regulations, guidelines, and approvals;
- Details of ASBA Account not provided in the Bid cum Application Form

For details of instructions in relation to the Bid cum Application Form, Bidders may refer to the relevant section the GID.

**BIDDERS SHOULD NOTE THAT IN CASE THE PAN, THE DP ID AND CLIENT ID MENTIONED IN THE BID CUM APPLICATION FORM AND ENTERED INTO THE ELECTRONIC APPLICATION SYSTEM OF THE STOCK EXCHANGES BY THE BIDS COLLECTING INTERMEDIARIES DO NOT MATCH WITH PAN, THE DP ID AND CLIENT ID AVAILABLE IN THE DEPOSITORY DATABASE, THE BID CUM APPLICATION FORM IS LIABLE TO BE REJECTED.**

#### **BASIS OF ALLOCATION**

The SEBI ICDR Regulations, 2009 specify the allocation or Allotment that may be made to various categories of Bidders in an Issue depending on compliance with the eligibility conditions. Certain details pertaining to the percentage of Issue size available for allocation to each category is disclosed overleaf of the Bid cum Application Form and in the RHP. For details in relation to allocation, the Bidder may refer to the RHP.

Under-subscription in any category (except QIB Category) is allowed to be met with spill over from any other category or combination of categories at the discretion of the Issuer and in consultation with the BRLM and the Designated Stock Exchange and in accordance with the SEBI ICDR Regulations, 2009. Unsubscribed portion in QIB Category is not available for subscription to other categories.

In case of under subscription in the Issue, spill-over to the extent of such under-subscription may be permitted from the Reserved Portion to the Issue. For allocation in the event of an under-subscription applicable to the Issuer, Bidders may refer to the RHP.

#### Illustration of the Book Building and Price Discovery Process

Bidders should note that this example is solely for illustrative purposes and is not specific to the Issue; it also excludes Bidding by Anchor Investors.

Bidders can bid at any price within the Price Band. For instance, assume a Price Band of Rs.20 to Rs 24 per share, Issue size of 3,000 Equity Shares and receipt of five Bids from Bidders, details of which are shown in the table below. The illustrative book given below shows the demand for the Equity Shares of the Issuer at various prices and is collated from Bids received from various investors.

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

The price discovery is a function of demand at various prices. The highest price at which the Issuer is able to Offer the desired number of Equity Shares is the price at which the book cuts off, i.e., Rs. 22.00 in the above example. The Issuer, in consultation with the BRLM, may finalise the Issue Price at or below such Cut-Off Price, i.e., at or below Rs. 22.00. All Bids at or above this Issue Price and cut-off Bids are valid Bids and are considered for allocation in the respective categories.

### SECTION 6: ISSUE PROCEDURE IN FIXED PRICE ISSUE

This being Book Built Issue, this section is not applicable for this Issue.

### SECTION 7: ALLOTMENT PROCEDURE AND BASIS OF ALLOTMENT

The Allotment of Equity Shares to Bidders other than Retail Individual Investors and Anchor Investors may be on proportionate basis. For Basis of Allotment to Anchor Investors, Bidders may refer to DRHP. No Retail Individual Investor will be allotted less than the minimum Bid Lot subject to availability of shares in Retail Individual Investor Category and the remaining available shares, if any will be allotted on a proportionate basis. The Issuer is required to receive a minimum subscription of 90% of the Offer (excluding any Offer for Sale of specified securities). However, in case the Offer is in the nature of Offer for Sale only, then minimum subscription may not be applicable.

#### 7.1 BASIS OF ALLOTMENT

Allotment will be made in consultation with the EMERGE Platform of NSE (The Designated Stock Exchange). In the event of oversubscription, the allotment will be made on a proportionate basis in marketable lots as set forth hereunder:

- (a) The total number of Shares to be allocated to each category as a whole shall be arrived at on a proportionate basis i.e. the total number of Shares applied for in that category multiplied by the inverse of the oversubscription ratio (number of Bidders in the category x number of Shares applied for).
- (b) The number of Shares to be allocated to the successful Bidders will be arrived at on a proportionate basis in marketable lots (i.e. Total number of Shares applied for into the inverse of the over subscription ratio).
- (c) For Bids where the proportionate allotment works out to less than [●] equity shares the allotment will be made as follows:
  - Each successful Bidder shall be allotted [●] equity shares; and

- The successful Bidder out of the total bidders for that category shall be determined by the drawl of lots in such a manner that the total number of Shares allotted in that category is equal to the number of Shares worked out as per (b) above.
- (d) If the proportionate allotment to a Bidder works out to a number that is not a multiple of [●] equity shares, the Bidder would be allotted Shares by rounding off to the nearest multiple of [●] equity shares subject to a minimum allotment of [●] equity shares.
- (e) If the Shares allotted on a proportionate basis to any category is more than the Shares allotted to the Bidders in that category, the balance available Shares or allocation shall be first adjusted against any category, where the allotted Shares are not sufficient for proportionate allotment to the successful Bidder in that category, the balance Shares, if any, remaining after such adjustment will be added to the category comprising Bidder applying for the minimum number of Shares. If as a result of the process of rounding off to the nearest multiple of [●] Equity Shares, results in the actual allotment being higher than the shares offered, the final allotment may be higher at the sole discretion of the Board of Directors, up to 110% of the size of the offer specified under the Capital Structure mentioned in this DRHP.
- (f) The above proportionate allotment of Shares in an Issue that is oversubscribed shall be subject to the reservation for Retail individual Bidders as described below:
- i. As the retail individual investor category is entitled to more than fifty per cent on proportionate basis, the retail individual investors shall be allocated that higher percentage.
  - ii. The balance net offer of shares to the public shall be made available for allotment to
    - individual bidders other than retails individual investors and
    - other investors, including corporate bodies/ institutions irrespective of number of shares applied for.
  - iii. The unsubscribed portion of the net offer to any one of the categories specified in a) or b) shall/may be made available for allocation to bidders in the other category, if so required.

Retail Individual Investor' means an investor who applies for shares of value of not more than Rs. 2,00,000/- Investors may note that in case of over subscription allotment shall be on proportionate basis and will be finalized in consultation with NSE.

The Executive Director / Managing Director of the Designated Stock Exchange in addition to Book Running Lead Manager and Registrar to the Public Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner in accordance with the SEBI (ICDR) Regulations.

## 7.2 DESIGNATED DATE AND ALLOTMENT OF EQUITY SHARES

- (a) **Designated Date:** On the Designated Date, the SCSBs shall transfer the funds represented by allocation of Equity Shares into the Public Issue Account with the Bankers to the Issue.
- (b) **Issuance of Allotment Advice:** Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall upload the same on its website. On the basis of the approved Basis of Allotment, the Issuer shall pass necessary corporate action to facilitate the Allotment and credit of Equity Shares. **Bidders 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 Bidders who have been Allotted Equity Shares in the Issue.

- (c) The dispatch of Allotment Advice shall be deemed a valid, binding and irrevocable contract.
- (d) Issuer will ensure that: (i) the Allotment of Equity Shares; and (ii) initiate corporate action for credit of shares to the successful Bidders Depository Account 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.

## **SECTION 8: INTEREST AND REFUNDS**

### **8.1 COMPLETION OF FORMALITIES FOR LISTING & COMMENCEMENT OF TRADING**

The Issuer may ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges are taken within 6 Working Days of the Bid/Issue Closing Date. The Registrar to the Issue may give instructions for credit to Equity Shares the beneficiary account with DPs, and dispatch the Allotment Advice within 6 Working Days of the Bid/Issue Closing Date.

### **8.2 GROUNDS FOR REFUND**

#### **8.2.1 NON RECEIPT OF LISTING PERMISSION**

An Issuer makes an application to the Stock Exchange(s) for permission to deal in/list and for an official quotation of the Equity Shares. All the Stock Exchanges from where such permission is sought are disclosed in Red Herring Prospectus/ Prospectus. The Designated Stock Exchange may be as disclosed in the Red Herring Prospectus/ Prospectus with which the Basis of Allotment may be finalized.

If the permissions to deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchange(s), the Issuer may forthwith repay, without interest, all moneys received from the Bidders in pursuance of the RHP/Prospectus.

If such money is not repaid within eight days after the Issuer becomes liable to repay it, then the Issuer and every director of the Issuer who is an officer in default may, on and from such expiry of eight days, be liable to repay the money, with interest at such rate, as prescribed under Section 73 of the Companies Act, 2013 and as disclosed in the DRHP.

#### **8.2.2 NON RECEIPT OF MINIMUM SUBSCRIPTION**

This 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 be subscribed and the sum payable on application is not received within a period of 30 days from the date of the Red Herring Prospectus, the application money has to be returned within such period as may be prescribed. If the Issuer does not receive the subscription of 100% of the Issue through this offer document including devolvement of Underwriters within sixty days from the date of closure of the Issue, the Issuer shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after the Issuer becomes liable to pay the amount, the Issuer shall pay interest prescribed under section 73 of the Companies Act, 1956 (or the Company shall follow any other substitutional or additional provisions as has been or may be notified under the Companies Act, 2013).

#### **8.2.3 MINIMUM NUMBER OF ALLOTTEES**

The Issuer may ensure that the number of prospective Allottees to whom Equity Shares may be allotted may not be less than 50 failing which the entire application monies may be refunded forthwith.

### **8.3 MODE OF REFUND**

Within 6 Working Days of the Bid/Issue Closing Date, the Registrar to the Issue may give instructions to SCSBs for unblocking the amount in ASBA Account on unsuccessful Bids and also for any excess amount blocked on Bids.

#### **8.3.1 Mode of making refunds**

The Registrar to the Issue may instruct the controlling branch of the SCSB to unblock the funds in the relevant ASBA Account for any withdrawn, rejected or unsuccessful ASBA Bids or in the event of withdrawal or failure of the Issue.

#### **8.4 INTEREST IN CASE OF DELAY IN ALLOTMENT OR REFUND**

The Issuer may pay interest at the rate of 15% per annum /or demat credits are not made to Bidders or instructions for unblocking of funds in the ASBA Account are not dispatched within the 4 Working days of the Bid/Issue Closing Date.

The Issuer may pay interest at 15% per annum for any delay beyond 6 days from the Bid/Issue Closing Date, if Allotment is not made.

## SECTION 9: GLOSSARY AND ABBREVIATIONS

*Unless the context otherwise indicates or implies, certain definitions and abbreviations used in this document may have the meaning as provided below. References to any legislation, act or regulation may be to such legislation, act or regulation as amended from time to time.*

<b>Term</b>	<b>Description</b>
Acknowledgement Slip	The slip or document issued by the Designated Intermediary to a Bidder as proof of registration of the Bid.
Allotment/ Allot/ Allotted	Issue and allotment of Equity Shares of our Company pursuant to the Issue of the Equity Shares to successful Bidders
Allottee(s)	Successful Bidders(s) to whom Equity Shares have been allotted/transferred.
Allotment Advice	Note or advice or intimation of Allotment sent to the successful Bidders who have been or are to be Allotted the Equity Shares after the Basis of Allotment has been approved by the Designated Stock Exchange.
ASBA / Application Supported by Blocked Amount	An application, whether physical or electronic, used by Bidders, to make a Bid authorising an SCSB to block the Bid Amount in the ASBA Account
ASBA Account	An account maintained with an SCSB and specified in the Bid cum Application Form submitted by Bidders for blocking the Bid Amount mentioned in the Bid cum Application Form.
ASBA form	An application form, whether physical or electronic, used by Bidders which will be considered as the application for Allotment in terms of this Draft Red Herring Prospectus.
ASBA Application Location(s) / Specified Cities	Locations at which ASBA Applications can be uploaded by the SCSBs, namely Mumbai, New Delhi, Chennai, Kolkata, and Ahmedabad.
Banker(s) to the Issue	The banks which are clearing members and registered with SEBI as Banker to an Issue with whom the Public Issue Account will be opened and in this case being ICICI Bank Limited.
Basis of Allotment	The basis on which Equity Shares will be Allotted to the successful Bidders under the Issue and which is described under chapter titled “ <i>Issue Procedure</i> ” beginning on page 296 of this Draft Red Herring Prospectus.
Bid	An indication to make an issue during the Bid/Issue Period by a Bidder pursuant to submission of the Bid cum Application Form, to subscribe to or purchase the Equity Shares at a price within the Price Band, including all revisions and modifications thereto as permitted under the SEBI ICDR Regulations
Bidder(s)	A prospective investor in the Issue, and unless otherwise stated or implied, includes an ASBA Bidders and Anchor Investor.
Bidding	The process of making a Bid.
Bid Amount	The highest value of optional Bids indicated in the Bid cum Application Form and in the case of Retail Individual Bidders Bidding at Cut Off Price, the Cap Price multiplied by the number of Equity Shares Bid for by such Retail Individual Bidder and mentioned in the Bid cum Application Form and payable by the Retail Individual Bidder or blocked in the ASBA Account upon submission of the Bid in the Issue

<b>Term</b>	<b>Description</b>
Bid cum Application form	The form used by a Bidder, to make a Bid and which will be considered as the application for Allotment in terms of the Red Herring Prospectus
Bid Cum Application Collecting Intermediaries	<ol style="list-style-type: none"> <li>1. a SCSB with whom the bank account to be blocked, is maintained</li> <li>2. a syndicate member (or sub-syndicate member) If any</li> <li>3. a stock broker registered with a recognized stock exchange (and whose name is mentioned on the website of the stock exchange as eligible for this activity)('broker') if any</li> <li>4. a depository participant ('DP') (whose name is mentioned on the website of the stock exchange as eligible for this activity)</li> <li>5. a registrar to an issue and share transfer agent ('RTA') (whose name is mentioned on the website of the stock exchange as eligible for this activity)</li> </ol>
Bid Lot	[●] Equity shares and in multiples of [●] Equity Shares thereafter
Bid/ Issue Closing Date	The date after which the Syndicate, the Designated Branches and the Registered Brokers will not accept any Bids, which shall be notified in all edition of the English national newspaper [●], [●] edition of the Hindi national newspaper [●], and [●] edition of the [●] newspaper [●], each with wide circulation and in case of any revision, the extended Bid/Issue Closing Date shall also be notified on the website and terminals of the Syndicate and SCSBs, as required under the SEBI ICDR Regulations
Bid/ Issue Opening Date	The date on which the Syndicate, the Designated Branches and the Registered Brokers shall start accepting Bids, which shall be notified in all edition of the English national newspaper [●], [●] edition of the Hindi national newspaper [●], and [●] edition of the [●] newspaper [●], each with wide circulation, and in case of any revision, the extended Bid/Issue Opening Date also to be notified on the website and terminals of the Syndicate and SCSBs, as required under the SEBI ICDR Regulations.
Bid/ Issue Period	The period between the Bid/ Issue Opening Date and the Bid/Issue Closing Date, inclusive of both days, during which Bidders can submit their Bids, including any revisions thereof.
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form and unless otherwise stated or implied, includes an ASBA Bidder
Bidding/collecting Centre	Centres at which the Designated Intermediaries shall accept the ASBA Forms, i.e, Designated SCSB Branch for SCSBs, Specified Locations for Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs
Book Building Process	Book building process, as provided in Schedule XI of the SEBI ICDR Regulations, in terms of which the Issue is being made
Book Running Lead Manager or BRLM	The book running lead manager to the Issue namely Pantomath Capital Advisors Private Limited
Broker Centres	Broker centres notified by the Stock Exchanges, where the Bidders can submit the Bid cum application forms to a Registered Broker. The details of such broker centres, along with the names and contact details of the Registered Brokers, are available on the website of National Stock Exchange of India Limited.
Cap Price	The higher end of the Price Band, above which the Issue Price will not be finalised and above which no Bids will be accepted

<b>Term</b>	<b>Description</b>
CAN or Confirmation of Allocation Note	Confirmation of Allotment notice i.e. a note or advice or intimation of Allotment of Equity Shares sent to the Bidders to whom Equity Shares have been Allotted. In the case of Anchor Investors CAN shall mean the note or advice or intimation of Allotment of Equity Shares sent to the Anchor Investors to whom Equity Shares have been Allotted.
Client ID	Client Identification Number maintained with one of the Depositories in relation to demat account.
Cut-off Price	Issue Price, which shall be any price within the Price Band finalised by our Company in consultation with the BRLM. Only Retail Individual Bidders are entitled to Bid at the Cut-off Price. QIBs and Non Institutional Bidders are not entitled to Bid at the Cut-off Price.
Collecting Depository Participant or CDP	A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Applications at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI
Controlling Branch/Designated Branch	Such branch of the SCSBs which coordinate Applications under this Issue by the ASBA Applicants with the Registrar to the Issue and the Stock Exchanges and a list of which is available at <a href="http://www.sebi.gov.in">http://www.sebi.gov.in</a> or at such other website as may be prescribed by SEBI from time to time
Demographic Details	The demographic details of the Bidders/Applicants such as their address, PAN, occupation and bank account details
Depositories	Depositories registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, as amended from time to time, being NSDL and CDSL
Depository Participant	A Depository Participant as defined under the Depositories Act, 1996
Designated Date	The date on which funds blocked by SCSB are transferred from the ASBA account to the Public Issue Account after filing of Draft Red Herring Prospectus with RoC.
Designated Intermediary(ies)	Syndicate, Sub-Syndicate Members/agents, SCSBs, Registered Brokers, CDPs and RTAs, who are authorized to collect ASBA Forms from the Bidders, in relation to the Issue
Designated RTA Locations	Such centres of the RTAs where Bidder can submit the Bid cum Application Forms. The details of such Designated RTA Locations, along with the names and contact details of the RTAs are available on the respective websites of the Stock Exchange ( <a href="http://www.nseindia.com">www.nseindia.com</a> ) and updated from time to time.
Designated Stock Exchange	National Stock Exchange of India Limited
Designated CDP Locations	Such centres of the CDPs where Bidders can submit the Bid Cum Application Forms. The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept Bid cum Application Forms are available on the website of the Stock Exchange ( <a href="http://www.nseindia.com">www.nseindia.com</a> ) and updated from time to time
Draft Red Herring Prospectus or DRHP	This Draft Red Herring Prospectus dated [●] issued in accordance with the SEBI ICDR Regulations, which does not contain complete particulars of the price at which the Equity Shares will be Allotted and the size of the Issue

