



BHADRA PAPER MILLS LIMITED

Bhadra Paper Mills Limited was originally incorporated as a private limited company under the Companies Act, 1956 in the name of Bhadra Packaids Private Limited vide Certificate of Incorporation dated on June 8, 1984 issued by the Registrar of Companies, Bangalore, Karnataka. Further pursuant to a special resolution passed at the Annual General Meeting of our Company held on June 15, 2018, the name of our Company was changed to Bhadra Paper Mills Private Limited and a fresh Certificate of Incorporation dated June 28, 2018 pursuant to change of name was issued by the Registrar of Companies, Bangalore, Karnataka. Further pursuant to a special resolution passed at the Extra-Ordinary General Meeting of our Company held on August 13, 2018, our Company was converted from private limited to public limited and subsequently a fresh Certificate of Incorporation dated August 28, 2018 consequent upon change of name on conversion to Public Limited Company was issued by RoC, Bangalore, Karnataka.

Registered Office: 23/14, 2nd floor, Jalashambhavi Complex, Gandhinagar, Bangalore 560 009, India. For details of change in the name and registered office, please refer to the section titled "History and Certain Corporate matters" beginning on page 117 of this Draft Red Herring Prospectus.

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Corporate Identity Number: U85110KA1984PLC006140

OUR PROMOTERS: MR. SUBBARAJU LAKSHMAN; AND MR. MADESH LAKSHMAN

PUBLIC ISSUE OF UPTO [●] EQUITY SHARES OF FACE VALUE OF ₹10 EACH ("EQUITY SHARES") OF BHADRA PAPER MILLS LIMITED ("COMPANY" OR "ISSUER") FOR CASH AT A PRICE OF ₹[●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹[●] PER EQUITY SHARE) ("OFFER PRICE"), AGGREGATING UP TO ₹5,100 LAKHS (THE "ISSUE") CONSISTING OF FRESH ISSUE OF UPTO [●] EQUITY SHARES AGGREGATING UP TO ₹4,700 LAKHS ("FRESH ISSUE") AND AN OFFER FOR SALE OF [●] EQUITY SHARES BY MR. SUBBARAJU LAKSHMAN ("SELLING SHAREHOLDER") AGGREGATING UP TO ₹400 LAKHS ("OFFER FOR SALE"). THE ISSUE COMPRISES OF UPTO [●] EQUITY SHARES OF FACE VALUE ₹10 EACH FOR CASH AT A PRICE OF ₹[●] PER EQUITY SHARE, AGGREGATING UP TO ₹[●] LAKHS WHICH 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 ₹10 EACH FOR CASH AT A PRICE OF ₹[●] PER EQUITY SHARE, AGGREGATING UP TO ₹[●] LAKHS 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 OUR COMPANY.

THIS ISSUE IS BEING MADE IN TERMS OF CHAPTER IX OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018 (THE "SEBI (ICDR) REGULATIONS"), AS AMENDED. IN TERMS OF RULE 19(2)(b)(i) OF THE SECURITIES CONTRACTS (REGULATION) RULES, 1957, AS AMENDED, THIS IS AN ISSUE FOR AT LEAST 25% OF THE POST-ISSUE PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY. THIS IS BOOK BUILT ISSUE AND ALLOCATION IN THE NET ISSUE TO THE PUBLIC WILL BE MADE IN TERMS OF REGULATION 253 OF THE SEBI (ICDR) REGULATIONS, AS AMENDED. FOR FURTHER DETAILS, PLEASE REFER TO SECTION TITLED "ISSUE PROCEDURE" BEGINNING ON PAGE 207 OF THIS DRAFT RED HERRING PROSPECTUS.

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 section titled "Issue Procedure" beginning on page 207 of this Draft Red Herring Prospectus. A copy of this Draft Red Herring Prospectus will be delivered for registration to the Registrar of Companies as required under Section 26 of the Companies Act, 2013.

THE FACE VALUE OF THE EQUITY SHARES IS RS. 10 EACH. THE PRICE BAND AND 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 [●], ALL 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 ITS WEBSITE.

RISK IN RELATION TO FIRST ISSUE

This being the first public issue of our Company, there has been no formal market for the Equity Shares of our Company. The face value of the Equity Shares is ₹10. The Issue Price, as determined by our Company and the Selling Shareholder, in consultation with the Book Running Lead Manager (BRLM), 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 and/or sustained trading in the Equity Shares of our Company or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISK

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

ISSUER'S AND SELLING SHAREHOLDER'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 this 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. The Selling Shareholder accepts responsibility for and confirms the statements made by him in this Draft Red Herring Prospectus to the extent of information specifically pertaining to him and his respective portion of the offered shares and assume responsibility that such statements are true and correct in all material respects and not misleading in any material respect. Further, the Selling Shareholder accepts responsibility for and confirms only the information given expressly by the Selling Shareholder relating to itself and the Offered Shares contained in this Draft Red Herring Prospectus as true and correct in all material respects and not misleading in any material respect. The Selling Shareholder does not assume any responsibility for any other statements, including without limitation, any and all of the statements made by or in relation to our Company in this Draft Red Herring Prospectus.

LISTING

The Equity Shares offered through the Draft Red Herring Prospectus are proposed to be listed on the Emerge Platform of National Stock Exchange of India Limited in terms of the Chapter IX of the SEBI (ICDR) Regulations, 2018, as amended from time to time. Our Company has received an in-principle approval letter dated [●] from NSE for using its name in this Offer Document for listing of our shares on the Emerge Platform of National Stock Exchange of India Limited. For the purpose of this Issue, the designated Stock Exchange will be the National Stock Exchange of India Limited ("NSE").

BOOK RUNNING LEAD MANAGER

REGISTRAR TO THE ISSUE



ARIHANT CAPITAL MARKETS LIMITED

#1011 Solitaire Corporate Park
Building No. 10, 1st Floor
Guru Hargovindji Road, Chakala
Andheri (East)
Mumbai 400093, India.
Telephone: +91 22 4225 4800
Facsimile: +91 22 4225 4880
Email: mbd@arihantcapital.com
Contact Person: Mr. Amol Kshirsagar/ Mr. Satish Kumar P
Website: www.arihantcapital.com
SEBI registration number: INM000011070
CIN: L6712MP1992PLC007182

KARVY FINTECH PRIVATE LIMITED

Karvy Selenium Tower B
Plot 31-32, Gachibowli, Financial District
Nanakramguda, Hyderabad 500 032, India.
Telephone: +91 40 6716 2222
Facsimile: +91 40 23231551
Email: einward.ris@karvy.com
Investor grievance email: bpml.ipo@karvy.com
Contact Person: Mr. M. Murali Krishna
Website: www.karisma.karvy.com
SEBI Registration Number: INR000000221
CIN: U72400TG2003PTC041636

ISSUE PROGRAMME

ISSUE OPENS ON [●]

ISSUE CLOSES ON: [●]

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SECTION I: GENERAL

DEFINITIONS AND ABBREVIATIONS

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

The words and expressions used in this Draft Red Herring Prospectus, but not defined herein shall unless the context otherwise requires, have the meaning ascribed to such terms under the SEBI Regulations, the Companies Act, the SCRA, the Depositories Act, and the rules and regulations made thereunder.

Notwithstanding the foregoing, the terms not defined but used in the sections titled "Statement of Tax Benefits"; "Financial Statements"; "Outstanding Litigation and Material Developments"; and "Main Provisions of Articles of Association" beginning on pages 81, 142, 184 and 254 respectively of this Draft Red Herring Prospectus, shall have the meanings ascribed to such terms in these respective sections.