<b>Term</b>	<b>Description</b>
First/sole Bidder	Bidder whose name shall be mentioned in the Bid cum Application Form or the Revision Form and in case of joint Bids, whose name shall also appear as the first holder of the beneficiary account held in joint names
Floor Price	The lower end of the Price Band, subject to any revision thereto, at or above which the Issue Price will be finalised and below which no Bids will be accepted
FII/ Foreign Institutional Investors	Foreign Institutional Investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995, as amended) registered with SEBI under applicable laws in India.
General Information Document/GID	The General Information Document for investing in public issues prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013, notified by SEBI and included in "Issue Procedure" on page 296 of this Draft Red Herring Prospectus
Listing Agreement	The Equity Listing Agreement to be signed between our Company and National Stock Exchange of India Limited.
Market Making Agreement	Market Making Agreement dated [●] between our Company, Book Running Lead Manager and Market Maker.
Market Maker	Market Maker appointed by our Company from time to time, in this case being [●] who has agreed to receive or deliver the specified securities in the market making process for a period of three years from the date of listing of our Equity Shares or for any other period as may be notified by SEBI from time to time
Market Maker Reservation Portion	The Reserved Portion of Upto [●]. Equity Shares of face value of Rs. 10 each fully paid for cash at a price of Rs [●] per Equity Share aggregating Rs. [●] for the Market Maker in this Issue.
Mutual Fund(s)	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996, as amended from time to time
NIF	National Investment Fund set up by resolution F. No. 2/3/2005-DD-II dated November 23, 2005 of Government of India published in the Gazette of India
NSE Emerge of NSE/ SME Exchange	The EMERGE platform of National Stock Exchange of India Limited, approved by SEBI as an SME Exchange for listing of equity shares offered under Chapter XB of the SEBI ICDR Regulations
NSE	National Stock Exchange of India Limited
Net Issue	The Issue (excluding the Market Maker Reservation Portion) of Upto [●]. Equity Shares of face value of Rs. 10 each fully paid for cash at a price of Rs [●] per Equity Share aggregating Rs. [●] by our Company
Net Proceeds	Proceeds of the Fresh Issue less our Company's share of the Issue expenses. For further information about use of the Issue Proceeds and the Issue expenses, see "Objects of the Issue" on page 99
Non Institutional Bidders	All Bidders, including Category III FPIs that are not QIBs or Retail Individual Investors, who have apply for Equity Shares for an amount of more than Rs. 2,00,000 but not including NRIs other than Eligible NRIs
Non-Resident	A person resident outside India, as defined under FEMA and includes FIIs and FPIs
Issue	The Initial Public Issue of Upto 25,68,000 Equity Shares of face value of Rs.10 each for cash at a price of Rs. [●] each, aggregating up to Rs.[●] comprising the Fresh Issue.

<b>Term</b>	<b>Description</b>
Issue Agreement	The agreement dated December 29, 2017. between our Company and the BRLM, pursuant to which certain arrangements are agreed to in relation to the Issue
Issue Price	The final price at which Equity Shares will be Allotted in terms of the Draft Red Herring Prospectus The Issue Price will be decided by our Company in consultation with the BRLM on the Pricing Date in accordance with the Book-Building Process and the Draft Red Herring Prospectus
Issue Proceeds	The proceeds of the Issue that is available to our Company. For further information about use of Issue Proceeds, see “Objects of the Issue” on page 99 of this Draft Red Herring Prospectus
OCB/ Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs, including overseas trusts in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under the Foreign Exchange Management (Deposit) Regulations, 2000, as amended from time to time. OCBs are not allowed to invest in this Issue
Other Investors	Investors other than Retail Individual Investors. These include individual bidders/applicants other than retail individual investors and other investors including corporate bodies or institutions irrespective of the number of specified securities applied for.
Person/ Persons	Any individual, sole proprietorship, unincorporated association, unincorporated organization, body corporate, corporation, company, partnership, limited liability company, joint venture, or trust or any other entity or organization validly constituted and/or incorporated in the jurisdiction in which it exists and operates, as the context requires
Price Band	Price band of a minimum price of Rs.[●] per Equity Share (Floor Price) and the maximum price of Rs.[●] per Equity Share (Cap Price) including revisions thereof. The Price Band and the minimum Bid Lot size for the Issue will be decided by our Company in consultation with the BRLM and will be advertised at least five Working Days prior to the Bid/ Issue Opening Date, in all edition of the English national newspaper [●], [●] edition of the Hindi national newspaper [●] and [●] edition of the [●] newspaper [●], each with wide circulation
Pricing date	The date on which our Company in consultation with the BRLM, will finalise the Issue Price
Prospectus	The Prospectus to be filed with the RoC on or after the Pricing Date in accordance with Section 32 of the Companies Act, 2013, and the SEBI ICDR Regulations containing, inter alia, the Issue Price, the size of the Issue and certain other information
Public Issue Account	Account opened with the Banker to the Issue i.e. ICICI Bank Limited under Section 40 of the Companies Act, 2013 to receive monies from the SCSBs from the bank accounts of the bidders on the Designated Date.
Public Issue Account Agreement/ Banker to the Issue Agreement	Agreement entered on [●].amongst our Company, Book Running Lead Manager, the Registrar to the Issue and Public Issue Bank/Banker to the Issue for collection of the Bid Amount on the terms and conditions thereof.
Qualified Institutional Buyers or QIBs	Qualified Institutional Buyers as defined under Regulation 2(1)(zd) of the SEBI (ICDR) Regulations, 2009.

<b>Term</b>	<b>Description</b>
Red Herring Prospectus or RHP	The Red Herring Prospectus to be issued in accordance with Section 32 of the Companies Act, 2013, and the provisions of the SEBI ICDR Regulations, which will not have complete particulars of the price at which the Equity Shares will be offered and the size of the Issue, including any addenda or corrigenda thereto. The Red Herring Prospectus will be registered with the RoC at least three days before the Bid/ Issue Opening Date and will become the Prospectus upon filing with the RoC on or after the Pricing Date
Refund Account(s)	The account opened with the Refund Bank(s), from which refunds, if any, of the whole or part of the Bid Amount (excluding refund to Bidders) shall be made.
Refund Bank(s) / Refund Banker(s)	Bank which is / are clearing member(s) and registered with the SEBI as Bankers to the Issue at which the Refund Account will be opened, in this case being ICICI Bank Limited.
Refund through electronic transfer of funds	Refunds through NECS, direct credit, RTGS or NEFT, as applicable
Registered Broker	Individuals or companies registered with SEBI as “Trading Members” (except Syndicate/Sub-Syndicate Members) who hold valid membership of NSE having right to trade in stocks listed on Stock Exchanges, through which investors can buy or sell securities listed on stock exchanges, a list of which is available on <a href="http://www.nseindia.com/membership/dynaContent/find_a_broker.htm">http://www.nseindia.com/membership/dynaContent/find_a_broker.htm</a>
Registrar Agreement	Agreement dated December 29, 2017 entered into among our Company and the Registrar to the Issue in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to the Issue
Registrar /Registrar to the Issue	Registrar to the Issue, in this case being Bigshares Services Private Limited having registered office at E-3 Ansa Industrial Estate, Saki Vihar Road, Sakinaka, Mumbai, Maharashtra 400072, India
Registrar and Share Transfer Agents or RTAs	Registrar and share transfer agents registered with SEBI and eligible to procure Applications at the Designated RTA Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI
Resident Indian	A person resident in India, as defined under FEMA
Retail Individual Bidder(s)/Retail Individual Investor(s)/RII(s)/RIB(s)	Individual Bidders, or minors applying through their natural guardians, including HUFs (applying through their <i>Karta</i> ), who apply for an amount less than or equal to Rs 2,00,000
Revision Form	Form used by the Bidders, to modify the quantity of the Equity Shares or the Bid Amount in any of their Bid cum Application Forms or any previous Revision Form(s)
Reservation Portion	The portion of the Issue reserved for category of eligible Bidders as provided under the SEBI (ICDR) Regulations, 2009
Reserved Category / Categories	Categories of persons eligible for making Bids under reservation portion.



<b>Term</b>	<b>Description</b>
SCSB/ Self Certified Syndicate Banker	Shall mean a Banker to an Issue registered under SEBI (Bankers to an Issue) Regulations, 1994, as amended from time to time, and which Issue the service of making Bids/Application/s Supported by Blocked Amount including blocking of bank account and a list of which is available on <a href="http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/RecognisedIntermediaries">http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised Intermediaries</a> or at such other website as may be prescribed by SEBI from time to time
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and includes the agreement to be entered into between our Company and the Stock Exchange in relation to listing of Equity Shares on such Stock Exchange.
SEBI (Foreign Portfolio Investor) Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014.
Specified Locations	Bidding centres where the Syndicate shall accept Bid cum Application Forms from Bidders, a list of which is available on the website of SEBI (www.sebi.gov.in) and updated from time to time
Sub-Syndicate members	A SEBI Registered member of NSE appointed by the BRLM and/or Syndicate Member to act as a Sub-Syndicate Member in the Issue
Syndicate Agreement	Agreement dated [●] entered into amongst the BRLM, the Syndicate Members, our Company in relation to the procurement of Bid cum Application Forms by Syndicate
Syndicate or Members of the Syndicate	Intermediaries registered with SEBI who are permitted to carry out activities as an underwriter, namely, [●]
TRS or Transaction Registration Slip	The slip or document issued by the Syndicate, or the SCSB (only on demand), as the case may be, to the Bidder as proof of registration of the Bid
Underwriter	[●]
Underwriting Agreement	The agreement dated [●] entered into between the Underwriter and our Company
Working Day	“Working Day” means all days, other than second and fourth Saturday of the month, Sunday or a public holiday, on which commercial banks in Mumbai are open for business; provided however, with reference to the time period between (a) announcement of Price Band; and (b) Bid/ Issue Period, “Working Day” shall mean all days, excluding all Saturdays, Sundays or a public holiday, on which commercial banks in Mumbai are open for business; and with reference to the time period between the Bid/ Issue Closing Date and the listing of the Equity Shares on the Stock Exchanges, “Working Day” shall mean all trading days of Stock Exchanges, excluding Sundays and bank holidays

## **RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES**

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and Foreign Exchange Management Act, 1999 (“**FEMA**”). While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The government bodies responsible for granting foreign investment approvals are the Reserve Bank of India (“**RBI**”) and Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India (“**DIPP**”).

The Government of India, from time to time, has made policy pronouncements on Foreign Direct Investment (“**FDI**”) through press notes and press releases. The Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India (“**DIPP**”), has issued consolidated FDI Policy Circular of 2017 (“**FDI Policy 2017**”), which with effect from August 28, 2017, consolidates and supersedes all previous press notes, press releases and clarifications on FDI Policy issued by the DIPP that were in force. The Government proposes to update the consolidated circular on FDI policy once every year and therefore, FDI Policy 2017 will be valid until the DIPP issues an updated circular.

The Reserve Bank of India (“**RBI**”) also issues Master Circular on Foreign Investment in India every year. Presently, FDI in India is being governed by Master Circular on Foreign Investment dated July 01, 2015 as updated from time to time by RBI. In terms of the Master Circular, an Indian company may issue fresh shares to people resident outside India (who is eligible to make investments in India, for which eligibility criteria are as prescribed). Such fresh issue of shares shall be subject to inter-alia, the pricing guidelines prescribed under the Master Circular. The Indian company making such fresh issue of shares would be subject to the reporting requirements, inter-alia with respect to consideration for issue of shares and also subject to making certain filings including filing of Form FC-GPR.

Under the current FDI Policy of 2017, foreign direct investment in micro and small enterprises is subject to sectoral caps, entry routes and other sectoral regulations. At present 100 % foreign direct investment through automatic route is permitted in the sector in which our Company operates. Therefore applicable foreign investment up to 100% is permitted under automatic route. FDI is permitted upto 100 % in Greenfield projects and 74% in Brownfield projects under the automatic route and FDI beyond 74% in Brownfield projects requires Government Route. FDI is permitted up to 100 percent in the manufacture of medical devices.

In case of investment in sectors through Government Route approval from competent authority as mentioned in Chapter 4 of the FDI Policy 2017 has to be obtained by the Company.

The transfer of shares between an Indian resident to a non-resident does not require the prior approval of the RBI, subject to fulfilment of certain conditions as specified by DIPP/RBI, from time to time. Such conditions include (i) where the transfer of shares requires the prior approval of the Government as per the extant FDI policy provided that: a) the requisite approval of the Government has been obtained; and b) the transfer of shares adheres with the pricing guidelines and documentation requirements as specified by the Reserve Bank of India from time to time. ; (ii) where the transfer of shares attract SEBI (SAST) Regulations subject to the adherence with the pricing guidelines and documentation requirements as specified by Reserve Bank of India from time to time.; (iii) where the transfer of shares does not meet the pricing guidelines under the FEMA, 1999 provided that: a) The resultant FDI is in compliance with the extant FDI policy and FEMA regulations in terms of sectoral caps, conditionalities (such as minimum capitalization, etc.), reporting requirements, documentation etc.; b) The pricing for the transaction is compliant with the specific/explicit, extant and relevant SEBI regulations/guidelines (such as IPO, Book building, block deals, delisting, exit, open offer/substantial acquisition/SEBI SAST); and Chartered Accountants Certificate to the effect that compliance with the relevant SEBI regulations/guidelines as indicated above is attached to the form FC-TRS to be filed with

the AD bank and iv) where the investee company is in the financial sector provided that: a) Any 'fit and proper/due diligence' requirements as regards the non-resident investor as stipulated by the respective financial sector regulator, from time to time, have been complied with; and b) The FDI policy and FEMA regulations in terms of sectoral caps, conditionalities (such as minimum capitalization, pricing, etc.), reporting requirements, documentation etc., are complied with. As per the existing policy of the Government of India, OCBs cannot participate in this Issue and in accordance with the extant FDI guidelines on sectoral caps, pricing guidelines etc. as amended by Reserve bank of India, from time to time. Investors are advised to confirm their eligibility under the relevant laws before investing and / or subsequent purchase or sale transaction in the Equity Shares of Our Company. Investors will not offer, sell, pledge or transfer the Equity Shares of our Company to any person who is not eligible under applicable laws, rules, regulations, guidelines. Our Company, the Underwriters and their respective directors, officers, agents, affiliates and representatives, as applicable, accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of our Company.

### **Investment conditions/restrictions for overseas entities**

Under the current FDI Policy 2017, the maximum amount of Investment (sectoral cap) by foreign investor in an issuing entity is composite unless it is explicitly provided otherwise including all types of foreign investments, direct and indirect, regardless of whether it has been made for FDI, FII, FPI, NRI, FVCI, LLPs, DRs and Investment Vehicles under Schedule 1, 2, 2A, 3, 6, 9, 10 and 11 of FEMA (Transfer or Issue of Security by Persons Resident outside India) Regulations. Any equity holding by a person resident outside India resulting from conversion of any debt instrument under any arrangement shall be reckoned as foreign investment under the composite cap.

Portfolio Investment upto aggregate foreign investment level of 49 % or sectoral/statutory cap, whichever is lower, will not be subject to either Government approval or compliance of sectoral conditions, if such investment does not result in transfer of ownership and/or control of Indian entities from resident Indian citizens to non-resident entities. Other foreign investments will be subject to conditions of Government approval and compliance of sectoral conditions as per FDI Policy. The total foreign investment, direct and indirect, in the issuing entity will not exceed the sectoral/statutory cap.

#### **i. Investment by FIIs under Portfolio Investment Scheme (PIS):**

With regards to purchase/sale of share/s convertible debentures by a registered FII under PIS the total holding by each FII/SEBI approved sub-account of FII shall not exceed 10 % of the total paid-up equity capital or 10% of the paid-up value of each series of convertible debentures issued by an Indian company and the total holdings of all FIIs/sub-accounts of FIIs put together shall not exceed 24 % of paid-up equity capital or paid-up value of each series of convertible debentures. However, this limit of 24 % may be increased up to sectoral cap/statutory ceiling, as applicable, by the Indian company concerned by passing a resolution by its Board of Directors followed by passing of a special resolution to that effect by its general body. For arriving at the ceiling on holdings of FIIs, shares/ convertible debentures acquired both through primary as well as secondary market will be included. However, the ceiling will not include investment made by FII through off-shore Funds, Global Depository receipts and Euro-Convertible Bonds. With regard to convertible debentures, these investments permitted to be made shall not exceed 5 % of the total paid-up equity capital or 5% of the paid-up value of each series of convertible debentures issued by an Indian Company, and shall also not exceed the over-all ceiling limit of 24 % of paid-up equity capital or paid up value of each series of convertible debentures.

#### **ii. Investment by Registered Foreign Portfolio Investor (RFPI) under Foreign Portfolio Investment (FPI) Scheme**

With respect to purchase/sale of shares or convertible debentures or warrants, a RFPI registered in accordance with SEBI (FPI) Regulations, 2014 as amended in regular intervals may purchase shares or convertible debentures or warrants of an Indian company under FPI scheme. The total holding by each RFPI shall be below 10 % of the total paid-up equity capital or 10 % of the

paid-up value of each series of convertible debentures issued by an Indian company and the total holdings of all RFPI put together shall not exceed 24 % of paid-up equity capital or paid up value of each series of convertible debentures. The said limit of 24 % will be called aggregate limit. However, the aggregate limit of 24 % may be increased up to the sectoral cap/statutory ceiling, as applicable, by the Indian company concerned by passing a resolution by its Board of Directors followed by passing of a special resolution to that effect by its General Body. For arriving at the ceiling on holdings of RFPI, shares or convertible debentures or warrants acquired both through primary as well as secondary market will be included. However, the ceiling will exclude investment made by RFPI through off-shore Funds, Global Depository Receipts and Euro-Convertible Bonds but include holding of RFPI and deemed RFPI in the investee company for computation of 24 % or enhanced limit.