General terms

Term	Description
Company/ our Company / Bhadra / Issuer	Bhadra Paper Mills Limited, a company incorporated under the Companies Act, 1956, and having its registered office at 23/14, 2nd floor, Jalashambhavi Complex, Gandhinagar, Bangalore 560 009, India.
We/ us/ our	Unless the context otherwise indicates or implies, refers to our Company.

Company related terms

Term	Description
Articles/ Articles of Association/ AoA	The articles of association of our Company, as amended
Audit Committee	Audit committee of our Company constituted in accordance with Regulation 18 of the SEBI Listing Regulations and Section 177 of the Companies Act, 2013
Auditor/ Statutory Auditors	The statutory auditor of our Company, being M/s. Mohan and Sridhar, Chartered Accountants
Board of Directors/ our Board	The board of directors of our Company, as duly constituted from time to time
CSR Committee	Corporate social responsibility committee of our Company constituted in accordance with the Companies Act, 2013
Director(s)	The director(s) on our Board, unless otherwise specified. For further details of our Directors, please refer to section titled "Our Management" beginning on page 122 of this Draft Red Herring Prospectus.
Equity Listing Agreement/ Listing Agreement	The equity listing agreement to be entered into by our Company with the Stock Exchanges
Equity Shares	The equity shares of our Company of face value of ₹10 each
Key Managerial Personnel/ KMP	The key management personnel of our Company in terms of the SEBI (ICDR) Regulations and the Companies Act disclosed in section titled "Our Management" beginning on page 122 of this Draft Red Herring Prospectus.
Materiality Policy	The policy on identification of group companies, material creditors and material litigation, adopted by our Board on September 14, 2018, in accordance with the requirements of the SEBI (ICDR) Regulations.
Memorandum/ Memorandum of Association/ MoA	The memorandum of association of our Company, as amended
Nomination and	Nomination and remuneration committee of our Company constituted in accordance

Term	Description
Remuneration Committee	with Regulation 18 of the SEBI Listing Regulations and Companies Act, 2013
Products	Includes existing products viz. duplex board (coated and uncoated), file board, chip board, grey board and colour board and proposed products viz. Kraft Paper, Kraft Liner and Cultural Paper, of various GSMs
Promoter	The promoters of our Company, being, Mr. Subbaraju Lakshman and Mr. Madesh Lakshman. For further details, please refer to section titled "Our Promoter and Promoter Group" beginning on page 135 of this Draft Red Herring Prospectus.
Promoter Group	Includes such persons and entities constituting the promoter group of our Company in terms of Regulation 2(pp) of the SEBI (ICDR) Regulations and as disclosed under section titled "Our Promoter and Promoter Group" beginning on page 135 of this Draft Red Herring Prospectus.
Registered Office	23/14, 2nd floor, Jalashambhavi Complex, Gandhinagar, Bangalore 560 009, India.
RoC/ Registrar of Companies	The Registrar of Companies, Bangalore, Karnataka, India.
Restated Financial Information	The restated financial information of our Company which comprises of the restated balance sheet, the restated profit and loss information and the restated cash flow information for the three (3) months period ended June 30, 2018 and for the financial years ended March 31, 2018, March 31, 2017 and March 31, 2016 together with the annexures and notes thereto, which have been prepared in accordance with the Companies Act and restated in accordance with the SEBI (ICDR) Regulations.
Selling Shareholder	Mr. Subbaraju Lakshman
Stakeholders' Relationship Committee	Stakeholder's relationship committee of our Company constituted in accordance with Regulation 18 of the SEBI Listing Regulations and Companies Act, 2013

Issue related terms

Term	Description
Acknowledgement Slip	The slip or document issued by the Designated Intermediary to an Applicant as proof of registration of the Application.
Allot/ Allotment/ Allotted of Equity Shares	Unless the context otherwise requires, issue/allotment of Equity Shares of our Company pursuant to the Issue of Equity Shares to the successful Applicants.
Allocation/ Allotment of Equity Shares	The Allocation of Equity Shares of our Company pursuant to Issue of Equity Shares to the successful Applicants.
Allotment Advice	Note or advice or intimation of Allotment sent to the Applicants who have been allotted Equity Shares after the Basis of Allotment has been approved by the Designated Stock Exchange.
Allottee (s)	A Successful applicant (s) to whom the Equity Shares are being/ have been issued /allotted.
Applicant / Investor	Any prospective investor who makes an application pursuant to the terms of this Draft Red Herring Prospectus and the Application Form.
Application Amount	The amount at which the prospective investors shall apply for Equity Shares of our Company in terms of this Draft Red Herring Prospectus.
Application Form	The form, whether physical or electronic, used by an Applicant to make an application, which will be considered as the application for Allotment for purposes of this Draft Red Herring Prospectus.
Application Supported by Blocked Amount / ASBA	An application, whether physical or electronic, used by all applicants to make an application authorizing a SCSB to block the application amount in the ASBA Account maintained with the SCSB. <i>Pursuant to SEBI Circular dated November 10, 2015 and bearing Reference No. CIR/CFD/POLICYCELL/11/2015 which shall be applicable for all public issues opening on or after January 01, 2016, all the investors can apply through ASBA process.</i>
ASBA Account	Account maintained by an ASBA applicant with a SCSB which will be blocked by such SCSB to the extent of the Application Amount of the ASBA Applicant.

Term	Description
ASBA Applicant	Any Applicant who intends to apply through ASBA Process.
ASBA Application Location (s)/ Specified Cities	Locations at which ASBA Applications can be uploaded by the SCSBs, namely Mumbai, New Delhi, Chennai, Kolkata, Ahmedabad, Bangalore, Hyderabad and Pune.
Basis of Allotment	The basis on which the Equity Shares will be allotted as described in the section titled "Issue Procedure - Basis of Allotment" beginning on page 217 of this Draft Red Herring Prospectus.
Broker Centres	Broker centres notified by the Stock Exchange, where the Applicants can submit the Application Forms to a Registered Broker.
CARE Appraisal Report / CARE Report	Appraisal Report issued by CARE Advisory Research and Training Limited in December 2018 vide their letter dated December 26, 2018
CARE Industry Report	Report on Industry issued by CARE Advisory Research and Training Limited in December 2018 vide their letter dated December 24, 2018
CAN or Confirmation of Allocation Note	The note or advice or intimation sent to each successful Applicant indicating the Equity Shares which will be Allotted, after approval of Basis of Allotment by the Designated Stock Exchange.
Client ID	Client Identification Number maintained with one of the Depositories in relation to demat account
Collecting Depository Participant or CDP	A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Applications at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI.
Controlling Branches of SCSBs	Such branches of the SCSBs which co-ordinate Applications under this Issue made by the Applicants with the Book Running Lead Manager, the Registrar to the Issue and the Stock Exchange, a list of which is provided on http://www.sebi.gov.in or at such other website as may be prescribed by SEBI from time to time.
Demographic Details	The demographic details of the Applicants such as their Address, PAN, Occupation and Bank Account details.
Designated Intermediaries /Collecting Agent	Syndicate Members, Sub-Syndicate/Agents, SCSBs, Registered Brokers, Brokers, the CDPs and RTAs, who are authorized to collect Application Forms from the Applicants, in relation to the Issue.
Depository/ Depositories	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996 as amended from time to time, being NSDL and CDSL.
Depository Participant/DP	A depository participant as defined under the Depositories Act, 1966.
Designated SCSB Branches	Such branches of the SCSBs which shall collect the ASBA Application Form from the ASBA Applicant and a list of which is available on the website of SEBI at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries or at such other website as may be prescribed by SEBI from time to time.
Designated CDP Locations	Such locations of the CDPs where Applicant can submit the Application Forms to Collecting Depository Participants. The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept Application Forms are available on the website of the Stock Exchange i.e. www.nseindia.com
Designated RTA Locations	Such locations of the RTAs where Applicant can submit the Application Forms to RTAs. The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept Application Forms are available on the website of the Stock Exchange i.e. www.nseindia.com
Designated Date	On the Designated Date, the SCSBs shall transfer the funds represented by allocation of Equity Shares into the Public Issue Account with the Bankers to the Issue.
Draft Red Herring Prospectus	This Draft Red Herring Prospectus dated December 29, 2018 issued in accordance with Section 32 of the Companies Act, 2013.
Designated Market Maker	[●]
Designated Stock	Emerge Platform of National Stock Exchange of India Limited.

Term	Description
Exchange	
Eligible NRI(s)	NRI(s) from such jurisdiction outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom this Draft Red Herring Prospectus constitutes an invitation to subscribe for the Equity Shares offered herein on the basis of the terms thereof.
Electronic Transfer of Funds	Refunds through ECS, NEFT, Direct Credit or RTGS as applicable.
Emerge Platform	The EmERGE Platform of National Stock Exchange of India Limited for listing equity shares offered under Chapter IX of the SEBI (ICDR) Regulation which was approved by SEBI as an SME Exchange.
FII / Foreign Institutional Investors	Foreign Institutional Investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995, as amended) registered with SEBI under applicable laws in India.
First/Sole Applicant	The Applicant whose name appears first in the Application Form or Revision Form.
General Information Document	The General Information Document for investing in public issues prepared and issued in accordance with the Circular (CIR/CFD/DIL/12/2013) dated October 23, 2013, notified by SEBI read with SEBI Circular dated November 10, 2015 and bearing Reference No. CIR/CFD/POLICYCELL/11/2015 which shall be applicable for all public issues opening on or after January 01, 2016, all the investors can apply through ASBA process.
Issue Agreement	The Agreement dated April 18, 2018 between our Company and Book Running Lead Manager.
Issue Closing Date	[●]
Issue Opening Date	[●]
Issue Period	The period between the Issue Opening Date and the Issue Closing Date inclusive of both days and during which prospective Applicants can submit their Applications.
Issue Price	The price at which Equity Shares will be issued and allotted by our Company being ₹[●] per Equity Share of face value of ₹10 each fully paid.
Issue Proceeds	Proceeds to be raised by our Company through this Issue, for further details please refer to section titled "Objects of the Issue" beginning on page 64 of this Draft Red Herring Prospectus.
Issue/ Issue Size/ Initial Public Issue/ Initial Public Offer/ Initial Public Offering/ IPO	Public issue of upto [●] equity shares of face value of ₹10 each (" Equity Shares ") of Bhadra Paper Mills Limited (" Company " or " Issuer ") for cash at a price of ₹[●] per Equity Share (including a share premium of ₹[●] per equity share) (" Offer Price "), aggregating up to ₹5,100 lakhs (the " Issue ") consisting of fresh issue of upto [●] Equity Shares aggregating up to ₹4,700 lakhs (" Fresh Issue ") and an offer for sale of [●] Equity Shares by Mr. Subbaraju Lakshman (" Selling Shareholder ") aggregating up to ₹ 400 lakhs (" Offer for Sale "). The Issue comprises of upto [●] Equity Shares of face value ₹10 each for cash at a price of ₹[●] per equity share, aggregating up to ₹[●] lakhs which 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 ₹10 each for cash at a price of ₹[●] per equity share, aggregating up to ₹[●] lakhs 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 our Company.
BRLM / Book Running Lead Manager	The Book Running Lead Manager for the Issue being Arihant Capital Markets Limited.
Market Maker	Member Brokers of NSE who are specifically registered as Market Makers with the National Stock Exchange of India Limited. In our case, [●] (Registration No. [●]).
Market Making Agreement	The Market Making Agreement dated ₹[●] between our Company and Market Maker [●].
Market Maker Reservation Portion	The reserved portion of [●] Equity Shares of ₹10 each at an Issue Price of ₹[●] each to be subscribed by Market Maker.
Mutual Fund(s)	Mutual fund(s) registered with SEBI pursuant to the SEBI (Mutual Funds) Regulations, 1996, as amended.
Net Issue	The Issue (excluding the Market Maker Reservation Portion) of [●] equity shares of face value ₹10 each of Bhadra Paper Mills Limited for cash at a price of ₹[●] per Equity Share (the " Issue Price "), including a share premium of ₹[●] per equity share aggregating up to ₹[●] lakhs.

Term	Description
Net Proceeds	The Issue Proceeds, less the Issue related expenses, received by our Company.
Non-Institutional Investors or NIIs	All Applicants, including sub-accounts of FIIs registered with SEBI which are foreign corporate or foreign individuals, that are not QIBs or Retail Individual Investors and who have applied for Equity Shares for an amount of more than ₹2,00,000 (<i>but not including NRIs other than Eligible NRIs</i>).
Overseas Corporate Body / OCB	Overseas Corporate Body means and includes an entity defined in clause (xi) of Regulation 2 of the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCB's) Regulations 2003 and which was in existence on the date of the commencement of these Regulations and immediately prior to such commencement was eligible to undertake transactions pursuant to the general permission granted under the Regulations. OCBs are not allowed to invest in this Issue.
Other Investors	Investors other than Retail Individual Investors. These include individual applicants other than retail individual investors and other investors including corporate bodies or institutions irrespective of the number of specified securities applied for.
Payment through electronic means	Payment through NECS, NEFT, or Direct Credit, as applicable.
Person/ Persons	Any individual, sole proprietorship, unincorporated association, unincorporated organization, body corporate, corporation, company, partnership, limited liability company, joint venture, or trust, or any other entity or organization validly constituted and/or incorporated in the jurisdiction in which it exists and operates, as the context requires.
Prospectus	The Prospectus, to be filed with the RoC in accordance with the provisions of Section 32 of the Companies Act, 2013.
Public Issue Account	The Bank Account opened with the Banker(s) to this Issue under section 40 of the Companies Act, 2013 to receive monies from the SCSBs from the bank accounts of the ASBA Applicants on the Designated Date.
Qualified Foreign Investor/ QFIs	Non-resident investors other than SEBI registered FIIs or sub-accountants or SEBI registered FCVIs who meet know your client requirements prescribed by SEBI.
Qualified Institutional Buyers or QIBs	A Mutual Fund, Venture Capital Fund, Alternative Investment Fund and Foreign Venture Capital investor registered with the Board, a foreign portfolio investor other than Category III foreign portfolio investor, registered with the Board; a public financial institution as defined in Section 2(72) of the Companies Act, 2013; a scheduled commercial bank; a multilateral and bilateral development financial institution; a state industrial development corporation; an insurance Company registered with the Insurance Regulatory and Development Authority; a provident fund with minimum corpus of ₹2500.00 Lakhs; a pension fund with minimum corpus of ₹2500.00 Lakhs rupees; National Investment Fund set up by resolution No. F. No. 2/3/2005 – DDII dated November 23, 2005 of the Government of India published in the Gazette of India, insurance funds set up and managed by army, navy or air force of the Union of India and insurance funds set up and managed by the Department of Posts, India and Systemically important non- banking financial companies.
Registered Brokers	Stock brokers registered with the stock exchanges having nationwide terminals, other than the Members of the Syndicate.
Registrar and Share Transfer Agents or RTAs	Registrar and share transfer agents registered with SEBI and eligible to procure Applications at the Designated RTA Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI.
Registrar/ Registrar to this Issue/RTI	Registrar to the Issue being Karvy Fintech Private Limited.
Registrar Agreement	The agreement dated [●], entered into between 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.
Reserved Category/ Categories	Categories of persons eligible for making application under reservation portion.
Reservation Portion	The portion of the Issue reserved for category of eligible Applicants as provided under the SEBI (ICDR) Regulations, 2018.
Revision Form	The form used by the Applicants to modify the quantity of Equity Shares in any of their Application Forms or any previous Revision Form(s).