**iii. Investment by NRI on repatriation and non-repatriation basis under PIS:**

With respect to purchase/sale of shares and/or convertible debentures by a NRI on a stock exchange in India on repatriation and/or non-repatriation basis under PIS is allowed subject to certain conditions under Schedule 3 of the FEMA (Transfer or Issue of security by a person resident outside India) Regulations, 2000. Further, with regard to limits:

- the paid-up value of shares of an Indian company, purchased by each NRI both on repatriation and on non-repatriation basis, does not exceed 5 % of the paid-up value of shares issued by the company concerned;
- the paid-up value of each series of convertible debentures purchased by each NRI both on repatriation and non-repatriation basis does not exceed 5 % of the paid-up value of each series of convertible debentures issued by the company concerned;
- the aggregate paid-up value of shares of any company purchased by all NRIs does not exceed 10 % of the paid up capital of the company and in the case of purchase of convertible debentures
- the aggregate paid-up value of each series of debentures purchased by all NRIs does not exceed 10 % of the paid-up value of each series of convertible debentures;

However, the aggregate ceiling of 10 % may be raised to 24 % if a special resolution to that effect is passed by the General Body of the Indian company concerned.

**iv. Investment by NRI on Non-repatriation basis**

As per current FDI Policy 2017, schedule 4 of FEMA (Transfer or Issue of Security by Persons Resident outside India) Regulations – Purchase and sale of shares and convertible debentures or warrants by a NRI on Non-repatriation basis – will be deemed to be domestic investment at par with the investment made by residents. This is further subject to remittance channel restrictions.

**The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (“US Securities Act”) or any other state securities laws in the United States of America and may not be sold or offered within the United States of America, or to, or for the account or benefit of “US Persons” as defined in Regulation S of the U.S. Securities Act), except pursuant to exemption from, or in a transaction not subject to, the registration requirements of US Securities Act and applicable state securities laws.**

Accordingly, the equity shares are being offered and sold only outside the United States of America in an offshore transaction in reliance upon Regulation S under the US Securities Act and the applicable laws of the jurisdiction where those offers and sale occur.

Further, no offer to the public (as defined under Directive 2003/71/EC, together with any amendments) and implementing measures thereto, (the “Prospectus Directive”) has been or will be made in respect of the Issue in any member State of the European Economic Area which has implemented the Prospectus Directive except for any such offer made under exemptions available

**under the Prospectus Directive, provided that no such offer shall result in a requirement to publish or supplement a prospectus pursuant to the Prospectus Directive, in respect of the Issue.**

**Any forwarding, distribution or reproduction of this document in whole or in part may be unauthorised. Failure to comply with this directive may result in a violation of the Securities Act or the applicable laws of other jurisdictions. Any investment decision should be made on the basis of the final terms and conditions and the information contained in this Prospectus.**

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

The above information is given for the benefit of the Applicants. Our Company and the Book Running Lead Manager are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Prospectus. Applicants are advised to make their independent investigations and ensure that the Applications are not in violation of laws or regulations applicable to them and do not exceed the applicable limits under the laws and regulations.

**SECTION VIII- MAIN PROVISIONS OF ARTICLES OF ASSOCIATION  
THE COMPANIES ACT  
(Company Limited by shares)  
ARTICLES OF ASSOCIATION  
OF  
AFFINE FORMULATIONS LIMITED**

Pursuant to Schedule II to the Companies Act and the SEBI Regulations, the main provisions of our Articles relating, inter alia, to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares or debentures and/or on their consolidation/splitting are detailed below. Please note that each provision herein below is numbered as per the corresponding article number in our Articles and capitalized/defined terms herein have the same meaning given to them in our Articles

Sr. No	Particulars	
1.	No regulation contained in Table “F” in the First Schedule to Companies Act, 2013 shall apply to this Company but the regulations for the Management of the Company and for the observance of the Members thereof and their representatives shall be as set out in the relevant provisions of the Companies Act, 2013 and subject to any exercise of the statutory powers of the Company with reference to the repeal or alteration of or addition to its regulations by Special Resolution as prescribed by the said Companies Act, 2013 be such as are contained in these Articles unless the same are repugnant or contrary to the provisions of the Companies Act, 2013 or any amendment thereto.	<b>Table F Applicable.</b>
	<b>Interpretation Clause</b>	
2.	In the interpretation of these Articles the following expressions shall have the following meanings unless repugnant to the subject or context:	
	(a) "The Act" means the Companies Act, 2013 and includes any statutory modification or re-enactment thereof for the time being in force.	<b>Act</b>
	(b) “These Articles" means Articles of Association for the time being in force or as may be altered from time to time vide Special Resolution.	<b>Articles</b>
	(c) “Auditors" means and includes those persons appointed as such for the time being of the Company.	<b>Auditors</b>
	(d) "Capital" means the share capital for the time being raised or authorized to be raised for the purpose of the Company.	<b>Capital</b>
	(e) *“The Company” shall mean <b>AFFINE FORMULATIONS LIMITED</b>	<b>Company</b>

Sr. No	Particulars	
	(f) "Executor" or "Administrator" means a person who has obtained a probate or letter of administration, as the case may be from a Court of competent jurisdiction and shall include a holder of a Succession Certificate authorizing the holder thereof to negotiate or transfer the Share or Shares of the deceased Member and shall also include the holder of a Certificate granted by the Administrator General under section 31 of the Administrator General Act, 1963.	<b>Executor or Administrator</b>
	(g) "Legal Representative" means a person who in law represents the estate of a deceased Member.	<b>Legal Representative</b>
	(h) Words importing the masculine gender also include the feminine gender.	<b>Gender</b>
	(i) "In Writing" and "Written" includes printing lithography and other modes of representing or reproducing words in a visible form.	<b>In Writing and Written</b>
	(j) The marginal notes hereto shall not affect the construction thereof.	<b>Marginal notes</b>
	(k) "Meeting" or "General Meeting" means a meeting of members.	<b>Meeting or General Meeting</b>
	(l) "Month" means a calendar month.	<b>Month</b>
	(m) "Annual General Meeting" means a General Meeting of the Members held in accordance with the provision of section 96 of the Act.	<b>Annual General Meeting</b>
	(n) "Extra-Ordinary General Meeting" means an Extraordinary General Meeting of the Members duly called and constituted and any adjourned holding thereof.	<b>Extra-Ordinary General Meeting</b>
	(o) "National Holiday" means and includes a day declared as National Holiday by the Central Government.	<b>National Holiday</b>
	(p) "Non-retiring Directors" means a director not subject to retirement by rotation.	<b>Non-retiring Directors</b>
	(q) "Office" means the registered Office for the time being of the Company.	<b>Office</b>
	(r) "Ordinary Resolution" and "Special Resolution" shall have the meanings assigned thereto by Section 114 of the Act.	<b>Ordinary and Special Resolution</b>

Sr. No	Particulars	
	(s) "Person" shall be deemed to include corporations and firms as well as individuals.	<b>Person</b>
	(t) "Proxy" means an instrument whereby any person is authorized to vote for a member at General Meeting or Poll and includes attorney duly constituted under the power of attorney.	<b>Proxy</b>
	(u) "The Register of Members" means the Register of Members to be kept pursuant to Section 88(1)(a) of the Act.	<b>Register of Members</b>
	(v) "Seal" means the common seal for the time being of the Company.	<b>Seal</b>
	(w) "Special Resolution" shall have the meanings assigned to it by Section 114 of the Act.	<b>Special Resolution</b>
	(x) Words importing the Singular number include where the context admits or requires the plural number and vice versa.	<b>Singular number</b>
	(y) "The Statutes" means the Companies Act, 2013 and every other Act for the time being in force affecting the Company.	<b>Statutes</b>
	(z) "These presents" means the Memorandum of Association and the Articles of Association as originally framed or as altered from time to time.	<b>These presents</b>
	(aa) "Variation" shall include abrogation; and "vary" shall include abrogate.	<b>Variation</b>
	(bb) "Year" means the calendar year and "Financial Year" shall have the meaning assigned thereto by Section 2(41) of the Act.	<b>Year and Financial Year</b>
	Save as aforesaid any words and expressions contained in these Articles shall bear the same meanings as in the Act or any statutory modifications thereof for the time being in force.	<b>Expressions in the Act to bear the same meaning in Articles</b>
	<b>CAPITAL</b>	
3.	a) The Authorized Share Capital of the Company shall be such amount as may be mentioned in Clause V of Memorandum of Association of the Company from time to time.	<b>Authorized Capital.</b>
	b) The minimum paid up Share capital of the Company shall be Rs. 5,00,000 or such other higher sum as may be prescribed in the Act from time to time.	



Sr. No	Particulars	
4.	<p>The Company may in General Meeting from time to time by Ordinary Resolution increase its capital by creation of new Shares which may be unclassified and may be classified at the time of issue in one or more classes and of such amount or amounts as may be deemed expedient. The new Shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the resolution shall prescribe and in particular, such Shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company and with a right of voting at General Meeting of the Company in conformity with Section 47 of the Act. Whenever the capital of the Company has been increased under the provisions of this Article the Directors shall comply with the provisions of Section 64 of the Act.</p>	<p><b>Increase of capital by the Company how carried into effect</b></p>
5.	<p>Except so far as otherwise provided by the conditions of issue or by these Presents, any capital raised by the creation of new Shares shall be considered as part of the existing capital, and shall be subject to the provisions herein contained, with reference to the payment of calls and installments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.</p>	<p><b>New Capital same as existing capital</b></p>
6.	<p>The Board shall have the power to issue a part of authorized capital by way of non-voting Shares at price(s) premia, dividends, eligibility, volume, quantum, proportion and other terms and conditions as they deem fit, subject however to provisions of law, rules, regulations, notifications and enforceable guidelines for the time being in force.</p>	<p><b>Non Voting Shares</b></p>
7.	<p>Subject to the provisions of the Act and these Articles, the Board of Directors may issue redeemable preference shares to such persons, on such terms and conditions and at such times as Directors think fit either at premium or at par, and with full power to give any person the option to call for or be allotted shares of the company either at premium or at par, such option being exercisable at such times and for such consideration as the Board thinks fit.</p>	<p><b>Redeemable Preference Shares</b></p>
8.	<p>The holder of Preference Shares shall have a right to vote only on Resolutions, which directly affect the rights attached to his Preference Shares.</p>	<p><b>Voting rights of preference shares</b></p>
9.	<p>On the issue of redeemable preference shares under the provisions of Article 7 hereof, the following provisions shall take effect:</p> <p>(a) No such Shares shall be redeemed except out of profits of which would otherwise be available for dividend or out of proceeds of a fresh issue of shares made for the purpose of the redemption;</p>	<p><b>Provisions to apply on issue of Redeemable Preference Shares</b></p>

Sr. No	Particulars	
	<p>(b) No such Shares shall be redeemed unless they are fully paid;</p> <p>(c) Subject to section 55(2)(d)(i) the premium, if any payable on redemption shall have been provided for out of the profits of the Company or out of the Company's security premium account, before the Shares are redeemed;</p> <p>(d) Where any such Shares are redeemed otherwise then out of the proceeds of a fresh issue, there shall out of profits which would otherwise have been available for dividend, be transferred to a reserve fund, to be called "the Capital Redemption Reserve Account", a sum equal to the nominal amount of the Shares redeemed, and the provisions of the Act relating to the reduction of the share capital of the Company shall, except as provided in Section 55 of the Act apply as if the Capital Redemption Reserve Account were paid-up share capital of the Company; and</p> <p>(e) Subject to the provisions of Section 55 of the Act, the redemption of preference shares hereunder may be effected in accordance with the terms and conditions of their issue and in the absence of any specific terms and conditions in that behalf, in such manner as the Directors may think fit. The reduction of Preference Shares under the provisions by the Company shall not be taken as reducing the amount of its Authorized Share Capital</p>	
10.	<p>The Company may (subject to the provisions of sections 52, 55, 56, both inclusive, and other applicable provisions, if any, of the Act) from time to time by Special Resolution reduce</p> <p>(a) the share capital;</p> <p>(b) any capital redemption reserve account; or</p> <p>(c) any security premium account</p> <p>In any manner for the time being, authorized by law and in particular capital may be paid off on the footing that it may be called up again or otherwise. This Article is not to derogate from any power the Company would have, if it were omitted.</p>	<b>Reduction of capital</b>
11.	<p>Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending (but not voting) at the General Meeting, appointment of Directors and otherwise. Debentures with the right to conversion into or allotment of shares</p>	<b>Debentures</b>

Sr. No	Particulars	
	shall be issued only with the consent of the Company in the General Meeting by a Special Resolution.	
12.	The Company may exercise the powers of issuing sweat equity shares conferred by Section 54 of the Act of a class of shares already issued subject to such conditions as may be specified in that sections and rules framed thereunder.	<b>Issue of Sweat Equity Shares</b>
13.	The Company may issue shares to Employees including its Directors other than independent directors and such other persons as the rules may allow, under Employee Stock Option Scheme (ESOP) or any other scheme, if authorized by a Special Resolution of the Company in general meeting subject to the provisions of the Act, the Rules and applicable guidelines made there under, by whatever name called.	<b>ESOP</b>
14.	Notwithstanding anything contained in these articles but subject to the provisions of sections 68 to 70 and any other applicable provision of the Act or any other law for the time being in force, the company may purchase its own shares or other specified securities.	<b>Buy Back of shares</b>
15.	Subject to the provisions of Section 61 of the Act, the Company in general meeting may, from time to time, sub-divide or consolidate all or any of the share capital into shares of larger amount than its existing share or sub-divide its shares, or any of them into shares of smaller amount than is fixed by the Memorandum; subject nevertheless, to the provisions of clause (d) of sub-section (1) of Section 61; Subject as aforesaid the Company in general meeting may also cancel shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.	<b>Consolidation, Sub-Division And Cancellation</b>
16.	Subject to compliance with applicable provision of the Act and rules framed thereunder the company shall have power to issue depository receipts in any foreign country.	<b>Issue of Depository Receipts</b>
17.	Subject to compliance with applicable provision of the Act and rules framed thereunder the company shall have power to issue any kind of securities as permitted to be issued under the Act and rules framed thereunder.	<b>Issue of Securities</b>
	<b>MODIFICATION OF CLASS RIGHTS</b>	
18.	(a) If at any time the share capital, by reason of the issue of Preference Shares or otherwise is divided into different classes of shares, all or any of the rights privileges attached to any class (unless otherwise provided by the terms of issue of the shares of the class) may, subject to the provisions of Section 48 of the Act and	<b>Modification of rights</b>

Sr. No	Particulars	
	<p>whether or not the Company is being wound-up, be varied, modified or dealt, with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or with the sanction of a Special Resolution passed at a separate general meeting of the holders of the shares of that class. The provisions of these Articles relating to general meetings shall mutatis mutandis apply to every such separate class of meeting.</p> <p>Provided that if variation by one class of shareholders affects the rights of any other class of shareholders, the consent of three-fourths of such other class of shareholders shall also be obtained and the provisions of this section shall apply to such variation.</p>	
19.	The rights conferred upon the holders of the Shares including Preference Share, if any) of any class issued with preferred or other rights or privileges shall, unless otherwise expressly provided by the terms of the issue of shares of that class, be deemed not to be modified, commuted, affected, abrogated, dealt with or varied by the creation or issue of further shares ranking pari passu therewith.	<b>New Issue of Shares not to affect rights attached to existing shares of that class.</b>
20.	Subject to the provisions of Section 62 of the Act and these Articles, the shares in the capital of the company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par and at such time as they may from time to time think fit and with the sanction of the company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the capital of the company on payment in full or part of any property sold and transferred or for any services rendered to the company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares.	<b>Shares at the disposal of the Directors.</b>
21.	The Company may issue shares or other securities in any manner whatsoever including by way of a preferential offer, to any persons whether or not those persons include the persons referred to in clause (a) or clause (b) of sub-section (1) of section 62 subject to compliance with section 42 and 62 of the Act and rules framed thereunder.	<b>Power to issue shares on preferential basis.</b>
22.	The shares in the capital shall be numbered progressively according to their several denominations, and except in the manner	<b>Shares should be Numbered</b>

Sr. No	Particulars	
	hereinbefore mentioned no share shall be sub-divided. Every forfeited or surrendered share shall continue to bear the number by which the same was originally distinguished.	<b>progressively and no share to be subdivided.</b>
23.	An application signed by or on behalf of an applicant for shares in the Company, followed by an allotment of any shares therein, shall be an acceptance of shares within the meaning of these Articles, and every person who thus or otherwise accepts any shares and whose name is on the Register shall for the purposes of these Articles, be a Member.	<b>Acceptance of Shares.</b>
24.	Subject to the provisions of the Act and these Articles, the Directors may allot and issue shares in the Capital of the Company as payment or part payment for any property (including goodwill of any business) sold or transferred, goods or machinery supplied or for services rendered to the Company either in or about the formation or promotion of the Company or the conduct of its business and any shares which may be so allotted may be issued as fully paid-up or partly paid-up otherwise than in cash, and if so issued, shall be deemed to be fully paid-up or partly paid-up shares as aforesaid.	<b>Directors may allot shares as full paid-up</b>
25.	The money (if any) which the Board shall on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any shares allotted by them shall become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him, accordingly.	<b>Deposit and call etc. to be a debt payable immediately.</b>
26.	Every Member, or his heirs, executors, administrators, or legal representatives, shall pay to the Company the portion of the Capital represented by his share or shares which may, for the time being, remain unpaid thereon, in such amounts at such time or times, and in such manner as the Board shall, from time to time in accordance with the Company's regulations, require on date fixed for the payment thereof.	<b>Liability of Members.</b>
27.	Shares may be registered in the name of any limited company or other corporate body but not in the name of a firm, an insolvent person or a person of unsound mind.	<b>Registration of Shares.</b>
	<b>RETURN ON ALLOTMENTS TO BE MADE OR RESTRICTIONS ON ALLOTMENT</b>	