Term	Description
Retail Individual Investors/RIIs	Individual Applicants or minors applying through their natural guardians, (<i>including HUFs in the name of Karta and Eligible NRIs</i>) who have applied for an amount less than or equal to ₹2 Lakhs in this Issue.
Self Certified Syndicate Bank(s) or SCSB(s)	Banks registered with SEBI, offering services in relation to ASBA, a list of which is available on the website of SEBI at www.sebi.gov.in/cms/sebi_data/attachdocs/1365051213899.html
Specified Cities	Cities as specified in the SEBI Circular No. CIR/CFD/DIL/1/2011 dated April 29, 2011, namely, Ahmedabad, Bangalore, Baroda (Vadodara), Chennai, Delhi, Hyderabad, Jaipur, Kolkata, Mumbai, Pune, Rajkot and Surat.
SME Exchange	Emerge Platform of National Stock Exchange of India Limited.
Stock Exchange	Emerge Platform of National Stock Exchange of India Limited (SME Platform).
Underwriter(s)	The Book Running Lead Manager who has underwritten this Issue pursuant to the provisions of the SEBI (ICDR) Regulations and the Securities and Exchange Board of India (Underwriters) Regulations, 1993, as amended from time to time.
Underwriting Agreement	The Agreement dated [●] entered into amongst the Underwriters and our Company.
Working Days	Any day, other than 2nd and 4th Saturday of the month, Sundays or public holidays, on which commercial banks in India are open for business, provided however, for the purpose of the time period between the Issue opening and Issue closing date and listing of the Equity Shares on the Stock Exchanges, "Working Days" shall mean all days, excluding Saturdays, Sundays and public holidays, which are working days for commercial banks in India.

Technical/Industry Related Terms/Abbreviations]

Term	Description
ADMT	Air-Dried metric ton
BOD	Biochemical oxygen demand
COD	Chemical oxygen demand
CSO	Central Statistics Organization
FMCG	Fast moving consumer goods
GSM	Grams per Square Meter
IPMA	Indian Papers Manufacturers Association
KLD	Kilolitres per Day
MT	Metric tonnes
MW	Megawatt
NBSK	Northern bleached softwood kraft
P&W	Paper and writing
TPA	Tonnes per annum

Conventional and General Terms

Term	Description
AIF(s)	The alternative investment funds, as defined in, and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
Category I foreign portfolio investor(s)	FPIs who are registered as "Category I foreign portfolio investor" under the SEBI FPI Regulations
Category II foreign portfolio investor(s)	FPIs who are registered as "Category II foreign portfolio investor" under the SEBI FPI Regulations
Category III foreign portfolio investor(s)	FPIs who are registered as "Category III foreign portfolio investor" under the SEBI FPI Regulations
CCI	Competition Commission of India
Client ID	The client identification number maintained with one of the Depositories in relation to demat account
Companies Act, 1956	Companies Act, 1956 (<i>without reference to the provisions thereof that have ceased to have effect upon notification of the sections of the Companies Act, 2013</i>) along with the relevant rules made thereunder

Term	Description
Companies Act/ Companies Act, 2013	Companies Act, 2013, to the extent in force pursuant to the notification of sections of the Companies Act, 2013, along with the relevant rules, regulations, clarifications, circulars and notifications made thereunder
Competition Act	The Competition Act, 2002
Consolidated FDI Policy	Consolidated FDI Policy (Circular 1 of 2015) dated May 12, 2015 issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, and any modifications thereto or substitutions thereof, issued from time to time.
CST Act	Central Sales Tax Act, 1956
Demographic Details	Details of the Bidders including the Bidder's address, name of the Bidder's father/husband, investor status, occupation and bank account details
Depository	A depository registered with SEBI under the Depositories Act, 1996
Depository Participant/ DP	A depository participant registered with SEBI under the Depositories Act
Depositories	NSDL and CDSL
Depositories Act	The Depositories Act, 1996
DIN	Director identification number
DP/ Depository Participant	A depository participant as defined under the Depositories Act
DP ID	Depository participant's identification
FCNR Account	Foreign currency non-resident account
FEMA	Foreign Exchange Management Act, 1999 read with rules and regulations thereunder
FEMA Regulations	Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017
FII(s)	Foreign Institutional Investors as defined under the SEBI FPI Regulations.
Financial Year/ Fiscal/ Fiscal Year/ F.Y.	Period of twelve (12) months ended March 31 of that particular year, unless otherwise stated
Foreign Portfolio Investor or FPI	Foreign Portfolio Investors, as defined under the SEBI FPI Regulations and registered with SEBI under applicable laws in India.
FVCI	Foreign Venture Capital Investor, registered under the FVCI Regulations
FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000
IT Act	The Income Tax Act, 1961, as amended
IT Rules	The Income Tax Rules, 1962, as amended
Indian GAAP	Generally Accepted Accounting Principles in India
LLP Act	The Limited Liability Partnership Act, 2008
Notified Sections	The sections of the Companies Act, 2013 that have been notified by the Government as having come into effect prior to the date of this Draft Red Herring Prospectus.
NRE Account	Non-resident external account
NRO Account	Non-resident ordinary account
OCB/ Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date was eligible to undertake transactions pursuant to the general permission granted to OCBs under FEMA
RBI Act	Reserve Bank of India Act, 1934
RoC	The Registrar of Companies, Bangalore, Karnataka
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI	The Securities and Exchange Board of India, constituted under the SEBI Act
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
SEBI FII Regulations	Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995

Term	Description
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
SEBI FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000
SEBI (ICDR) Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended
SEBI Listing Regulations / SEBI (LODR) Regulations	SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
SEBI VCF Regulations	The Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996
Securities Act	U.S. Securities Act of 1933, as amended
State Government	The government of a state of the Union of India
Stock Exchanges	NSE Emerge
Sub-account	Sub-accounts registered with SEBI under the SEBI FII Regulations other than sub-accounts which are foreign corporates or foreign individuals
VCFs	Venture Capital Funds as defined and registered with SEBI under the SEBI VCF Regulations
Wilful Defaulter	Wilful defaulter as defined under Regulation 2(III) of the SEBI (ICDR) Regulations

General terms/ Abbreviations

Term	Description
₹ or Rs. or Rupees or INR	Indian Rupees
ACIT	Assistant Commissioner of Income Tax
AGM	Annual General Meeting
AS/Accounting Standards	Accounting Standards issued by the Institute of Chartered Accountants of India
ASEAN	Association of South East Asian Nations
A.Y.	Assessment year
BPLR	Bank Prime Lending Rate
BSE	BSE Limited
CAGR	Compounded annual growth rate
CARE	Care Advisory Research and Training Limited
CARO	Companies (Auditor's Report) Order, 2003
CDSL	Central Depository Services (India) Limited
CIN	Corporate Identity Number
Cr	Crore
CSR	Corporate Social Responsibility
DIN	Director Identification Number
DTC	Direct Taxes Code
ECS	Electronic Clearing System
EBITDA	Earnings before Interest, Tax Depreciation and Amortisation
EGM	Extraordinary General Meeting of the Shareholders of the Company
EPS	Earnings Per Share
FDI	Foreign direct investment
FIPB	Foreign Investment Promotion Board
GAAR	General anti avoidance rules
GDP	Gross domestic product
GIR	General index register
GoI/ Government	Government of India
GST	Goods and Services Tax Act
GVA	Gross value added
HNI	High Net worth Individual

Term	Description
HUF	Hindu Undivided Family.
ICAI	Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
Indian GAAP	Generally Accepted Accounting Principles in India
IPO	Initial Public Offering
Kms	Kilometers
Ltd.	Limited
MCA	Ministry of Corporate Affairs, Government of India
MD	Managing Director
Mn	Million
MoU	Memorandum of understanding
N.A.	Not Applicable
NAV	Net asset value being paid up equity share capital plus free reserves (<i>excluding reserves created out of revaluation</i>) less deferred expenditure not written off (<i>including miscellaneous expenses not written off</i>) and debit balance of profit and loss account, divided by number of issued Equity Shares.
NCR	National Capital Region
NECS	National Electronic Clearing Services
NEFT	National Electronic Fund Transfer
No.	Number
NoC	No objection certificate
NR	Non-resident
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
NTA	Net Tangible Assets
p.a.	Per annum
P/E Ratio	Price earnings ratio
PAN	Permanent account number allotted under the Income Tax Act, 1961
PAT	Profit after tax
PBT	Profit before tax
PCB	Pollution Control Board
Pvt.	Private
RBI	Reserve Bank of India
RoC	Registrar of Companies
RONW	Return on net worth
RTGS	Real time gross settlement
STT	Securities Transaction Tax
Sq. Km	Square Kilometer
UIN	Unique identification number
U.S. GAAP	Generally Accepted Accounting Principles in the United States of America
VAT	Value added tax
WEO	World economic outlook
WTD	Whole-Time Director
YoY	Year on Year

CERTAIN CONVENTIONS, USE OF FINANCIAL, INDUSTRY AND MARKET DATA AND CURRENCY OF PRESENTATION

Certain Conventions

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

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

Financial Data

Unless stated otherwise, financial data included in this Draft Red Herring Prospectus is derived from the Restated Financial Information, prepared in accordance with the Indian GAAP, Companies Act and restated in accordance with SEBI (ICDR) Regulations, as stated in the report of the Auditors. The Restated Financial Statements have been included under section titled "Financial Information" beginning on page 142 of this Draft Red Herring Prospectus.

In this Draft Red Herring Prospectus, any discrepancies in any table between the total and the sum of the amounts listed are due to rounding off. All figures in decimals have been rounded off to the second decimal place and all percentage figures have been rounded off to two decimal places and accordingly there may be consequential changes in this Draft Red Herring Prospectus.

Our Company's Financial Year commences on April 1 and ends on March 31 of the next year; accordingly, all references to a particular Financial Year or Fiscal, unless stated otherwise, are to the twelve (12) month period ended on March 31 of that year. The Restated Financial Information for the three (3) months period ended June 30, 2018 and for the Financial Years ended March 31, 2018; March 31, 2017 and March 31, 2016 are included in this Draft Red Herring Prospectus.

There are significant differences between Indian GAAP, U.S. GAAP and IFRS. The reconciliation of the financial information to IFRS or U.S. GAAP financial information has not been provided. Our Company has not attempted to explain those differences or quantify their impact on the financial data included in this Draft Red Herring Prospectus, and it is urged that you consult your own advisors regarding such differences and their impact on our financial data. In addition, please refer to section titled "Risk Factors - Significant differences exist between Indian GAAP and other accounting principles" such as US GAAP and IFRS, which may be material to investor's assessment of our Company's financial condition beginning on page 142 of 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 entirely dependent on the reader's level of familiarity with Indian accounting practices, Indian GAAP, the Companies Act and the SEBI (ICDR) Regulations. Any reliance by persons not familiar with Indian accounting practices, Indian GAAP, the Companies Act, the SEBI Regulations on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited.

Unless otherwise indicated, any percentage amounts, as set forth in this Draft Red Herring Prospectus, including in sections titled "Risk Factors", "Our Business", "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages 20; 105 ; and 174 respectively, have been calculated on the basis of the Restated Financial Information prepared in accordance with the Companies Act and restated in accordance with the SEBI (ICDR) Regulations.

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

Currency and Units of Presentation

All references to:

- "Rupees", "Rs.", "INR" or "₹" are to Indian Rupees, the official currency of the Republic of India.

Our Company has presented certain numerical information in this Draft Red Herring Prospectus in "million" units. One million represents 1,000,000 and one billion represents 1,000,000,000. In this Draft Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed therein are due to rounding-off.

Exchange Rates

This Draft Red Herring Prospectus does not contain conversion of any other currency amounts into Indian Rupees.

Industry and Market Data

Unless stated otherwise, industry and market data used throughout this Draft Red Herring Prospectus has been obtained and derived from the report titled "*Research report on Kraft Paper*" prepared by CARE Advisory ("**CARE Report**"). Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Accordingly, no investment decision should be made on the basis of this information. Although, we believe that the industry and market data used in this Draft Red Herring Prospectus is reliable, neither we nor the Book Running Lead Manager nor any of their respective affiliates or advisors have prepared or verified it independently. The extent to which the market and industry data used in this Draft Red Herring Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data.

Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in the section titled "Risk Factors – Third party statistical and financial data in this Draft Red Herring Prospectus may be incomplete or unreliable" beginning on page 20 of this Draft Red Herring Prospectus. Accordingly, investment decisions should not be based on such information.

In accordance with the SEBI (ICDR) Regulations, we have included in the section titled "Basis for Issue Price" beginning on page 78 of this Draft Red Herring Prospectus, information pertaining to the peer group entities of our Company. Such information has been derived from publicly available data of the peer group companies.

FORWARD LOOKING STATEMENTS

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

All statements regarding the expected financial condition and results of operations, business, plans and prospects are forward-looking statements. These forward-looking statements include statements as to the business strategy, the revenue, profitability, planned initiatives. These forward-looking statements and any other projections contained in this Draft Red Herring Prospectus (*whether made by us or any third party*) are predictions and involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. Important factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under the section titled "Risk Factors"; "Management's Discussion and Analysis of Financial Condition and Results of Operations"; "Industry Overview"; and "Our Business" beginning on pages 20; 174; 93; and 105 respectively of this Draft Red Herring Prospectus.

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

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

1. Cost or availability of raw materials like waste paper;
2. Our Company's ability to successfully implement its growth strategy and expansion plans by installing the new proposed Unit II;
3. Inability to generate sufficient cash flow or secure sufficient credit to simultaneously fund our operations, finance capital expenditures, and satisfy other obligations;
4. Loss of or shutdown of operations at any of our manufacturing facilities;
5. General political economic and business conditions in India and other countries;
6. Performance of the Indian debt and equity markets;
7. Our exposure to market risks;
8. Occurrence of natural calamities or natural disasters affecting the areas in which our Company has operations;
9. Changes in laws and regulations including environmental norms that apply to companies in India; and
10. Changes in the foreign exchange control regulations in India.