Sr. No	Particulars	
28.	The Board shall observe the restrictions as regards allotment of shares to the public, and as regards return on allotments contained in Sections 39 of the Act	
	<b>CERTIFICATES</b>	
29.	<p>(a) Every member shall be entitled, without payment, to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fee as provided in the relevant laws) to several certificates, each for one or more of such shares and the company shall complete and have ready for delivery such certificates within two months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one month of the receipt of application for registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Every certificate of shares shall be under the seal of the company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the directors may prescribe or approve, provided that in respect of a share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate and delivery of a certificate of shares to one of several joint holders shall be sufficient delivery to all such holder. Such certificate shall be issued only in pursuance of a resolution passed by the Board and on surrender to the Company of its letter of allotment or its fractional coupons of requisite value, save in cases of issues against letter of acceptance or of renunciation or in cases of issue of bonus shares. Every such certificate shall be issued under the seal of the Company, which shall be affixed in the presence of two Directors or persons acting on behalf of the Directors under a duly registered power of attorney and the Secretary or some other person appointed by the Board for the purpose and two Directors or their attorneys and the Secretary or other person shall sign the share certificate, provided that if the composition of the Board permits of it, at least one of the aforesaid two Directors shall be a person other than a Managing or whole-time Director. Particulars of every share certificate issued shall be entered in the Register of Members against the name of the person, to whom it has been issued, indicating the date of issue.</p> <p>(b) Any two or more joint allottees of shares shall, for the purpose of this Article, be treated as a single member, and the certificate of any shares which may be the subject of joint ownership, may be delivered to anyone of such joint owners on behalf of all of them. For any further certificate the Board shall be</p>	<b>Share Certificates.</b>

Sr. No	Particulars	
	<p>entitled, but shall not be bound, to prescribe a charge not exceeding Rupees Fifty. The Company shall comply with the provisions of Section 39 of the Act.</p> <p>(c) A Director may sign a share certificate by affixing his signature thereon by means of any machine, equipment or other mechanical means, such as engraving in metal or lithography, but not by means of a rubber stamp provided that the Director shall be responsible for the safe custody of such machine, equipment or other material used for the purpose.</p>	
30.	<p>If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new Certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, being given, a new Certificate in lieu thereof shall be given to the party entitled to such lost or destroyed Certificate. Every Certificate under the Article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rs.50/- for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.</p> <p>Provided that notwithstanding what is stated above the Directors shall comply with such Rules or Regulation or requirements of any Stock Exchange or the Rules made under the Act or the rules made under Securities Contracts (Regulation) Act, 1956, or any other Act, or rules applicable in this behalf.</p> <p>The provisions of this Article shall mutatis mutandis apply to debentures of the Company.</p>	<p><b>Issue of new certificates in place of those defaced, lost or destroyed.</b></p>
31.	<p>(a) If any share stands in the names of two or more persons, the person first named in the Register shall as regard receipts of dividends or bonus or service of notices and all or any other matter connected with the Company except voting at meetings, and the transfer of the shares, be deemed sole holder thereof but the joint-holders of a share shall be severally as well as jointly liable for the payment of all calls and other payments due in respect of such share and for all incidentals thereof according to the Company's regulations.</p>	<p><b>The first named joint holder deemed Sole holder.</b></p>

Sr. No	Particulars	
	(b) The Company shall not be bound to register more than three persons as the joint holders of any share.	<b>Maximum number of joint holders.</b>
32.	Except as ordered by a Court of competent jurisdiction or as by law required, the Company shall not be bound to recognise any equitable, contingent, future or partial interest in any share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto, in accordance with these Articles, in the person from time to time registered as the holder thereof but the Board shall be at liberty at its sole discretion to register any share in the joint names of any two or more persons or the survivor or survivors of them.	<b>Company not bound to recognise any interest in share other than that of registered holders.</b>
33.	If by the conditions of allotment of any share the whole or part of the amount or issue price thereof shall be payable by installment, every such installment shall when due be paid to the Company by the person who for the time being and from time to time shall be the registered holder of the share or his legal representative.	<b>Installment on shares to be duly paid.</b>
	<b>UNDERWRITING AND BROKERAGE</b>	
34.	Subject to the provisions of Section 40 (6) of the Act, the Company may at any time pay a commission to any person in consideration of his subscribing or agreeing, to subscribe (whether absolutely or conditionally) for any shares or debentures in the Company, or procuring, or agreeing to procure subscriptions (whether absolutely or conditionally) for any shares or debentures in the Company but so that the commission shall not exceed the maximum rates laid down by the Act and the rules made in that regard. Such commission may be satisfied by payment of cash or by allotment of fully or partly paid shares or partly in one way and partly in the other.	<b>Commission</b>
35.	The Company may pay on any issue of shares and debentures such brokerage as may be reasonable and lawful.	<b>Brokerage</b>
	<b>CALLS</b>	
36.	(1) The Board may, from time to time, subject to the terms on which any shares may have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board and not by a circular resolution, make such calls as it thinks fit, upon the Members in respect of all the moneys unpaid on the shares held by them respectively and each Member shall pay the amount of every	<b>Directors may make calls</b>



Sr. No	Particulars	
	<p>call so made on him to the persons and at the time and places appointed by the Board.</p> <p>(2) A call may be revoked or postponed at the discretion of the Board.</p> <p>(3) A call may be made payable by installments.</p>	
37.	Fifteen days' notice in writing of any call shall be given by the Company specifying the time and place of payment, and the person or persons to whom such call shall be paid.	<b>Notice of Calls</b>
38.	A call shall be deemed to have been made at the time when the resolution of the Board of Directors authorising such call was passed and may be made payable by the members whose names appear on the Register of Members on such date or at the discretion of the Directors on such subsequent date as may be fixed by Directors.	<b>Calls to date from resolution.</b>
39.	Whenever any calls for further share capital are made on shares, such calls shall be made on uniform basis on all shares falling under the same class. For the purposes of this Article shares of the same nominal value of which different amounts have been paid up shall not be deemed to fall under the same class.	<b>Calls on uniform basis.</b>
40.	The Board may, from time to time, at its discretion, extend the time fixed for the payment of any call and may extend such time as to all or any of the members who on account of the residence at a distance or other cause, which the Board may deem fairly entitled to such extension, but no member shall be entitled to such extension save as a matter of grace and favour.	<b>Directors may extend time.</b>
41.	If any Member fails to pay any call due from him on the day appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall from time to time be fixed by the Board not exceeding 21% per annum but nothing in this Article shall render it obligatory for the Board to demand or recover any interest from any such member.	<b>Calls to carry interest.</b>
42.	If by the terms of issue of any share or otherwise any amount is made payable at any fixed time or by installments at fixed time (whether on account of the amount of the share or by way of premium) every such amount or installment shall be payable as if it were a call duly made by the Directors and of which due notice has	<b>Sums deemed to be calls.</b>

Sr. No	Particulars	
	been given and all the provisions herein contained in respect of calls shall apply to such amount or installment accordingly.	
43.	On the trial or hearing of any action or suit brought by the Company against any Member or his representatives for the recovery of any money claimed to be due to the Company in respect of his shares, if shall be sufficient to prove that the name of the Member in respect of whose shares the money is sought to be recovered, appears entered on the Register of Members as the holder, at or subsequent to the date at which the money is sought to be recovered is alleged to have become due on the share in respect of which such money is sought to be recovered in the Minute Books: and that notice of such call was duly given to the Member or his representatives used in pursuance of these Articles: and that it shall not be necessary to prove the appointment of the Directors who made such call, nor that a quorum of Directors was present at the Board at which any call was made was duly convened or constituted nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.	<b>Proof on trial of suit for money due on shares.</b>
44.	Neither a judgment nor a decree in favour of the Company for calls or other moneys due in respect of any shares nor any part payment or satisfaction thereunder nor the receipt by the Company of a portion of any money which shall from time to time be due from any Member of the Company in respect of his shares, either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any such money, shall preclude the Company from thereafter proceeding to enforce forfeiture of such shares as hereinafter provided.	<b>Judgment, decree, partial payment motto proceed for forfeiture.</b>
45.	<p>(a) The Board may, if it thinks fit, receive from any Member willing to advance the same, all or any part of the amounts of his respective shares beyond the sums, actually called up and upon the moneys so paid in advance, or upon so much thereof, from time to time, and at any time thereafter as exceeds the amount of the calls then made upon and due in respect of the shares on account of which such advances are made the Board may pay or allow interest, at such rate as the member paying the sum in advance and the Board agree upon. The Board may agree to repay at any time any amount so advanced or may at any time repay the same upon giving to the Member three months' notice in writing: provided that moneys paid in advance of calls on shares may carry interest but shall not confer a right to dividend or to participate in profits.</p> <p>(b) No Member paying any such sum in advance shall be entitled to voting rights in respect of the moneys so paid by him until the same would but for such payment become presently</p>	<b>Payments in Anticipation of calls may carry interest</b>

Sr. No	Particulars	
	payable. The provisions of this Article shall mutatis mutandis apply to calls on debentures issued by the Company.	
	<b>LIEN</b>	
46.	The Company shall have a first and paramount lien upon all the shares/debentures (other than fully paid-up shares/debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any share shall be created except upon the footing and condition that this Article will have full effect. And such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures. Unless otherwise agreed the registration of a transfer of shares/debentures shall operate as a waiver of the Company's lien if any, on such shares/debentures. The Directors may at any time declare any shares/debentures wholly or in part to be exempt from the provisions of this clause.	<b>Company to have Lien on shares.</b>
47.	For the purpose of enforcing such lien the Directors may sell the shares subject thereto in such manner as they shall think fit, but no sale shall be made until such period as aforesaid shall have arrived and until notice in writing of the intention to sell shall have been served on such member or the person (if any) entitled by transmission to the shares and default shall have been made by him in payment, fulfillment of discharge of such debts, liabilities or engagements for seven days after such notice. To give effect to any such sale the Board may authorise some person to transfer the shares sold to the purchaser thereof and purchaser shall be registered as the holder of the shares comprised in any such transfer. Upon any such sale as the Certificates in respect of the shares sold shall stand cancelled and become null and void and of no effect, and the Directors shall be entitled to issue a new Certificate or Certificates in lieu thereof to the purchaser or purchasers concerned.	<b>As to enforcing lien by sale.</b>
48.	The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue, if any, shall (subject to lien for sums not presently payable as existed upon the shares before the sale) be paid to the person entitled to the shares at the date of the sale.	<b>Application of proceeds of sale.</b>
	<b>FORFEITURE AND SURRENDER OF SHARES</b>	
49.	If any Member fails to pay the whole or any part of any call or installment or any moneys due in respect of any shares either by	<b>If call or installment not</b>

Sr. No	Particulars	
	<p>way of principal or interest on or before the day appointed for the payment of the same, the Directors may, at any time thereafter, during such time as the call or installment or any part thereof or other moneys as aforesaid remains unpaid or a judgment or decree in respect thereof remains unsatisfied in whole or in part, serve a notice on such Member or on the person (if any) entitled to the shares by transmission, requiring him to pay such call or installment of such part thereof or other moneys as remain unpaid together with any interest that may have accrued and all reasonable expenses (legal or otherwise) that may have been accrued by the Company by reason of such non-payment. Provided that no such shares shall be forfeited if any moneys shall remain unpaid in respect of any call or installment or any part thereof as aforesaid by reason of the delay occasioned in payment due to the necessity of complying with the provisions contained in the relevant exchange control laws or other applicable laws of India, for the time being in force.</p>	<p><b>paid, notice may be given.</b></p>
50.	<p>The notice shall name a day (not being less than fourteen days from the date of notice) and a place or places on and at which such call or installment and such interest thereon as the Directors shall determine from the day on which such call or installment ought to have been paid and expenses as aforesaid are to be paid.</p> <p>The notice shall also state that, in the event of the non-payment at or before the time and at the place or places appointed, the shares in respect of which the call was made or installment is payable will be liable to be forfeited.</p>	<p><b>Terms of notice.</b></p>
51.	<p>If the requirements of any such notice as aforesaid shall not be complied with, every or any share in respect of which such notice has been given, may at any time thereafter but before payment of all calls or installments, interest and expenses, due in respect thereof, be forfeited by resolution of the Board to that effect. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited share and not actually paid before the forfeiture.</p>	<p><b>On default of payment, shares to be forfeited.</b></p>
52.	<p>When any shares have been forfeited, notice of the forfeiture shall be given to the member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof shall forthwith be made in the Register of Members.</p>	<p><b>Notice of forfeiture to a Member</b></p>
53.	<p>Any shares so forfeited, shall be deemed to be the property of the Company and may be sold, re-allotted, or otherwise disposed of, either to the original holder thereof or to any other person, upon</p>	<p><b>Forfeited shares to be property of the Company and may be sold etc.</b></p>

Sr. No	Particulars	
	such terms and in such manner as the Board in their absolute discretion shall think fit.	
54.	Any Member whose shares have been forfeited shall notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company, on demand all calls, installments, interest and expenses owing upon or in respect of such shares at the time of the forfeiture, together with interest thereon from the time of the forfeiture until payment, at such rate as the Board may determine and the Board may enforce the payment of the whole or a portion thereof as if it were a new call made at the date of the forfeiture, but shall not be under any obligation to do so.	<b>Members still liable to pay money owing at time of forfeiture and interest.</b>
55.	The forfeiture shares shall involve extinction at the time of the forfeiture, of all interest in all claims and demand against the Company, in respect of the share and all other rights incidental to the share, except only such of those rights as by these Articles are expressly saved.	<b>Effect of forfeiture.</b>
56.	A declaration in writing that the declarant is a Director or Secretary of the Company and that shares in the Company have been duly forfeited in accordance with these articles on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares.	<b>Evidence of Forfeiture.</b>
57.	The Company may receive the consideration, if any, given for the share on any sale, re-allotment or other disposition thereof and the person to whom such share is sold, re-allotted or disposed of may be registered as the holder of the share and he shall not be bound to see to the application of the consideration: if any, nor shall his title to the share be affected by any irregularly or invalidity in the proceedings in reference to the forfeiture, sale, re-allotment or other disposal of the shares.	<b>Title of purchaser and allottee of Forfeited shares.</b>
58.	Upon any sale, re-allotment or other disposal under the provisions of the preceding Article, the certificate or certificates originally issued in respect of the relative shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting member) stand cancelled and become null and void and of no effect, and the Directors shall be entitled to issue a duplicate certificate or certificates in respect of the said shares to the person or persons entitled thereto.	<b>Cancellation of share certificate in respect of forfeited shares.</b>
59.	In the meantime and until any share so forfeited shall be sold, re-allotted, or otherwise dealt with as aforesaid, the forfeiture thereof may, at the discretion and by a resolution of the Directors, be remitted as a matter of grace and favour, and not as was owing	<b>Forfeiture may be remitted.</b>

Sr. No	Particulars	
	thereon to the Company at the time of forfeiture being declared with interest for the same unto the time of the actual payment thereof if the Directors shall think fit to receive the same, or on any other terms which the Director may deem reasonable.	
60.	Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board may appoint some person to execute an instrument of transfer of the Shares sold and cause the purchaser's name to be entered in the Register of Members in respect of the Shares sold, and the purchasers shall not be bound to see to the regularity of the proceedings or to the application of the purchase money, and after his name has been entered in the Register of Members in respect of such Shares, the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.	<b>Validity of sale</b>
61.	The Directors may, subject to the provisions of the Act, accept a surrender of any share from or by any Member desirous of surrendering on such terms the Directors may think fit.	<b>Surrender of shares.</b>
	<b>TRANSFER AND TRANSMISSION OF SHARES</b>	
62.	(a) The instrument of transfer of any share in or debenture of the Company shall be executed by or on behalf of both the transferor and transferee.  (b) The transferor shall be deemed to remain a holder of the share or debenture until the name of the transferee is entered in the Register of Members or Register of Debenture holders in respect thereof.	<b>Execution of the instrument of shares.</b>
63.	The instrument of transfer of any share or debenture shall be in writing and all the provisions of Section 56 and statutory modification thereof including other applicable provisions of the Act shall be duly complied with in respect of all transfers of shares or debenture and registration thereof.  The instrument of transfer shall be in a common form approved by the Exchange;	<b>Transfer Form.</b>
64.	The Company shall not register a transfer in the Company other than the transfer between persons both of whose names are entered as holders of beneficial interest in the records of a depository, unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee and specifying the name, address and occupation if any, of the	<b>Transfer not to be registered except on production of instrument of transfer.</b>

Sr. No	Particulars	
	<p>transferee, has been delivered to the Company along with the certificate relating to the shares or if no such share certificate is in existence along with the letter of allotment of the shares: Provided that where, on an application in writing made to the Company by the transferee and bearing the stamp, required for an instrument of transfer, it is proved to the satisfaction of the Board of Directors that the instrument of transfer signed by or on behalf of the transferor and by or on behalf of the transferee has been lost, the Company may register the transfer on such terms as to indemnity as the Board may think fit, provided further that nothing in this Article shall prejudice any power of the Company to register as shareholder any person to whom the right to any shares in the Company has been transmitted by operation of law.</p>	
65.	<p>Subject to the provisions of Section 58 of the Act and Section 22A of the Securities Contracts (Regulation) Act, 1956, the Directors may, decline to register—</p> <p>(a) <b>any transfer of shares on which the company has a lien.</b></p> <p>That registration of transfer shall however not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever;</p>	<b>Directors may refuse to register transfer.</b>
66.	<p>If the Company refuses to register the transfer of any share or transmission of any right therein, the Company shall within one month from the date on which the instrument of transfer or intimation of transmission was lodged with the Company, send notice of refusal to the transferee and transferor or to the person giving intimation of the transmission, as the case may be, and there upon the provisions of Section 56 of the Act or any statutory modification thereof for the time being in force shall apply.</p>	<b>Notice of refusal to be given to transferor and transferee.</b>
67.	<p>No fee shall be charged for registration of transfer, transmission, Probate, Succession Certificate and letter of administration, Certificate of Death or Marriage, Power of Attorney or similar other document with the Company.</p>	<b>No fee on transfer.</b>
68.	<p>The Board of Directors shall have power on giving not less than seven days previous notice in accordance with section 91 and rules made thereunder close the Register of Members and/or the Register of debentures holders and/or other security holders at such time or times and for such period or periods, not exceeding thirty days at a time, and not exceeding in the aggregate forty five days at a time, and not exceeding in the aggregate forty five days in each year as it may seem expedient to the Board.</p>	<b>Closure of Register of Members or debentureholder or other security holders.</b>

Sr. No	Particulars	
69.	The instrument of transfer shall after registration be retained by the Company and shall remain in its custody. All instruments of transfer which the Directors may decline to register shall on demand be returned to the persons depositing the same. The Directors may cause to be destroyed all the transfer deeds with the Company after such period as they may determine.	<b>Custody of transfer Deeds.</b>
70.	Where an application of transfer relates to partly paid shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee and the transferee makes no objection to the transfer within two weeks from the receipt of the notice.	<b>Application for transfer of partly paid shares.</b>
71.	For this purpose the notice to the transferee shall be deemed to have been duly given if it is dispatched by prepaid registered post/speed post/ courier to the transferee at the address given in the instrument of transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered in the ordinary course of post.	<b>Notice to transferee.</b>
72.	<p>(a) On the death of a Member, the survivor or survivors, where the Member was a joint holder, and his his nominee or nominees or legal representatives where he was a sole holder, shall be the only person recognized by the Company as having any title to his interest in the shares.</p> <p style="text-align: center;">(b) Before recognising any executor or administrator or legal representative, the Board may require him to obtain a Grant of Probate or Letters Administration or other legal representation as the case may be, from some competent court in India.</p> <p>Provided nevertheless that in any case where the Board in its absolute discretion thinks fit, it shall be lawful for the Board to dispense with the production of Probate or letter of Administration or such other legal representation upon such terms as to indemnity or otherwise, as the Board in its absolute discretion, may consider adequate</p> <p>(c) Nothing in clause (a) above shall release the estate of the deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.</p>	<b>Recognition of legal representative.</b>



Sr. No	Particulars	
73.	<p>The Executors or Administrators of a deceased Member or holders of a Succession Certificate or the Legal Representatives in respect of the Shares of a deceased Member (not being one of two or more joint holders) shall be the only persons recognized by the Company as having any title to the Shares registered in the name of such Members, and the Company shall not be bound to recognize such Executors or Administrators or holders of Succession Certificate or the Legal Representative unless such Executors or Administrators or Legal Representative shall have first obtained Probate or Letters of Administration or Succession Certificate as the case may be from a duly constituted Court in the Union of India provided that in any case where the Board of Directors in its absolute discretion thinks fit, the Board upon such terms as to indemnity or otherwise as the Directors may deem proper dispense with production of Probate or Letters of Administration or Succession Certificate and register Shares standing in the name of a deceased Member, as a Member. However, provisions of this Article are subject to Sections 72 of the Companies Act.</p>	<p><b>Titles of Shares of deceased Member</b></p>
74.	<p>Where, in case of partly paid Shares, an application for registration is made by the transferor, the Company shall give notice of the application to the transferee in accordance with the provisions of Section 56 of the Act.</p>	<p><b>Notice of application when to be given</b></p>
75.	<p>Subject to the provisions of the Act and these Articles, any person becoming entitled to any share in consequence of the death, lunacy, bankruptcy, insolvency of any member or by any lawful means other than by a transfer in accordance with these presents, may, with the consent of the Directors (which they shall not be under any obligation to give) upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of this title as the Director shall require either be registered as member in respect of such shares or elect to have some person nominated by him and approved by the Directors registered as Member in respect of such shares; provided nevertheless that if such person shall elect to have his nominee registered he shall testify his election by executing in favour of his nominee an instrument of transfer in accordance so he shall not be freed from any liability in respect of such shares. This clause is hereinafter referred to as the 'Transmission Clause'.</p>	<p><b>Registration of persons entitled to share otherwise than by transfer. (Transmission clause).</b></p>
76.	<p>Subject to the provisions of the Act and these Articles, the Directors shall have the same right to refuse or suspend register a person entitled by the transmission to any shares or his nominee as if he were the transferee named in an ordinary transfer presented for registration.</p>	<p><b>Refusal to register nominee.</b></p>

Sr. No	Particulars	
77.	Every transmission of a share shall be verified in such manner as the Directors may require and the Company may refuse to register any such transmission until the same be so verified or until or unless an indemnity be given to the Company with regard to such registration which the Directors at their discretion shall consider sufficient, provided nevertheless that there shall not be any obligation on the Company or the Directors to accept any indemnity.	<b>Board may require evidence of transmission.</b>
78.	The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of shares made, or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register or Members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the same shares notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice or referred thereto in any book of the Company and the Company shall not be bound or require to regard or attend or give effect to any notice which may be given to them of any equitable right, title or interest, or be under any liability whatsoever for refusing or neglecting so to do though it may have been entered or referred to in some book of the Company but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto, if the Directors shall so think fit.	<b>Company not liable for disregard of a notice prohibiting registration of transfer.</b>
79.	In the case of any share registered in any register maintained outside India the instrument of transfer shall be in a form recognized by the law of the place where the register is maintained but subject thereto shall be as near to the form prescribed in Form no. SH-4 hereof as circumstances permit.	<b>Form of transfer Outside India.</b>
80.	No transfer shall be made to any minor, insolvent or person of unsound mind.	<b>No transfer to insolvent etc.</b>
	<b>NOMINATION</b>	
81.	<p>i) Notwithstanding anything contained in the articles, every holder of securities of the Company may, at any time, nominate a person in whom his/her securities shall vest in the event of his/her death and the provisions of Section 72 of the Companies Act, 2013 shall apply in respect of such nomination.</p> <p>ii) No person shall be recognized by the Company as a nominee unless an intimation of the appointment of the said person as nominee has been given to the Company during the lifetime of</p>	<b>Nomination</b>

Sr. No	Particulars	
	<p>the holder(s) of the securities of the Company in the manner specified under Section 72 of the Companies Act, 2013 read with Rule 19 of the Companies (Share Capital and Debentures) Rules, 2014</p> <p>iii) The Company shall not be in any way responsible for transferring the securities consequent upon such nomination.</p> <p>iv) If the holder(s) of the securities survive(s) nominee, then the nomination made by the holder(s) shall be of no effect and shall automatically stand revoked.</p>	
82.	<p>A nominee, upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either-</p> <p>(i) <b>to be registered himself as holder of the security, as the case may be; or</b></p> <p>(ii) <b>to make such transfer of the security, as the case may be, as the deceased security holder, could have made;</b></p> <p>(iii) <b>if the nominee elects to be registered as holder of the security, himself, as the case may be, he shall deliver or send to the Company, a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased security holder as the case may be;</b></p> <p>(iv) <b>a nominee shall be entitled to the same dividends and other advantages to which he would be entitled to, if he were the registered holder of the security except that he shall not, before being registered as a member in respect of his security, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.</b></p> <p>Provided further that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share or debenture, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable or rights accruing in respect of the share or debenture, until the requirements of the notice have been complied with.</p>	<b>Transmission of Securities by nominee</b>

Sr. No	Particulars	
	<b>DEMATERIALISATION OF SHARES</b>	
83.	Subject to the provisions of the Act and Rules made thereunder the Company may offer its members facility to hold securities issued by it in dematerialized form.	<b>Dematerialisation of Securities</b>
	<b>JOINT HOLDER</b>	
84.	Where two or more persons are registered as the holders of any share they shall be deemed to hold the same as joint Shareholders with benefits of survivorship subject to the following and other provisions contained in these Articles.	<b>Joint Holders</b>
85.	(a) The Joint holders of any share shall be liable severally as well as jointly for and in respect of all calls and other payments which ought to be made in respect of such share.	<b>Joint and several liabilities for all payments in respect of shares.</b>
	(b) on the death of any such joint holders the survivor or survivors shall be the only person recognized by the Company as having any title to the share but the Board may require such evidence of death as it may deem fit and nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability of shares held by them jointly with any other person;	<b>Title of survivors.</b>
	(c) Any one of two or more joint holders of a share may give effectual receipts of any dividends or other moneys payable in respect of share; and	<b>Receipts of one sufficient.</b>
	(d) only the person whose name stands first in the Register of Members as one of the joint holders of any share shall be entitled to delivery of the certificate relating to such share or to receive documents from the Company and any such document served on or sent to such person shall deemed to be service on all the holders.	<b>Delivery of certificate and giving of notices to first named holders.</b>
	<b>SHARE WARRANTS</b>	
86.	The Company may issue warrants subject to and in accordance with provisions of the Act and accordingly the Board may in its discretion with respect to any Share which is fully paid upon application in writing signed by the persons registered as holder of the Share, and authenticated by such evidence(if any) as the Board may, from time to time, require as to the identity of the persons	<b>Power to issue share warrants</b>

Sr. No	Particulars	
	signing the application and on receiving the certificate (if any) of the Share, and the amount of the stamp duty on the warrant and such fee as the Board may, from time to time, require, issue a share warrant.	
87.	<p>(a) The bearer of a share warrant may at any time deposit the warrant at the Office of the Company, and so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition for call in a meeting of the Company, and of attending and voting and exercising the other privileges of a Member at any meeting held after the expiry of two clear days from the time of deposit, as if his name were inserted in the Register of Members as the holder of the Share included in the deposit warrant.</p> <p>(b) Not more than one person shall be recognized as depositor of the Share warrant.</p> <p>(c) The Company shall, on two day's written notice, return the deposited share warrant to the depositor.</p>	<b>Deposit of share warrants</b>
88.	<p>(a) Subject as herein otherwise expressly provided, no person, being a bearer of a share warrant, shall sign a requisition for calling a meeting of the Company or attend or vote or exercise any other privileges of a Member at a meeting of the Company, or be entitled to receive any notice from the Company.</p> <p>(b) The bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he were named in the Register of Members as the holder of the Share included in the warrant, and he shall be a Member of the Company.</p>	<b>Privileges and disabilities of the holders of share warrant</b>
89.	The Board may, from time to time, make bye-laws as to terms on which (if it shall think fit), a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction.	<b>Issue of new share warrant coupons</b>
	<b>CONVERSION OF SHARES INTO STOCK</b>	
90.	<p>The Company may, by ordinary resolution in General Meeting.</p> <p>a) convert any fully paid-up shares into stock; and</p> <p>b) re-convert any stock into fully paid-up shares of any denomination.</p>	<b>Conversion of shares into stock or reconversion.</b>
91.	The holders of stock may transfer the same or any part thereof in the same manner as and subject to the same regulation under which the shares from which the stock arose might before the conversion	<b>Transfer of stock.</b>

Sr. No	Particulars	
	<p>have been transferred, or as near thereto as circumstances admit, provided that, the Board may, from time to time, fix the minimum amount of stock transferable so however that such minimum shall not exceed the nominal amount of the shares from which the stock arose.</p>	
92.	<p>The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, participation in profits, voting at meetings of the Company, and other matters, as if they hold the shares for which the stock arose but no such privilege or advantage shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.</p>	<b>Rights of stock holders.</b>
93.	<p>Such of the regulations of the Company (other than those relating to share warrants), as are applicable to paid up share shall apply to stock and the words "share" and "shareholders" in those regulations shall include "stock" and "stockholders" respectively.</p>	<b>Regulations.</b>
	<b>BORROWING POWERS</b>	
94.	<p>Subject to the provisions of the Act and these Articles, the Board may, from time to time at its discretion, by a resolution passed at a meeting of the Board generally raise or borrow money by way of deposits, loans, overdrafts, cash credit</p> <p>or by issue of bonds, debentures or debenture-stock (perpetual or otherwise) or in any other manner, or from any person, firm, company, co-operative society, any body corporate, bank, institution, whether incorporated in India or abroad, Government or any authority or any other body for the purpose of the Company and may secure the payment of any sums of money so received, raised or borrowed; provided that the total amount borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) shall not without the consent of the Company in General Meeting exceed the aggregate of the paid up capital of the Company and its free reserves that is to say reserves not set apart for any specified purpose.</p>	<b>Power to borrow.</b>
95.	<p>Subject to the provisions of the Act and these Articles, any bonds, debentures, debenture-stock or any other securities may be issued at a discount, premium or otherwise and with any special privileges and conditions as to redemption, surrender, allotment of shares, appointment of Directors or otherwise; provided that debentures with the right to allotment of or conversion into shares shall not be issued except with the sanction of the Company in General Meeting.</p>	<b>Issue of discount etc. or with special privileges.</b>

Sr. No	Particulars	
96.	The payment and/or repayment of moneys borrowed or raised as aforesaid or any moneys owing otherwise or debts due from the Company may be secured in such manner and upon such terms and conditions in all respects as the Board may think fit, and in particular by mortgage, charter, lien or any other security upon all or any of the assets or property (both present and future) or the undertaking of the Company including its uncalled capital for the time being, or by a guarantee by any Director, Government or third party, and the bonds, debentures and debenture stocks and other securities may be made assignable, free from equities between the Company and the person to whom the same may be issued and also by a similar mortgage, charge or lien to secure and guarantee, the performance by the Company or any other person or company of any obligation undertaken by the Company or any person or Company as the case may be.	<b>Securing payment or repayment of Moneys borrowed.</b>
97.	Any bonds, debentures, debenture-stock or their securities issued or to be issued by the Company shall be under the control of the Board who may issue them upon such terms and conditions, and in such manner and for such consideration as they shall consider to be for the benefit of the Company.	<b>Bonds, Debentures etc. to be under the control of the Directors.</b>
98.	If any uncalled capital of the Company is included in or charged by any mortgage or other security the Directors shall subject to the provisions of the Act and these Articles make calls on the members in respect of such uncalled capital in trust for the person in whose favour such mortgage or security is executed.	<b>Mortgage of uncalled Capital.</b>
99.	Subject to the provisions of the Act and these Articles if the Directors or any of them or any other person shall incur or be about to incur any liability whether as principal or surely for the payment of any sum primarily due from the Company, the Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or person so becoming liable as aforesaid from any loss in respect of such liability.	<b>Indemnity may be given.</b>
	<b>MEETINGS OF MEMBERS</b>	
100.	All the General Meetings of the Company other than Annual General Meetings shall be called Extra-ordinary General Meetings.	<b>Distinction between AGM &amp; EGM.</b>
101.	(a) The Directors may, whenever they think fit, convene an Extra-Ordinary General Meeting and they shall on requisition of requisition of Members made in compliance with Section 100 of the	<b>Extra-Ordinary General Meeting</b>

Sr. No	Particulars	
	Act, forthwith proceed to convene Extra-Ordinary General Meeting of the members	<b>by Board and by requisition</b>
	(b) If at any time there are not within India sufficient Directors capable of acting to form a quorum, or if the number of Directors be reduced in number to less than the minimum number of Directors prescribed by these Articles and the continuing Directors fail or neglect to increase the number of Directors to that number or to convene a General Meeting, any Director or any two or more Members of the Company holding not less than one-tenth of the total paid up share capital of the Company may call for an Extra-Ordinary General Meeting in the same manner as nearly as possible as that in which meeting may be called by the Directors.	<b>When a Director or any two Members may call an Extra Ordinary General Meeting</b>
102.	No General Meeting, Annual or Extraordinary shall be competent to enter upon, discuss or transfer any business which has not been mentioned in the notice or notices upon which it was convened.	<b>Meeting not to transact business not mentioned in notice.</b>
103.	The Chairman (if any) of the Board of Directors shall be entitled to take the chair at every General Meeting, whether Annual or Extraordinary. If there is no such Chairman of the Board of Directors, or if at any meeting he is not present within fifteen minutes of the time appointed for holding such meeting or if he is unable or unwilling to take the chair, then the Members present shall elect another Director as Chairman, and if no Director be present or if all the Directors present decline to take the chair then the Members present shall elect one of the members to be the Chairman of the meeting.	<b>Chairman of General Meeting</b>
104.	No business, except the election of a Chairman, shall be discussed at any General Meeting whilst the Chair is vacant.	<b>Business confined to election of Chairman whilst chair is vacant.</b>
105.	<p>a) The Chairperson may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place.</p> <p>b) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.</p>	<b>Chairman with consent may adjourn meeting.</b>