By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Our Company, the Book Running Lead Manager, the Syndicate Members or their respective affiliates do not have any obligation to, and do not intend to, update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, our Company and the Book Running Lead Manager will ensure that investors are informed of material developments until the time of the grant of final listing and trading permissions with respect to Equity Shares being offered in this Issue, by the Stock Exchanges. Our Company will ensure that investors are informed of material developments in relation to statements about our Company in this Draft Red Herring Prospectus and the Prospectus until the Equity Shares are allotted to the investors.

OFFER DOCUMENT SUMMARY

A.	Primary business of our Company and Industry	<p>We manufacture diverse and multi-application range of paperboards and allied products and are focused in the production and marketing of paperboard products for packing, packaging and stationery segments of the paper industry. Our product portfolio includes duplex board (e), file board, chipboard, grey board and colour board of various GSMs.</p> <p>Please refer to section titled "Our Business" and "Industry Overview" beginning on pages 105 and 93 respectively of this Draft Red Herring Prospectus.</p>																																																							
B.	Promoters of our Company	Mr. Subbaraju Lakshman; and Mr. Madesh Lakshman																																																							
C.	Issue Size	(a) Fresh Issue of [●] Equity Shares at an issue price of ₹ [●] per Equity Share aggregating up to ₹4,700 lakhs (b) Offer for Sale of [●] Equity Shares at an issue price of ₹ [●] per Equity Share aggregating up tp ₹ 400 lakhs																																																							
D.	Objects of the Issue <p>The Objects of the Fresh Issue are to meet the expenses towards the following:</p> <table><tr><td>1.</td><td>Procurement of Capital Assets</td><td>₹ 4,064.57 lakhs</td></tr><tr><td>2.</td><td>General Corporate purposes</td><td>₹ [●] lakhs</td></tr><tr><td>3.</td><td>Public Issue expenses</td><td>₹ 425 lakhs</td></tr><tr><td></td><td>Total</td><td>₹ [●] lakhs</td></tr></table> <p>For detailed explanation on the various items of the cost, please refer to the section titled "Objects of the Issue" beginning on page 64 of this Draft Red Herring Prospectus.</p>		1.	Procurement of Capital Assets	₹ 4,064.57 lakhs	2.	General Corporate purposes	₹ [●] lakhs	3.	Public Issue expenses	₹ 425 lakhs		Total	₹ [●] lakhs																																											
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	Total	₹ [●] lakhs																																																							
E.	Aggregate pre-issue shareholding of the promoter/promoter group, selling shareholder(s)	Except for 177 Equity Shares constituting negligible percentage of the total paid-up capital of our Company, hundred percent (100%) of the existing paid-up capital is held by our Promoters and Promoter Group (<i>including the Selling Shareholder</i>)																																																							
F.	Financial Summary <p style="text-align: right;">(₹ in lakhs)</p> <table><tr><th>Particulars</th><th>June 30, 2018</th><th>March 31, 2018</th><th>March 31, 2017</th><th>March 31, 2016</th></tr><tr><td>Share Capital</td><td>59.60</td><td>59.60</td><td>59.60</td><td>59.60</td></tr><tr><td>Net worth</td><td>3,370.61</td><td>3,158.18</td><td>2,448.55</td><td>2,085.80</td></tr><tr><td>Revenue</td><td>1,121.25</td><td>4,432.04</td><td>3,776.19</td><td>3,497.78</td></tr><tr><td>PAT</td><td>218.33</td><td>709.63</td><td>368.71</td><td>323.49</td></tr><tr><td>EPS (₹)</td><td>36.63</td><td>119.06</td><td>61.86</td><td>54.28</td></tr><tr><td>NAV (₹)</td><td>565.54</td><td>529.90</td><td>410.83</td><td>349.97</td></tr><tr><td>Total borrowings</td><td>45.80</td><td>51.07</td><td>20.33</td><td>34.84</td></tr></table> <p>99,83,000 Equity Shares of face value of Rs. 10/- each were issued as fully paid bonus shares on July 30, 2018 to members of the Company in proportion of 67 Equity Shares for every 4 Equity Shares held. Consequent to the allotment of Bonus Shares, EPS and NAV is represented below:</p> <table><tr><th>Particulars</th><th>June 30, 2018</th><th>March 31, 2018</th><th>March 31, 2017</th><th>March 31, 2016</th></tr><tr><td>EPS (₹)</td><td>2.06</td><td>6.71</td><td>3.48</td><td>3.06</td></tr><tr><td>NAV (₹)</td><td>31.86</td><td>29.85</td><td>23.15</td><td>19.72</td></tr></table>		Particulars	June 30, 2018	March 31, 2018	March 31, 2017	March 31, 2016	Share Capital	59.60	59.60	59.60	59.60	Net worth	3,370.61	3,158.18	2,448.55	2,085.80	Revenue	1,121.25	4,432.04	3,776.19	3,497.78	PAT	218.33	709.63	368.71	323.49	EPS (₹)	36.63	119.06	61.86	54.28	NAV (₹)	565.54	529.90	410.83	349.97	Total borrowings	45.80	51.07	20.33	34.84	Particulars	June 30, 2018	March 31, 2018	March 31, 2017	March 31, 2016	EPS (₹)	2.06	6.71	3.48	3.06	NAV (₹)	31.86	29.85	23.15	19.72
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G.	Auditor qualifications which have not been given effect to in the Restated Financial Statements	N.A.																																																																				
H.	Summary of outstanding litigations	<div>Litigation filed by and against our Company, Promoters and Directors:</div> <table><thead><tr><th>No.</th><th>Nature of proceedings</th><th>Number of outstanding cases</th><th colspan="2">Amount involved (₹ in Lakhs)</th></tr></thead><tbody><tr><td colspan="5">Cases filed by our Company</td></tr><tr><td>1.</td><td>Civil</td><td>1</td><td colspan="2">Not ascertainable</td></tr><tr><td colspan="5">Cases filed by our Company</td></tr><tr><td>2.</td><td>Criminal (under section 138 of the Negotiable Instruments Act)</td><td>1</td><td colspan="2">6.05</td></tr><tr><td colspan="5">Revenue proceedings against our Company</td></tr><tr><td>3.</td><td>Civil</td><td>1</td><td colspan="2">6.39</td></tr><tr><td colspan="5">Cases filed against our Promoters and Directors</td></tr><tr><td>4.</td><td>Civil</td><td>1</td><td colspan="2">Not ascertainable</td></tr><tr><td colspan="5">Litigations involving Pending action by statutory or regulatory authorities against any of our Promoters and Directors</td></tr><tr><td>5.</td><td>Criminal</td><td>1</td><td colspan="2">Not ascertainable</td></tr><tr><td colspan="5">Cases filed by our Promoters and Directors</td></tr><tr><td>6.</td><td>Civil</td><td>1</td><td colspan="2">Not ascertainable</td></tr></tbody></table> <div>For further details in relation to the summary of outstanding litigations, please refer to the section titled "Outstanding Litigations and Material Developments" beginning on page 184 of this Draft Red Herring Prospectus.</div>				No.	Nature of proceedings	Number of outstanding cases	Amount involved (₹ in Lakhs)		Cases filed by our Company					1.	Civil	1	Not ascertainable		Cases filed by our Company					2.	Criminal (under section 138 of the Negotiable Instruments Act)	1	6.05		Revenue proceedings against our Company					3.	Civil	1	6.39		Cases filed against our Promoters and Directors					4.	Civil	1	Not ascertainable		Litigations involving Pending action by statutory or regulatory authorities against any of our Promoters and Directors					5.	Criminal	1	Not ascertainable		Cases filed by our Promoters and Directors					6.	Civil	1	Not ascertainable	
No.	Nature of proceedings	Number of outstanding cases	Amount involved (₹ in Lakhs)																																																																			
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I.	Risk Factors	For risk factors, please refer to the section titled "Risk Factors" beginning on page 20 of this Draft Red Herring Prospectus.																																																																				
J.	Summary of contingent liabilities	(₹ in Lakhs)																																																																				
	Particulars	June 30, 2018	31 st March 2018	31 st March 2017	31 st March 2016																																																																	
	Contingent Liability	Nil	Nil	Nil	Nil																																																																	
	TOTAL	Nil	Nil	Nil	Nil																																																																	