Sr. No	Particulars	
	<p>c) When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.</p> <p>d) Save as aforesaid, and as provided in section 103 of the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.</p>	
106.	In the case of an equality of votes the Chairman shall both on a show of hands, on a poll (if any) and e-voting, have casting vote in addition to the vote or votes to which he may be entitled as a Member.	<b>Chairman's casting vote.</b>
107.	Any poll duly demanded on the election of Chairman of the meeting or any question of adjournment shall be taken at the meeting forthwith.	<b>In what case poll taken without adjournment.</b>
108.	The demand for a poll except on the question of the election of the Chairman and of an adjournment shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.	<b>Demand for poll not to prevent transaction of other business.</b>
	<b>VOTES OF MEMBERS</b>	
109.	No Member shall be entitled to vote either personally or by proxy at any General Meeting or Meeting of a class of shareholders either upon a show of hands, upon a poll or electronically, or be reckoned in a quorum in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has exercised, any right or lien.	<b>Members in arrears not to vote.</b>
110.	Subject to the provision of these Articles and without prejudice to any special privileges, or restrictions as to voting for the time being attached to any class of shares for the time being forming part of the capital of the company, every Member, not disqualified by the last preceding Article shall be entitled to be present, and to speak and to vote at such meeting, and on a show of hands every member present in person shall have one vote and upon a poll the voting right of every Member present in person or by proxy shall be in proportion to his share of the paid-up equity share capital of the Company, Provided, however, if any preference shareholder is present at any meeting of the Company, save as provided in sub-section (2) of Section 47 of the Act, he shall have a right to vote only on resolution	<b>Number of votes each member entitled.</b>

Sr. No	Particulars	
	placed before the meeting which directly affect the rights attached to his preference shares.	
111.	On a poll taken at a meeting of the Company a member entitled to more than one vote or his proxy or other person entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast in the same way all the votes he uses.	<b>Casting of votes by a member entitled to more than one vote.</b>
112.	A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, or a minor may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy.	<b>Vote of member of unsound mind and of minor</b>
113.	Notwithstanding anything contained in the provisions of the Companies Act, 2013, and the Rules made there under, the Company may, and in the case of resolutions relating to such business as may be prescribed by such authorities from time to time, declare to be conducted only by postal ballot, shall, get any such business/ resolutions passed by means of postal ballot, instead of transacting the business in the General Meeting of the Company.	<b>Postal Ballot</b>
114.	A member may exercise his vote at a meeting by electronic means in accordance with section 108 and shall vote only once.	<b>E-Voting</b>
115.	<p>a) <b>In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. If more than one of the said persons remain present than the senior shall alone be entitled to speak and to vote in respect of such shares, but the other or others of the joint holders shall be entitled to be present at the meeting. Several executors or administrators of a deceased Member in whose name share stands shall for the purpose of these Articles be deemed joints holders thereof.</b></p> <p>b) <b>For this purpose, seniority shall be determined by the order in which the names stand in the register of members.</b></p>	<b>Votes of joint members.</b>
116.	Votes may be given either personally or by attorney or by proxy or in case of a company, by a representative duly Authorised as mentioned in Articles	<b>Votes may be given by proxy or by representative</b>

Sr. No	Particulars	
117.	A body corporate (whether a company within the meaning of the Act or not) may, if it is member or creditor of the Company (including being a holder of debentures) authorise such person by resolution of its Board of Directors, as it thinks fit, in accordance with the provisions of Section 113 of the Act to act as its representative at any Meeting of the members or creditors of the Company or debentures holders of the Company. A person authorised by resolution as aforesaid shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the body corporate as if it were an individual member, creditor or holder of debentures of the Company.	<b>Representation of a body corporate.</b>
118.	(a) A member paying the whole or a part of the amount remaining unpaid on any share held by him although no part of that amount has been called up, shall not be entitled to any voting rights in respect of the moneys paid until the same would, but for this payment, become presently payable.	<b>Members paying money in advance.</b>
	(b) A member is not prohibited from exercising his voting rights on the ground that he has not held his shares or interest in the Company for any specified period preceding the date on which the vote was taken.	<b>Members not prohibited if share not held for any specified period.</b>
119.	Any person entitled under Article 73 (transmission clause) to transfer any share may vote at any General Meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that at least forty-eight hours before the time of holding the meeting or adjourned meeting, as the case may be at which he proposes to vote he shall satisfy the Directors of his right to transfer such shares and give such indemnify (if any) as the Directors may require or the directors shall have previously admitted his right to vote at such meeting in respect thereof.	<b>Votes in respect of shares of deceased or insolvent members.</b>
120.	No Member shall be entitled to vote on a show of hands unless such member is present personally or by attorney or is a body Corporate present by a representative duly Authorised under the provisions of the Act in which case such members, attorney or representative may vote on a show of hands as if he were a Member of the Company. In the case of a Body Corporate the production at the meeting of a copy of such resolution duly signed by a Director or Secretary of such Body Corporate and certified by him as being a true copy of the resolution shall be accepted by the Company as sufficient evidence of the authority of the appointment.	<b>No votes by proxy on show of hands.</b>

Sr. No	Particulars	
121.	The instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarised copy of that power or authority, shall be deposited at the registered office of the company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll; and in default the instrument of proxy shall not be treated as valid.	<b>Appointment of a Proxy.</b>
122.	An instrument appointing a proxy shall be in the form as prescribed in the rules made under section 105.	<b>Form of proxy.</b>
123.	A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the Member, or revocation of the proxy or of any power of attorney which such proxy signed, or the transfer of the share in respect of which the vote is given, provided that no intimation in writing of the death or insanity, revocation or transfer shall have been received at the office before the meeting or adjourned meeting at which the proxy is used.	<b>Validity of votes given by proxy notwithstanding death of a member.</b>
124.	No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes.	<b>Time for objections to votes.</b>
125.	Any such objection raised to the qualification of any voter in due time shall be referred to the Chairperson of the meeting, whose decision shall be final and conclusive.	<b>Chairperson of the Meeting to be the judge of validity of any vote.</b>
	<b>DIRECTORS</b>	
126.	Until otherwise determined by a General Meeting of the Company and subject to the provisions of Section 149 of the Act, the number of Directors (including Debenture and Alternate Directors) shall not be less than three and not more than fifteen. Provided that a company may appoint more than fifteen directors after passing a special resolution	<b>Number of Directors</b>
127.	A Director of the Company shall not be bound to hold any Qualification Shares in the Company.	<b>Qualification shares.</b>
128.	(a) Subject to the provisions of the Companies Act, 2013 and notwithstanding anything to the contrary contained in these Articles, the Board may appoint any person as a director nominated	<b>Nominee Directors.</b>

Sr. No	Particulars	
	<p>by any institution in pursuance of the provisions of any law for the time being in force or of any agreement</p> <p>(b) The Nominee Director/s so appointed shall not be required to hold any qualification shares in the Company nor shall be liable to retire by rotation. The Board of Directors of the Company shall have no power to remove from office the Nominee Director/s so appointed. The said Nominee Director/s shall be entitled to the same rights and privileges including receiving of notices, copies of the minutes, sitting fees, etc. as any other Director of the Company is entitled.</p> <p>(c) If the Nominee Director/s is an officer of any of the financial institution the sitting fees in relation to such nominee Directors shall accrue to such financial institution and the same accordingly be paid by the Company to them. The Financial Institution shall be entitled to depute observer to attend the meetings of the Board or any other Committee constituted by the Board.</p> <p>(d) The Nominee Director/s shall, notwithstanding anything to the Contrary contained in these Articles, be at liberty to disclose any information obtained by him/them to the Financial Institution appointing him/them as such Director/s.</p>	
129.	<p>The Board may appoint an Alternate Director to act for a Director (hereinafter called “The Original Director”) during his absence for a period of not less than three months from India. An Alternate Director appointed under this Article shall not hold office for period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate office if and when the Original Director returns to India. If the term of Office of the Original Director is determined before he so returns to India, any provision in the Act or in these Articles for the automatic re-appointment of retiring Director in default of another appointment shall apply to the Original Director and not to the Alternate Director.</p>	<b>Appointment of alternate Director.</b>
130.	<p>Subject to the provisions of the Act, the Board shall have power at any time and from time to time to appoint any other person to be an Additional Director. Any such Additional Director shall hold office only upto the date of the next Annual General Meeting.</p>	<b>Additional Director</b>
131.	<p>Subject to the provisions of the Act, the Board shall have power at any time and from time to time to appoint a Director, if the office of any director appointed by the company in general meeting is vacated before his term of office expires in the normal course, who shall hold office only upto the date upto which the Director in whose</p>	<b>Directors power to fill casual vacancies.</b>

Sr. No	Particulars	
	place he is appointed would have held office if it had not been vacated by him.	
132.	Until otherwise determined by the Company in General Meeting, each Director other than the Managing/Whole-time Director (unless otherwise specifically provided for) shall be entitled to sitting fees not exceeding a sum prescribed in the Act (as may be amended from time to time) for attending meetings of the Board or Committees thereof.	<b>Sitting Fees.</b>
133.	The Board of Directors may subject to the limitations provided in the Act allow and pay to any Director who attends a meeting at a place other than his usual place of residence for the purpose of attending a meeting, such sum as the Board may consider fair, compensation for travelling, hotel and other incidental expenses properly incurred by him, in addition to his fee for attending such meeting as above specified.	<b>Travelling expenses Incurred by Director on Company's business.</b>
	<b>PROCEEDING OF THE BOARD OF DIRECTORS</b>	
134.	(a) The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings as it thinks fit.  (b) A director may, and the manager or secretary on the requisition of a director shall, at any time, summon a meeting of the Board.	<b>Meetings of Directors.</b>
135.	a) The Directors may from time to time elect from among their members a Chairperson of the Board and determine the period for which he is to hold office. If at any meeting of the Board, the Chairman is not present within five minutes after the time appointed for holding the same, the Directors present may choose one of the Directors then present to preside at the meeting.  b) Subject to Section 203 of the Act and rules made there under, one person can act as the Chairman as well as the Managing Director or Chief Executive Officer at the same time.	<b>Chairperson</b>
136.	Questions arising at any meeting of the Board of Directors shall be decided by a majority of votes and in the case of an equality of votes, the Chairman will have a second or casting vote.	<b>Questions at Board meeting how decided.</b>
137.	The continuing directors may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing directors or director may act for the purpose of increasing the	<b>Continuing directors may act notwithstanding any vacancy in the Board</b>

Sr. No	Particulars	
	number of directors to that fixed for the quorum, or of summoning a general meeting of the company, but for no other purpose.	
138.	Subject to the provisions of the Act, the Board may delegate any of their powers to a Committee consisting of such member or members of its body as it thinks fit, and it may from time to time revoke and discharge any such committee either wholly or in part and either as to person, or purposes, but every Committee so formed shall in the exercise of the powers so delegated conform to any regulations that may from time to time be imposed on it by the Board. All acts done by any such Committee in conformity with such regulations and in fulfillment of the purposes of their appointment but not otherwise, shall have the like force and effect as if done by the Board.	<b>Directors may appoint committee.</b>
139.	The Meetings and proceedings of any such Committee of the Board consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors so far as the same are applicable thereto and are not superseded by any regulations made by the Directors under the last preceding Article.	<b>Committee Meetings how to be governed.</b>
140.	<p>a) A committee may elect a Chairperson of its meetings.</p> <p>b) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the members present may choose one of their members to be Chairperson of the meeting.</p>	<b>Chairperson of Committee Meetings</b>
141.	<p>a) A committee may meet and adjourn as it thinks fit.</p> <p>b) Questions arising at any meeting of a committee shall be determined by a majority of votes of the members present, and in case of an equality of votes, the Chairperson shall have a second or casting vote.</p>	<b>Meetings of the Committee</b>
142.	Subject to the provisions of the Act, all acts done by any meeting of the Board or by a Committee of the Board, or by any person acting as a Director shall notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of such Director or persons acting as aforesaid, or that they or any of them were disqualified or had vacated office or that the appointment of any of them had been terminated by virtue of any provisions contained in the Act or in these Articles, be as valid as if every such person had been duly appointed, and was qualified to be a Director.	<b>Acts of Board or Committee shall be valid notwithstanding defect in appointment.</b>
	<b>RETIREMENT AND ROTATION OF DIRECTORS</b>	

Sr. No	Particulars	
143.	Subject to the provisions of Section 161 of the Act, if the office of any Director appointed by the Company in General Meeting vacated before his term of office will expire in the normal course, the resulting casual vacancy may in default of and subject to any regulation in the Articles of the Company be filled by the Board of Directors at the meeting of the Board and the Director so appointed shall hold office only up to the date up to which the Director in whose place he is appointed would have held office if had not been vacated as aforesaid.	<b>Power to fill casual vacancy</b>
	<b>POWERS OF THE BOARD</b>	
144.	The business of the Company shall be managed by the Board who may exercise all such powers of the Company and do all such acts and things as may be necessary, unless otherwise restricted by the Act, or by any other law or by the Memorandum or by the Articles required to be exercised by the Company in General Meeting. However no regulation made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.	<b>Powers of the Board</b>
145.	Without prejudice to the general powers conferred by the Articles and so as not in any way to limit or restrict these powers, and without prejudice to the other powers conferred by these Articles, but subject to the restrictions contained in the Articles, it is hereby, declared that the Directors shall have the following powers, that is to say	<b>Certain powers of the Board</b>
	(1) Subject to the provisions of the Act, to purchase or otherwise acquire any lands, buildings, machinery, premises, property, effects, assets, rights, creditors, royalties, business and goodwill of any person firm or company carrying on the business which this Company is authorised to carry on, in any part of India.	<b>To acquire any property , rights etc.</b>
	(2) Subject to the provisions of the Act to purchase, take on lease for any term or terms of years, or otherwise acquire any land or lands, with or without buildings and out-houses thereon, situate in any part of India, at such conditions as the Directors may think fit, and in any such purchase, lease or acquisition to accept such title as the Directors may believe, or may be advised to be reasonably satisfy.	<b>To take on Lease.</b>
	(3) To erect and construct, on the said land or lands, buildings, houses, warehouses and sheds and to alter, extend and improve the same, to let or lease the property of the company, in part or in whole for such rent and subject to	<b>To erect &amp; construct.</b>



Sr. No	Particulars	
	such conditions, as may be thought advisable; to sell such portions of the land or buildings of the Company as may not be required for the company; to mortgage the whole or any portion of the property of the company for the purposes of the Company; to sell all or any portion of the machinery or stores belonging to the Company.	
(4)	At their discretion and subject to the provisions of the Act, the Directors may pay property rights or privileges acquired by, or services rendered to the Company, either wholly or partially in cash or in shares, bonds, debentures or other securities of the Company, and any such share may be issued either as fully paid up or with such amount credited as paid up thereon as may be agreed upon; and any such bonds, debentures or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged.	<b>To pay for property.</b>
(5)	To insure and keep insured against loss or damage by fire or otherwise for such period and to such extent as they may think proper all or any part of the buildings, machinery, goods, stores, produce and other moveable property of the Company either separately or co-jointly; also to insure all or any portion of the goods, produce, machinery and other articles imported or exported by the Company and to sell, assign, surrender or discontinue any policies of assurance effected in pursuance of this power.	<b>To insure properties of the Company.</b>
(6)	To open accounts with any Bank or Bankers and to pay money into and draw money from any such account from time to time as the Directors may think fit.	<b>To open Bank accounts.</b>
(7)	To secure the fulfillment of any contracts or engagement entered into by the Company by mortgage or charge on all or any of the property of the Company including its whole or part of its undertaking as a going concern and its uncalled capital for the time being or in such manner as they think fit.	<b>To secure contracts by way of mortgage.</b>
(8)	To accept from any member, so far as may be permissible by law, a surrender of the shares or any part thereof, on such terms and conditions as shall be agreed upon.	<b>To accept surrender of shares.</b>
(9)	To appoint any person to accept and hold in trust, for the Company property belonging to the Company, or in which it is interested or for any other purposes and to execute and to do all such deeds and things as may be required in	<b>To appoint trustees for the Company.</b>

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	relation to any such trust, and to provide for the remuneration of such trustee or trustees.	
	(10) To institute, conduct, defend, compound or abandon any legal proceeding by or against the Company or its Officer, or otherwise concerning the affairs and also to compound and allow time for payment or satisfaction of any debts, due, and of any claims or demands by or against the Company and to refer any difference to arbitration, either according to Indian or Foreign law and either in India or abroad and observe and perform or challenge any award thereon.	<b>To conduct legal proceedings.</b>
	(11) To act on behalf of the Company in all matters relating to bankruptcy insolvency.	<b>Bankruptcy &amp; Insolvency</b>
	(12) To make and give receipts, release and give discharge for moneys payable to the Company and for the claims and demands of the Company.	<b>To issue receipts &amp; give discharge.</b>
	(13) Subject to the provisions of the Act, and these Articles to invest and deal with any moneys of the Company not immediately required for the purpose thereof, upon such authority (not being the shares of this Company) or without security and in such manner as they may think fit and from time to time to vary or realise such investments. Save as provided in Section 187 of the Act, all investments shall be made and held in the Company's own name.	<b>To invest and deal with money of the Company.</b>
	(14) To execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any personal liability whether as principal or as surety, for the benefit of the Company, such mortgage of the Company's property (present or future) as they think fit, and any such mortgage may contain a power of sale and other powers, provisions, covenants and agreements as shall be agreed upon;	<b>To give Security by way of indemnity.</b>
	(15) To determine from time to time persons who shall be entitled to sign on Company's behalf, bills, notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases, contracts and documents and to give the necessary authority for such purpose, whether by way of a resolution of the Board or by way of a power of attorney or otherwise.	<b>To determine signing powers.</b>
	(16) To give to any Director, Officer, or other persons employed by the Company, a commission on the profits of any	<b>Commission or share in profits.</b>