K.	Summary of related party transactions for the last 3 years						
	(₹ in Lakhs)						
	Name of Related Party	Relationship	Nature of Transaction	For the period / year ended.			
				June 30, 2018	March 31, 2018	March 31, 2017	March 31, 2016
	Mrs. Saritha Madesh	Director	Directors Remuneration	06.00	24.00	24.00	24.00
			Incentives	-	2.66	-	-
			Directors Current Account	-	-	-	(0.32)
			Travelling, Conveyance & Other Expense	-	2.59	10.28	2.41
	Mr. Yoganand Lakshman	Director	Directors Remuneration	6.00	24.00	24.00	24.00
			Directors Current Account	-	-	-	0.04
			Travelling, Conveyance & Other Expense	-	2.55	1.62	0.48
	Mr. Subbaraju Lakshman	Directors & Shareholders	Directors Remuneration	13.50	54.00	54.00	54.00
			Directors Current Account	-	-	-	0.21
			Travelling, Conveyance & Other Expense	-	0.77	0.97	-
	Mr. Madesh Lakshman	Directors & Shareholders	Directors Remuneration	13.50	54.00	54.00	54.00
			Incentives	-	0.67	-	-
			Directors Current Account	-	(0.20)	-	1.21
			Travelling, Conveyance & Other Expense	-	10.34	16.62	3.22
	Mr. Dilip Lakshman	Relative of KMP	Professional Fees	-	6.00	6.00	6.00
	Sri Lakshman Traders	Organisation in which the Director is interested	Purchase of Material	269.68	1,058.64	881.16	775.86
			Sale of goods	-	26.64	18.10	24.24
			Discount Given	0.14	0.06	0.05	0.03
	For further details in relation to related party information for last 3 years, please refer to the section titled "Related Party Information" beginning on page 140 of this Draft Red Herring Prospectus.						
L.	Details of all financing arrangements whereby the promoters, members of the promoter group, the directors of the company which is a promoter of the issuer, the directors of the issuer and their relatives have financed the purchase by any other person of securities of the issuer other than in the normal course of the business of the financing entity during the period of six (6) months immediately			N.A.			

	preceding the date of the draft offer document/offer document.										
M.	Weighted average price at which specified security was acquired by each of the promoters and selling shareholders in the last one (1) year.	Save for the bonus issue of Equity Shares, the promoters and the selling shareholders have not acquired any Equity Shares of our Company during the last one year.									
N.	Average cost of acquisition of shares for Promoters and Selling Shareholders.	<table border="1"> <thead> <tr> <th>Name of the Promoter</th><th>Number of Equity Shares held</th><th>Average cost of acquisition (₹)</th></tr> </thead> <tbody> <tr> <td>Mr. Subbaraju Lakshman</td><td>66,50,215</td><td>9.33</td></tr> <tr> <td>Mr. Madesh Lakshman</td><td>31,24,000</td><td>9.33</td></tr> </tbody> </table> <p>For details in relation to average cost of acquisition of shares for our Promoters and the Selling Shareholders, please refer to section titled "Capital Structure" beginning on page 54 of this Draft Red Herring Prospectus.</p>	Name of the Promoter	Number of Equity Shares held	Average cost of acquisition (₹)	Mr. Subbaraju Lakshman	66,50,215	9.33	Mr. Madesh Lakshman	31,24,000	9.33
Name of the Promoter	Number of Equity Shares held	Average cost of acquisition (₹)									
Mr. Subbaraju Lakshman	66,50,215	9.33									
Mr. Madesh Lakshman	31,24,000	9.33									
O.	Size of the pre-IPO placement and allottees, upon completion of the placement	N.A.									
P.	Any issuances of Equity Shares made in the last one (1) year for consideration other than cash.	Our Company has not issued any Equity Shares for consideration other than cash. However, we have issued 99,83,000 Equity Shares issued as Bonus Issue. For further details, please refer to section titled "Capital Structure" beginning on page 54 of this Draft Red Herring Prospectus.									
Q.	Any split/consolidation of equity shares in the last one (1) year.	Our Company has not done any split or consolidation of Equity Shares during the last one year from the date of this Draft Red Herring Prospectus.									

SECTION II: RISK FACTORS

Any investment in equity securities involves a high degree of risk. You should carefully consider all of the information in this Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. To obtain a more complete understanding, you should read this section together with section titled "Our Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages 105 and 174 respectively, as well as the other financial and statistical information contained in this Draft Red Herring Prospectus.

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

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

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

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

Internal Risk Factors:

1. ***Changes in the cost or availability of raw materials could affect our profitability. Waste paper is one of the essential raw material required for manufacturing our Products for which we rely on various suppliers. Inadequate or interrupted supply or sub-standard quality of raw materials, could adversely affect our reputation, business and results of operations.***

We rely significantly on certain raw materials viz. waste paper, rice husk, ground-nut husk; cashew husk; dyes, chemicals; colours, paddy husk, etc. and energy sources (*principally water and electricity*) for the manufacture of our products. In Fiscal 2018 and 2017, our major raw material i.e. waste paper comprised approximately 48.39% and 45% of our net sales.

We procure a significant portion of our waste paper from the domestic suppliers in Karnataka and Tamil Nadu and also import some of our raw materials. We procure waste paper and other raw materials from various local suppliers based out at Karnataka and Tamil Nadu. Waste Papers forms the bulk of the raw material requirement and we have also entered into a long-term Purchase Agreement dated October 1, 2018 with one of our Promoter group entity, Sri Lakshman Traders, for supply of the waste papers who have been into this business since the past several years. Despite these arrangements, We may face significant disruptions to our operations due to the unavailability of raw materials and the absence of an assured supply of raw materials in adequate quantities at competitive prices could result in a disruption of our production schedule or result in our sourcing raw materials from other sources at prices that are less favourable to us, resulting in an increase in our operating costs and materially and adversely affecting our business, results of operations and financial condition.

We may not be able to pass increased cost for raw materials to our customers if the market or existing agreements with our customers do not allow us to raise the prices of our finished products. Even if we are able to pass through increased cost of raw materials, the resulting increase in the selling prices for our products could reduce the volume of products we sell and decrease our revenues. While we may try, from time to time, to hedge against increase in prices of raw materials, we may not be successful in doing so. Any failure of our suppliers to deliver the raw materials in the necessary quantities or to adhere to delivery schedules or specified quality standards and technical specifications would adversely affect our production processes and our ability to manufacture our products on time and at the desired level of quality, which could have a material adverse effect on our business, financial condition and results of operations.