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	particular business or transaction, or a share in the general profits of the company; and such commission or share of profits shall be treated as part of the working expenses of the Company.	
	(17) To give, award or allow any bonus, pension, gratuity or compensation to any employee of the Company, or his widow, children, dependents, that may appear just or proper, whether such employee, his widow, children or dependents have or have not a legal claim on the Company.	<b>Bonus etc. to employees.</b>
	(18) To set aside out of the profits of the Company such sums as they may think proper for depreciation or the depreciation funds or to insurance fund or to an export fund, or to a Reserve Fund, or Sinking Fund or any special fund to meet contingencies or repay debentures or debenture-stock or for equalizing dividends or for repairing, improving, extending and maintaining any of the properties of the Company and for such other purposes (including the purpose referred to in the preceding clause) as the Board may, in the absolute discretion think conducive to the interests of the Company, and subject to Section 179 of the Act, to invest the several sums so set aside or so much thereof as may be required to be invested, upon such investments (other than shares of this Company) as they may think fit and from time to time deal with and vary such investments and dispose of and apply and extend all or any part thereof for the benefit of the Company notwithstanding the matters to which the Board apply or upon which the capital moneys of the Company might rightly be applied or expended and divide the reserve fund into such special funds as the Board may think fit; with full powers to transfer the whole or any portion of a reserve fund or division of a reserve fund to another fund and with the full power to employ the assets constituting all or any of the above funds, including the deprecation fund, in the business of the company or in the purchase or repayment of debentures or debenture-stocks and without being bound to keep the same separate from the other assets and without being bound to pay interest on the same with the power to the Board at their discretion to pay or allow to the credit of such funds, interest at such rate as the Board may think proper.	<b>Transfer to Reserve Funds.</b>
	(19) To appoint, and at their discretion remove or suspend such general manager, managers, secretaries, assistants,	<b>To appoint and remove officers</b>

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	<p>supervisors, scientists, technicians, engineers, consultants, legal, medical or economic advisers, research workers, labourers, clerks, agents and servants, for permanent, temporary or special services as they may from time to time think fit, and to determine their powers and duties and to fix their salaries or emoluments or remuneration and to require security in such instances and for such amounts they may think fit and also from time to time to provide for the management and transaction of the affairs of the Company in any specified locality in India or elsewhere in such manner as they think fit and the provisions contained in the next following clauses shall be without prejudice to the general powers conferred by this clause.</p>	<p><b>and other employees.</b></p>
	<p>(20) At any time and from time to time by power of attorney under the seal of the Company, to appoint any person or persons to be the Attorney or attorneys of the Company, for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these presents and excluding the power to make calls and excluding also except in their limits authorised by the Board the power to make loans and borrow moneys) and for such period and subject to such conditions as the Board may from time to time think fit, and such appointments may (if the Board think fit) be made in favour of the members or any of the members of any local Board established as aforesaid or in favour of any Company, or the shareholders, directors, nominees or manager of any Company or firm or otherwise in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board and any such powers of attorney may contain such powers for the protection or convenience for dealing with such Attorneys as the Board may think fit, and may contain powers enabling any such delegated Attorneys as aforesaid to sub-delegate all or any of the powers, authorities and discretion for the time being vested in them.</p>	<p><b>To appoint Attorneys.</b></p>
	<p>(21) Subject to Sections 188 of the Act, for or in relation to any of the matters aforesaid or otherwise for the purpose of the Company to enter into all such negotiations and contracts and rescind and vary all such contracts, and execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient.</p>	<p><b>To enter into contracts.</b></p>

Sr. No	Particulars	
	(22) From time to time to make, vary and repeal rules for the regulations of the business of the Company its Officers and employees.	<b>To make rules.</b>
	(23) To effect, make and enter into on behalf of the Company all transactions, agreements and other contracts within the scope of the business of the Company.	<b>To effect contracts etc.</b>
	(24) To apply for, promote and obtain any act, charter, privilege, concession, license, authorization, if any, Government, State or municipality, provisional order or license of any authority for enabling the Company to carry any of this objects into effect, or for extending and any of the powers of the Company or for effecting any modification of the Company's constitution, or for any other purpose, which may seem expedient and to oppose any proceedings or applications which may seem calculated, directly or indirectly to prejudice the Company's interests.	<b>To apply &amp; obtain concessions licenses etc.</b>
	(25) To pay and charge to the capital account of the Company any commission or interest lawfully payable there out under the provisions of Sections 40 of the Act and of the provisions contained in these presents.	<b>To pay commissions or interest.</b>
	(26) To redeem preference shares.	<b>To redeem preference shares.</b>
	(27) To subscribe, incur expenditure or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or any other institutions or subjects which shall have any moral or other claim to support or aid by the Company, either by reason of locality or operation or of public and general utility or otherwise.	<b>To assist charitable or benevolent institutions.</b>
	(28) To pay the cost, charges and expenses preliminary and incidental to the promotion, formation, establishment and registration of the Company.  (29) To pay and charge to the capital account of the Company any commission or interest lawfully payable thereon under the provisions of Sections 40 of the Act.	
	(30) To provide for the welfare of Directors or ex-Directors or employees or ex-employees of the Company and their wives, widows and families or the dependents or connections of such persons, by building or contributing to the building of houses, dwelling or chawls, or by grants of moneys, pension, gratuities, allowances, bonus or other	

Sr. No	Particulars	
	<p>payments, or by creating and from time to time subscribing or contributing, to provide other associations, institutions, funds or trusts and by providing or subscribing or contributing towards place of instruction and recreation, hospitals and dispensaries, medical and other attendance and other assistance as the Board shall think fit and subject to the provision of Section 181 of the Act, to subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or other institutions or object which shall have any moral or other claim to support or aid by the Company, either by reason of locality of operation, or of the public and general utility or otherwise.</p>	
	<p>(31) To purchase or otherwise acquire or obtain license for the use of and to sell, exchange or grant license for the use of any trade mark, patent, invention or technical know-how.</p> <p>(32) To sell from time to time any Articles, materials, machinery, plants, stores and other Articles and thing belonging to the Company as the Board may think proper and to manufacture, prepare and sell waste and by-products.</p> <p>(33) From time to time to extend the business and undertaking of the Company by adding, altering or enlarging all or any of the buildings, factories, workshops, premises, plant and machinery, for the time being the property of or in the possession of the Company, or by erecting new or additional buildings, and to expend such sum of money for the purpose aforesaid or any of them as they be thought necessary or expedient.</p> <p>(34) To undertake on behalf of the Company any payment of rents and the performance of the covenants, conditions and agreements contained in or reserved by any lease that may be granted or assigned to or otherwise acquired by the Company and to purchase the reversion or reversions, and otherwise to acquire on free hold sample of all or any of the lands of the Company for the time being held under lease or for an estate less than freehold estate.</p> <p>(35) To improve, manage, develop, exchange, lease, sell, resell and re-purchase, dispose off, deal or otherwise turn to account, any property (movable or immovable) or any</p>	

Sr. No	Particulars	
	<p>rights or privileges belonging to or at the disposal of the Company or in which the Company is interested.</p> <p>(36) To let, sell or otherwise dispose of subject to the provisions of Section 180 of the Act and of the other Articles any property of the Company, either absolutely or conditionally and in such manner and upon such terms and conditions in all respects as it thinks fit and to accept payment in satisfaction for the same in cash or otherwise as it thinks fit.</p> <p>(37) Generally subject to the provisions of the Act and these Articles, to delegate the powers/authorities and discretions vested in the Directors to any person(s), firm, company or fluctuating body of persons as aforesaid.</p> <p>(38) To comply with the requirements of any local law which in their opinion it shall in the interest of the Company be necessary or expedient to comply with.</p>	
	<b>MANAGING AND WHOLE-TIME DIRECTORS</b>	
146.	<p>a) Subject to the provisions of the Act and of these Articles, the Directors may from time to time in Board Meetings appoint one or more of their body to be a Managing Director or Managing Directors or whole-time Director or whole-time Directors of the Company for such term not exceeding five years at a time as they may think fit to manage the affairs and business of the Company, and may from time to time (subject to the provisions of any contract between him or them and the Company) remove or dismiss him or them from office and appoint another or others in his or their place or places.</p> <p>b) The Managing Director or Managing Directors or whole-time Director or whole-time Directors so appointed shall be liable to retire by rotation. A Managing Director or Whole-time Director who is appointed as Director immediately on the retirement by rotation shall continue to hold his office as Managing Director or Whole-time Director and such re-appointment as such Director shall not be deemed to constitute a break in his appointment as Managing Director or Whole-time Director.</p>	<b>Powers to appoint Managing/ Wholetime Directors.</b>
147.	The remuneration of a Managing Director or a Whole-time Director (subject to the provisions of the Act and of these Articles and of any contract between him and the Company) shall from time to time be fixed by the Directors, and may be, by way of fixed salary, or	<b>Remuneration of Managing or</b>

Sr. No	Particulars	
	commission on profits of the Company, or by participation in any such profits, or by any, or all of these modes.	<b>Wholetime Director.</b>
148.	<p>(1) Subject to control, direction and supervision of the Board of Directors, the day-to-day management of the company will be in the hands of the Managing Director or Whole-time Director appointed in accordance with regulations of these Articles of Association with powers to the Directors to distribute such day-to-day management functions among such Directors and in any manner as may be directed by the Board.</p> <p>(2) The Directors may from time to time entrust to and confer upon the Managing Director or Whole-time Director for the time being save as prohibited in the Act, such of the powers exercisable under these presents by the Directors as they may think fit, and may confer such objects and purposes, and upon such terms and conditions, and with such restrictions as they think expedient; and they may subject to the provisions of the Act and these Articles confer such powers, either collaterally with or to the exclusion of, and in substitution for, all or any of the powers of the Directors in that behalf, and may from time to time revoke, withdraw, alter or vary all or any such powers.</p> <p>(3) The Company's General Meeting may also from time to time appoint any Managing Director or Managing Directors or Wholetime Director or Wholetime Directors of the Company and may exercise all the powers referred to in these Articles.</p> <p>(4) The Managing Director shall be entitled to sub-delegate (with the sanction of the Directors where necessary) all or any of the powers, authorities and discretions for the time being vested in him in particular from time to time by the appointment of any attorney or attorneys for the management and transaction of the affairs of the Company in any specified locality in such manner as they may think fit.</p> <p>(5) Notwithstanding anything contained in these Articles, the Managing Director is expressly allowed generally to work for and contract with the Company and especially to do the work of Managing Director and also to do any work for the Company upon such terms and conditions and for such remuneration (subject to the provisions of the Act) as may from time to time be agreed between him and the Directors of the Company.</p>	<b>Powers and duties of Managing Director or Whole-time Director.</b>



Sr. No	Particulars	
	Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer	
149.	<p>a) Subject to the provisions of the Act,—</p> <p>i. A chief executive officer, manager, company secretary or chief financial officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit; and any chief executive officer, manager, company secretary or chief financial officer so appointed may be removed by means of a resolution of the Board;</p> <p>ii. A director may be appointed as chief executive officer, manager, company secretary or chief financial officer.</p> <p>b) A provision of the Act or these regulations requiring or authorising a thing to be done by or to a director and chief executive officer, manager, company secretary or chief financial officer shall not be satisfied by its being done by or to the same person acting both as director and as, or in place of, chief executive officer, manager, company secretary or chief financial officer.</p>	<b>Board to appoint Chief Executive Officer/ Manager/ Company Secretary/ Chief Financial Officer</b>
	<b>THE SEAL</b>	
150.	<p>(a) The Board shall provide a Common Seal for the purposes of the Company, and shall have power from time to time to destroy the same and substitute a new Seal in lieu thereof, and the Board shall provide for the safe custody of the Seal for the time being, and the Seal shall never be used except by the authority of the Board or a Committee of the Board previously given.</p> <p>(b) The Company shall also be at liberty to have an Official Seal in accordance with of the Act, for use in any territory, district or place outside India.</p>	<b>The seal, its custody and use.</b>
151.	The seal of the company shall not be affixed to any instrument except by the authority of a resolution of the Board or of a committee of the Board authorized by it in that behalf, and except in the presence of at least two directors and of the secretary or such other person as the Board may appoint for the purpose; and those two directors and the secretary or other person aforesaid shall sign every instrument to which the seal of the company is so affixed in their presence.	<b>Deeds how executed.</b>
	<b>Dividend and Reserves</b>	

Sr. No	Particulars	
152.	<p>(1) Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the Company, dividends may be declared and paid according to the amounts of the shares.</p> <p>(2) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this regulation as paid on the share.</p> <p>(3) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.</p>	<b>Division of profits.</b>
153.	The Company in General Meeting may declare dividends, to be paid to members according to their respective rights and interests in the profits and may fix the time for payment and the Company shall comply with the provisions of Section 127 of the Act, but no dividends shall exceed the amount recommended by the Board of Directors, but the Company may declare a smaller dividend in general meeting.	<b>The company in General Meeting may declare Dividends.</b>
154.	<p>a) The Board may, before recommending any dividend, set aside out of the profits of the company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the company may be properly applied, including provision for meeting contingencies or for equalizing dividends; and pending such application, may, at the like discretion, either be employed in the business of the company or be invested in such investments (other than shares of the company) as the Board may, from time to time, thinks fit.</p> <p>b) The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.</p>	<b>Transfer to reserves</b>
155.	Subject to the provisions of section 123, the Board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the company.	<b>Interim Dividend.</b>

Sr. No	Particulars	
156.	The Directors may retain any dividends on which the Company has a lien and may apply the same in or towards the satisfaction of the debts, liabilities or engagements in respect of which the lien exists.	<b>Debts may be deducted.</b>
157.	No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this articles as paid on the share.	<b>Capital paid up in advance not to earn dividend.</b>
158.	All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid but if any share is issued on terms providing that it shall rank for dividends as from a particular date such share shall rank for dividend accordingly.	<b>Dividends in proportion to amount paid-up.</b>
159.	The Board of Directors may retain the dividend payable upon shares in respect of which any person under Articles has become entitled to be a member, or any person under that Article is entitled to transfer, until such person becomes a member, in respect of such shares or shall duly transfer the same.	<b>Retention of dividends until completion of transfer under Articles.</b>
160.	No member shall be entitled to receive payment of any interest or dividend or bonus in respect of his share or shares, whilst any money may be due or owing from him to the Company in respect of such share or shares (or otherwise however, either alone or jointly with any other person or persons) and the Board of Directors may deduct from the interest or dividend payable to any member all such sums of money so due from him to the Company.	<b>No Member to receive dividend whilst indebted to the company and the Company's right of reimbursement thereof.</b>
161.	A transfer of shares does not pass the right to any dividend declared thereon before the registration of the transfer.	<b>Effect of transfer of shares.</b>
162.	Any one of several persons who are registered as joint holders of any share may give effectual receipts for all dividends or bonus and payments on account of dividends in respect of such share.	<b>Dividend to joint holders.</b>
163.	a) Any dividend, interest or other monies payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members,	<b>Dividends how remitted.</b>

Sr. No	Particulars	
	<p>or to such person and to such address as the holder or joint holders may in writing direct.</p> <p>b) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.</p>	
164.	Notice of any dividend that may have been declared shall be given to the persons entitled to share therein in the manner mentioned in the Act.	<b>Notice of dividend.</b>
165.	No unclaimed dividend shall be forfeited before the claim becomes barred by law and no unpaid dividend shall bear interest as against the Company.	<b>No interest on Dividends.</b>
	<b>CAPITALIZATION</b>	
166.	<p>(1) The Company in General Meeting may, upon the recommendation of the Board, resolve:</p> <p>(a) that it is desirable to capitalize any part of the amount for the time being standing to the credit of any of the Company's reserve accounts, or to the credit of the Profit and Loss account, or otherwise available for distribution; and</p> <p>(b) that such sum be accordingly set free for distribution in the manner specified in clause (2) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.</p> <p>(2) The sums aforesaid shall not be paid in cash but shall be applied subject to the provisions contained in clause (3) either in or towards:</p> <p>(i) paying up any amounts for the time being unpaid on any shares held by such members respectively;</p> <p>(ii) paying up in full, unissued shares of the Company to be allotted and distributed, credited as fully paid up, to and amongst such members in the proportions aforesaid; or</p> <p>(iii) partly in the way specified in sub-clause (i) and partly in that specified in sub-clause (ii).</p> <p>(3) A Securities Premium Account and Capital Redemption Reserve Account may, for the purposes of this regulation, only be applied in the paying up of unissued shares to be issued to members of the Company and fully paid bonus shares.</p>	<b>Capitalization.</b>

Sr. No	Particulars	
	(4) The Board shall give effect to the resolution passed by the Company in pursuance of this regulation.	
167.	<p>(1) Whenever such a resolution as aforesaid shall have been passed, the Board shall —</p> <p>(a) make all appropriations and applications of the undivided profits resolved to be capitalized thereby and all allotments and issues of fully paid shares, if any, and</p> <p>(b) generally to do all acts and things required to give effect thereto.</p> <p>(2) The Board shall have full power -</p> <p>(a) to make such provision, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, in case of shares becoming distributable in fractions; and also</p> <p>(b) to authorise any person to enter, on behalf of all the members entitled thereto, into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further shares to which they may be entitled upon such capitalization, or (as the case may require) for the payment by the Company on their behalf, by the application thereto of their respective proportions, of the profits resolved to be capitalized, of the amounts or any part of the amounts remaining unpaid on their existing shares.</p> <p>(3) Any agreement made under such authority shall be effective and binding on all such members.</p> <p>(4) That for the purpose of giving effect to any resolution, under the preceding paragraph of this Article, the Directors may give such directions as may be necessary and settle any questions or difficulties that may arise in regard to any issue including distribution of new equity shares and fractional certificates as they think fit.</p>	<b>Fractional Certificates.</b>
168.	(1) The books containing the minutes of the proceedings of any General Meetings of the Company shall be open to inspection of members without charge on such days and during such business hours as may consistently with the provisions of Section 119 of the Act be determined by the Company in General Meeting and the members will also be entitled to be furnished with copies thereof on payment of regulated charges.	<b>Inspection of Minutes Books of General Meetings.</b>

Sr. No	Particulars	
	(2) Any member of the Company shall be entitled to be furnished within seven days after he has made a request in that behalf to the Company with a copy of any minutes referred to in sub-clause (1) hereof on payment of Rs. 10 per page or any part thereof.	
169.	<p>a) The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books of the company, or any of them, shall be open to the inspection of members not being directors.</p> <p>b) No member (not being a director) shall have any right of inspecting any account or book or document of the company except as conferred by law or authorised by the Board or by the company in general meeting.</p>	<b>Inspection of Accounts</b>
	<b>FOREIGN REGISTER</b>	
170.	The Company may exercise the powers conferred on it by the provisions of the Act with regard to the keeping of Foreign Register of its Members or Debenture holders, and the Board may, subject to the provisions of the Act, make and vary such regulations as it may think fit in regard to the keeping of any such Registers.	<b>Foreign Register.</b>
	<b>DOCUMENTS AND SERVICE OF NOTICES</b>	
171.	Any document or notice to be served or given by the Company be signed by a Director or such person duly authorised by the Board for such purpose and the signature may be written or printed or lithographed.	<b>Signing of documents &amp; notices to be served or given.</b>
172.	Save as otherwise expressly provided in the Act, a document or proceeding requiring authentication by the company may be signed by a Director, the Manager, or Secretary or other Authorised Officer of the Company and need not be under the Common Seal of the Company.	<b>Authentication of documents and proceedings.</b>
	<b>WINDING UP</b>	
173.	<p>Subject to the provisions of Chapter XX of the Act and rules made thereunder—</p> <p>(i) If the company shall be wound up, the liquidator may, with the sanction of a special resolution of the company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the company, whether they shall consist of property of the same kind or not.</p>	

Sr. No	Particulars	
	<p>(ii) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.</p> <p>(iii) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.</p>	
	<b>INDEMNITY</b>	
174.	<p>Subject to provisions of the Act, every Director, or Officer or Servant of the Company or any person (whether an Officer of the Company or not) employed by the Company as Auditor, shall be indemnified by the Company against and it shall be the duty of the Directors to pay, out of the funds of the Company, all costs, charges, losses and damages which any such person may incur or become liable to, by reason of any contract entered into or act or thing done, concurred in or omitted to be done by him in any way in or about the execution or discharge of his duties or supposed duties (except such if any as he shall incur or sustain through or by his own wrongful act neglect or default) including expenses, and in particular and so as not to limit the generality of the foregoing provisions, against all liabilities incurred by him as such Director, Officer or Auditor or other officer of the Company in defending any proceedings whether civil or criminal in which judgment is given in his favor, or in which he is acquitted or in connection with any application under Section 463 of the Act on which relief is granted to him by the Court.</p>	<b>Directors' and others right to indemnity.</b>
175.	<p>Subject to the provisions of the Act, no Director, Managing Director or other officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Directors or Officer, or for joining in any receipt or other act for conformity, or for any loss or expense happening to the Company through insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested, or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person, company or corporation, with whom any moneys, securities or effects shall be entrusted or deposited, or for any loss occasioned by any error of judgment or oversight on his part, or for any other loss or damage or misfortune whatever which shall happen in the execution of the duties of his</p>	<b>Not responsible for acts of others</b>

Sr. No	Particulars	
	office or in relation thereto, unless the same happens through his own dishonesty.	
	<b>SECRECY</b>	
176.	(a) Every Director, Manager, Auditor, Treasurer, Trustee, Member of a Committee, Officer, Servant, Agent, Accountant or other person employed in the business of the company shall, if so required by the Directors, before entering upon his duties, sign a declaration pleading himself to observe strict secrecy respecting all transactions and affairs of the Company with the customers and the state of the accounts with individuals and in matters relating thereto, and shall by such declaration pledge himself not to reveal any of the matter which may come to his knowledge in the discharge of his duties except when required so to do by the Directors or by any meeting or by a Court of Law and except so far as may be necessary in order to comply with any of the provisions in these presents contained.	<b>Secrecy</b>
	(b) No member or other person (other than a Director) shall be entitled to enter the property of the Company or to inspect or examine the Company's premises or properties or the books of accounts of the Company without the permission of the Board of Directors of the Company for the time being or to require discovery of or any information in respect of any detail of the Company's trading or any matter which is or may be in the nature of trade secret, mystery of trade or secret process or of any matter whatsoever which may relate to the conduct of the business of the Company and which in the opinion of the Board it will be inexpedient in the interest of the Company to disclose or to communicate.	<b>Access to property information etc.</b>



## SECTION IX – OTHER INFORMATION

### MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two (2) years before the date of filing of this Draft Red Herring Prospectus which are or may be deemed material have been entered or are to be entered into by our Company. These contracts, copies of which will be attached to the copy of the Red Herring Prospectus will be delivered to the RoC for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company located at 28/10 Talwali Dewas Naka, Indore, Madhya Pradesh 452010, India from date of filing of Red Herring Prospectus with Stock Exchange to Bid Closing Date on working days from 10.00 a.m. to 5.00 p.m

#### Material Contracts

1. Issue Agreement dated December 29, 2017 between our Company and the BRLM.
2. Registrar Agreement dated December 29, 2017 between our Company and Bigshare Services Private Limited, Registrar to the Issue.
3. Underwriting Agreement dated [●] between our Company and Underwriter viz. BRLM
4. Market Making Agreement dated [●] between our Company, Market Maker and the BRLM
5. Bankers to the Issue Agreement dated [●] amongst our Company, the BRLM, Banker(s) to the offer and the Registrar to the offer.
6. Tripartite agreement among the NSDL, our Company and Registrar to the Issue dated [●], 2018.
7. Tripartite agreement among the CDSL, our Company and Registrar to the Issue dated [●], 2018.
8. Syndicate Agreement dated [●], 2018 between our Company, the BRLM and Syndicate Member.

#### Material Documents

1. Certified copies of the updated Memorandum and Articles of Association of our Company along with certificates of incorporation as amended from time to time.
2. Resolutions of the Board of Directors dated April 20, 2018 in relation to the Issue and other related matters.
3. Shareholders' resolution dated May 15, 2018 in relation to the Issue and other related matters.
4. Statement of Tax Benefits dated May 24, 2018 issued by our Peer Reviewed Auditor, N. K. Aswani & Co., Chartered Accountants.
5. Report of the Peer Reviewed Auditor, N. K. Aswani & Co., Chartered Accountants, dated December 24, 2017 on the Restated Financial Statements for the period ended December 31, 2017 and financial years ended as on March 31, 2017, 2016, 2015, 2014 & 2013 of our Company.
6. Consents of Promoters, Directors, Company Secretary and Compliance Officer, Chief Financial Officer, Statutory Auditors, Peer Reviewed Auditors, Banker to the Company, Legal Advisor to the offer, the Book Running Lead Manager, Registrar to the Issue, Underwriter, Market Maker, Bankers to the Issue, Refund Banker to the issue to act in their respective capacities.
7. Copy of approval from NSE India Ltd. Limited *vide* letter dated [●], to use the name of NSE in this offer document for listing of Equity Shares on EMERGE Platform of National Stock Exchange of India Limited.

None of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time without reference to the shareholders, subject to compliance of the provisions contained in the Companies Act and other relevant statutes

## DECLARATION

We, the under signed, hereby certify and declare that, all relevant provisions of the Companies Act and the rules, regulations and guidelines issued by the Government of India or the regulations / guidelines issued by SEBI, as the case may be, have been complied with and no statement made in the Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the Securities and Exchange Board of India Act, 1992 or rules made there under or regulations / guidelines issued, as the case may be. We further certify that all the disclosures and statements made in the Draft Red Herring Prospectus are true and correct.

Signed by all the Directors of our Company

<b>Name and designation</b>	<b>Signature</b>
<b>Shailendra Biyani</b> <i>Managing Director</i> <i>DIN: 01516050</i>	Sd/-
<b>Pradhyumn Nyati</b> <i>Whole Time Director</i> <i>DIN: 01515970</i>	Sd/-
<b>Vijay Kumar Nyati</b> <i>Non- Executive Director</i> <i>DIN: 00362130</i>	Sd/-
<b>Gautam Chand Dhing</b> <i>Independent Director</i> <i>DIN: 01584143</i>	Sd/-
<b>Mahesh Jakhatia</b> <i>Additional (Independent) Director</i> <i>DIN: 08033364</i>	Sd/-
<b>Amita Bhutda</b> <i>Independent Director</i> <i>DIN: 07600233</i>	Sd/-

Signed by Chief Financial Officer and Company Secretary and Compliance Officer of the Company

Sd/-  
**Vivek Sharma**  
Chief Financial Officer

Sd/-  
**Prachi Jain**  
Company Secretary & Compliance Officer

Place: Indore

Date: June 21, 2018

**Annexure A**

**DISCLOSURE OF PRICE INFORMATION OF PAST ISSUES HANDLED BY PANTOMATH CAPITAL ADVISORS PRIVATE LIMITED**

Sr. No	Issue Name	Issue Size (Cr)	Issue Price (Rs.)	Listing date	Opening price on listing date	+/- % change in closing price, [+/- % change in closing benchmark]-30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]-90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]-180th calendar days from listing
1.	Mahickra Chemicals Limited	5.25	25.00	April 26, 2018	35.00	93.60% (-0.12%)	Not Applicable	Not Applicable
2.	Akshar Spintex Limited	26.99	40.00	May 11, 2018	40.00	-18.20% (-0.15%)	Not Applicable	Not Applicable
3.	Softtech Engineers Limited	22.81	80.00	May 11, 2018	88.00	-22.50% (-0.18%)	Not Applicable	Not Applicable
4.	Innovators Façade Systems Limited	40.76	72.00	May 24, 2018	72.00	Not Applicable	Not Applicable	Not Applicable
5.	Shree Vasu Logistics Limited	9.29	45.00	June 4, 2018	48.00	Not Applicable	Not Applicable	Not Applicable
6.	Affordable Robotic & Automation Limited	22.79	85.00	June 4, 2018	90.05	Not Applicable	Not Applicable	Not Applicable
7.	Latteys Industries Limited	8.07	66.00	June 5, 2018	68.00	Not Applicable	Not Applicable	Not Applicable
8.	Nakoda Group of Industries Limited	6.43	35.00	June 6, 2018	36.00	Not Applicable	Not Applicable	Not Applicable
9.	ShreeOswal Seeds and Chemicals Limited	11.90	26.00	June 20, 2018	27.00	Not Applicable	Not Applicable	Not Applicable
10.	Priti International Limited	5.25	75.00	June 21, 2018	81.00	Not Applicable	Not Applicable	Not Applicable

*Notes:*

*Accuracy Shipping Limited has registered its Prospectus with Registrar of Companies and is in the process of listing.*

*Ganga Forging Limited has registered its Prospectus with Registrar of Companies for Initial Public Offering.*

Sources: All share price data is from [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com)

Note:-

1. The BSE Sensex and CNX Nifty are considered as the Benchmark Index
2. Prices on BSE/NSE are considered for all of the above calculations
3. In case 30<sup>th</sup>/90<sup>th</sup>/180<sup>th</sup> day is not a trading day, closing price on BSE/NSE of the next trading day has been considered
4. In case 30<sup>th</sup>/90<sup>th</sup>/180<sup>th</sup> days, scrips are not traded then last trading price has been considered.

As per SEBI Circular No. CIR/CFD/DIL/7/2015 dated October 30, 2015, the above table should reflect maximum 10 issues (Initial Public Offers) managed by the lead manager. Hence, disclosures pertaining to recent 10 issues handled by the lead manager are provided.

## SUMMARY STATEMENT OF DISCLOSURE

Financial year	Total no. of IPO	Total funds raised (Rs. Cr)	Nos of IPOs trading at discount on 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%
15-16	*9	54.01	-	-	1	3	2	3	-	1	1	4	3	-
16-17	**24\$	204.56	-	-	5	5	3	8	-	1	5	10	1	6
17-18	***30\$\$	610.90	-	-	4	10	7	9	-	1	2	11	2	4
18-19	****14\$\$\$	219.98	-	-	2	1	-	4	-	-	-	-	-	-

\*The scripts of Filtra Consultants and Engineers Limited, Ambition Mica Limited, Jiya Eco Products Limited, M.D. Inducto Cast Limited, Majestic Research Services and Solutions Limited, Mangalam Seeds Limited, Sri Krishna Constructions (India) Limited, Patdiam Jewellery Limited and Vidli Restaurants Limited were listed on April 15, 2015, July 14, 2015, July 16, 2015, July 16, 2015, July 16, 2015, August 12, 2015, October 01, 2015, October 16, 2015 and February 15, 2016 respectively.

\*\*The scripts Ruby Cables Limited, Sysco Industries Limited, Lancer Containers Lines Limited, Yash Chemex Limited, Titaanium Ten Enterprise Limited, Commercial Syn Bags Limited, Shiva Granito Export Limited, Sprayking Agro Equipment Limited, Narayani Steels Limited, Nandani Creation Limited, DRA Consultant Limited, Gretex Industries Limited, Sakar Health Care Limited, Bindal Exports Limited, Mewar Hi-Tech Engineering Limited, Shashijit Infraprojects Limited, Agro Phos (India) Limited, Majestic Research Services and Solutions Limited, Maheshwari Logistics Limited, Madhav Copper Limited, Chemcrux Enterprises Limited, Manomay Tex India Limited, Oceanic Foods Limited and Euro India Fresh Foods Limited were listed on April 13, 2016, April 13, 2016, April 13, 2016, June 20, 2016, July 14, 2016, July 14, 2016, September 06, 2016, September 14, 2016, September 14, 2016, October 10, 2016, October 13, 2016, October 14, 2016, October 14, 2016, October 17, 2016, October 17, 2016, October 17, 2016, November 16, 2016 December 14, 2016, January 16, 2017, February 06, 2017, March 28, 2017, March 28, 2017, March 31, 2017 and March 31, 2017 respectively.

\*\*\*The scripts Bohra Industries Limited, Creative Peripherals and Distribution Limited, Panache Digilife Limited, Zota Health Care Limited, Gautam Exim Limited, Bansal Multiflex Limited, Shrenik Limited, Jigar Cables Limited, Vaishali Pharma Limited, Lexus Granito (India) Limited, Worth Peripherals Limited, R M Drip and Sprinklers Systems Limited, Shree Tirupati Balajee FIBC Limited, Innovative Tyres and Tubes Limited,

Poojawestern Metaliks Limited, Airo Lam Limited, Goldstar Power Limited, IRIS Business Services Limited, Tirupati Forge Limited, Beta Drugs Limited, One Point One Solutions Limited, Astron Paper & Board Mill Limited, Shree Ram Proteins Limited and Gujarat Hy – Spin Limited, Focus Suites Solutions & Services Limited, A and M Jumbo Bags Limited, Sintercom India Limited, Mohini Health & Hygiene Limited, South West Pinnacle Exploration Limited and Macpower CNC Machines Limited were listed on April 05, 2017, April 12, 2017, April 25, 2017, May 10, 2017, July 11, 2017, July 12, 2017, July 18, 2017, July 28, 2017, August 22, 2017, August 23, 2017, September 27, 2017, October 04, 2017, October 05, 2017, October 05, 2017, October 05, 2017, October 06, 2017, October 10, 2017, October 11, 2017, October 12, 2017, October 12, 2017, December 26, 2017, December 29, 2017, February 05, 2018, February 08, 2018, February 09, 2018, February 12, 2018, February 15, 2018, February 16, 2018, February 19, 2018 and March 22, 2018 respectively.

\*\*\*\*The scripts of Benara Bearings and Pistons Limited, Soya Products Limited, Vera Synthetic Limited, S.S. Infrastructure Development Consultants Limited, Mahickra Chemicals Limited, Akshar Spintex Limited, Softtech Engineers Limited, Innovators Façade Systems Limited, Shree Vasu Logistics Limited, Affordable Robotic & Automation Limited, Latteys Industries Limited, Nakoda Group of Industries Limited, ShreeOswal Seeds and Chemicals Limited and Priti International Limited were listed on April 3, 2018, April 12, 2018, April 12, 2018, April 12, 2018, April 26, 2018, May 11, 2018, May 11, 2018, May 24, 2018, June 4, 2018, June 4, 2018, June 5, 2018, June 6, 2018, June 20, 2018 and June 21, 2018 respectively.

\$. As on 30th trading day the closing price of the scripts Ruby Cables Limited and Shashijit Infraprojects Limited were at par with the issue price. Hence, they are not considered for counting the number of IPOs trading at discount and premium.

\$\$ The scripts of One Point One Solutions Limited, Astron Paper & Board Mill Limited, Shree Ram Proteins Limited, Gujarat Hy – Spin Limited, Focus Suites Solutions & Services Limited, A and M Jumbo Bags Limited, Sintercom India Limited, Mohini Health & Hygiene Limited, South West Pinnacle Exploration Limited and Macpower CNC Machines Limited have not completed 180 Days, 180 Days, 180 Days, 180 Days, 180 Days, 180 Days, 180 Days, 180 days, 180 Days and 180 Days respectively from the date of listing.

\$\$\$ The scripts of Benara Bearings and Pistons Limited, Soni Soya Products Limited, Vera Synthetic Limited, S.S. Infrastructure Development Consultants Limited, Mahickra Chemicals Limited, Akshar Spintex Limited, Softtech Engineers Limited, Innovator Façade Systems Limited, Shree Vasu Logistics Limited, Affordable Robotic & Automation Limited, Latteys Industries Limited, Nakoda Group of Industries Limited ShreeOswal Seeds and Chemicals Limited and Priti International Limited have not completed 180 Days, 180 Days, 180 Days, 180 Days, 180 Days, 180 Days, 180 Days, 30 Days, 30 Days, 30 Days, 30 Days, 30 Days, 30 Days and 30 Days respectively from the date of listing.

*Note: Majestic Research Services and Solutions Limited and Ambition Mica Limited are Further Public Offerings lead managed by Pantomath Capital Advisors Private Limited in the Financial Years 2016-17 and 2017-18 respectively and the same have not been included in the above mentioned Summary Statement of Disclosure as the disclosure is limited to IPOs only.*