2. ***We operate in a highly competitive industry and increased competition could reduce our sales and profitability.***

We compete in different markets within the paper industry on the basis of the quality of our products, customer service, product development activities, price, and distribution. All of our markets are highly competitive. Factors affecting our competitive success include, among other things, price, availability of products, brand recognition, customer service, ease of use, and reliability. Our competitors vary in size, and may have greater financial, marketing, personnel and other resources than us and certain of our competitors have a longer history of established businesses and reputations in the Indian paper and packaging board market as compared with us. Changes in the identity, ownership structure, and strategic goals of our competitors and the emergence of new competitors in our target markets may impact our financial performance.

3. ***Our indebtedness and the conditions and restrictions imposed on us by our financing agreements, or the interest rate fluctuations to which we are exposed, could adversely affect our ability to conduct our business.***

As of June 30, 2018, we had outstanding indebtedness of ₹45.80 lakhs against our networth of Rs. 3370.60 lakhs as on June 30, 2018.

While none of our borrowing arrangements contain restrictive covenants, however, there can be no assurance that our future borrowings may not be subject to such restrictive covenants and that we will be able to comply with these covenants or that we will be able to obtain consents necessary to take the actions that we believe are required to operate and grow our business. Furthermore, our ability to make payments on and refinance our indebtedness will depend on our ability to generate cash from our future operations. We may not be able to generate enough cash flow from operations or obtain enough capital to service our debt. In addition, lenders under our credit facility could foreclose on and sell our assets if we default under our credit facilities. For further details, please refer to section titled "Financial Indebtedness" beginning on page 182 of this Draft Red Herring Prospectus.

4. ***There are outstanding legal proceedings filed by and against our Company, our Promoters and Directors which may adversely affect our business, financial condition and results of operations.***

There are outstanding legal proceedings filed by and against our Company, our Promoters and Directors. These proceedings are pending at different levels of adjudication before various courts, enquiry officers and appellate forums. Such proceedings could divert management time, attention and consume financial resources in their defence. Further, an adverse judgment in some of these proceedings could have an impact on our business, financial condition and results of operations. A summary of the outstanding proceedings against our Company, Promoters and Directors, to the extent quantifiable, have been set out below:

Litigation filed by and against our Company, Promoters and Directors:

No.	Nature of proceedings	Number of outstanding cases	Amount involved (₹ in Lakhs)
Cases filed by our Company			
	Civil	1	Not ascertainable
Cases filed by our Company			
	Criminal (under section 138 of the Negotiable Instruments Act)	1	6.05
Revenue proceedings against our Company			
	Civil	1	6.39
Cases filed against our Promoters and Directors			
	Civil	1	Not ascertainable
Litigations involving Pending action by statutory or regulatory authorities against any of our Promoters and Directors			
	Criminal	1	Not ascertainable
Cases filed by our Promoters and Directors			
	Civil	1	Not ascertainable

Order passed, if any, in the above proceedings adverse may affect our reputation and standing and may have a material adverse effect on our business, results of operations and financial condition. For further details, please refer to section titled "Outstanding Litigation and Material Developments" beginning on page 184 of this Draft Red Herring Prospectus.

5. ***Our historical revenues have been significantly dependent on few customers. The loss of one or more of our significant customers or significant reduction in production and sales of, or demand for our product from our significant customers may adversely affect our business, financial condition, result of operations and cash flows. A significant proportion of our revenues have historically been derived from a limited number of customers.***

Over the Financial Years 2016 and 2017, our top ten customers contributed in excess of 75% of our total revenue from operations. For the financial year 2018 and period ended June 2018, the revenue contribution from our top ten customers accounted for 87.81% and 83.75% respectively with the top customer accounting for about 12% of the revenues for FY 2018. The loss of orders from any of these significant customers will result in a considerable reduction in our revenue. Our business from customers is dependent on our continuing relationship with such customers, the quality of our products, competitive pricing and our ability to timely 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. ***Our implementation of the project (setting up of Unit II) is at initial stage. Company is yet to place orders for the plant and machinery required by us for the proposed expansion.***

We have estimated the requirement of plant and machinery based on quotations received at the prevailing market prices from manufacturers/ suppliers of equipment. However, as on date of filing this Draft Red Herring Prospectus, we have not placed any orders for plant and machinery for the Unit II to be financed from the proceeds of the Issue, though land development works have been initiated. We cannot assure that we would be able to acquire the plant and machinery required for the expansion at the prices as quoted/estimated. Any delay in acquisition of the plant and/or machinery required for the expansion could lead to time and cost overruns and may have a material adverse effect on our business, results of operations and financial condition.

7. ***There is no monitoring agency appointed by our Company and the deployment of funds are at the discretion of our management and our board of directors, though it shall be monitored by the Audit Committee.***

As per SEBI (ICDR) Regulations appointment of monitoring agency is required only for Issue size above Rs. 10,000 Lakhs. Hence, we have not appointed a monitoring agency to monitor the utilization of Issue proceeds. However, the audit committee of our Board will monitor the utilization of Issue proceeds. Further, our Company shall inform about material deviations in the utilization of Issue proceeds to the NSE and shall also simultaneously make the material deviations / adverse comments of the audit committee public.

8. ***Our Promoters have limited experience in setting up manufacturing facility of large capacity which is part of our proposed expansion. Our success of setting-up the new manufacturing facility will largely depend on consultants hired by our Company.***

Although Our Managing Director and Whole Time Director who are the Promoters of our Company have successful track record of conducting the manufacturing and business operations of the Company profitably with consistent positive operating cash flows and also have experience in ramping up the production capacity over the years, they have limited experience in setting-up a manufacturing facility of a large capacity as envisaged under the current expansion plan. We are dependent on a number of consultants for setting-up the proposed manufacturing unit and their loss or our inability to retain such persons could adversely affect the time schedule of implementation of setting up of Unit II and consequently may adversely affect our business, results of operations and financial condition.

9. ***The cost of setting up of Unit II is based on management estimates and market quotations. The project estimates and financials have been appraised by Care Advisory Research & Training Limited. (the "The CARE Appraisal Report") The CARE Appraisal Report envisages certain threats and concerns, in respect of the setting up of additional manufacturing facility proposed to be set up by the Company, which might affect our profitability and results of operations.***

CARE's Appraisal Report carries a section on risk matrix and mitigation strategy. The same is reproduced under the Chapter "Objects of the Issue" appearing on page 64 of this Draft Red Herring Prospectus.

10. ***We have not made any alternate arrangements for financing the "Objects of the Issue". Any shortfall or delay in raising / meeting the same could adversely affect our growth plans, operations and financial performance.***

As on date, we have not made any alternate arrangements for meeting our fund requirements towards the Objects of the Issue including capital expenditure requirement for setting up of Unit II. The Objects of the Issue are proposed to be funded out of net Issue proceeds. 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 64 of this Draft Red Herring Prospectus.

11. ***Our success depends largely upon the services of our Promoters and other Key Managerial Personnel. Our inability to attract and retain Key Managerial Personnel may adversely affect the operations of our Company and proposed Unit II.***

Our Promoter, Mr. Madesh Lakshman has extensive experience in the paper industry and has been responsible for the growth of our business and leads the overall strategy, direction and management of our business. Mr. Madesh Lakshman, who is also our Managing Director, has over twenty (20) years of experience in the business and has efficiently managed the business operations over the years resulting into a Company having surplus cash and practically zero debt to fund the capex or working capital requirements. Our success largely depends on the continued services and performance of our Promoters, other members of management and other key personnel. The loss of service of senior management could seriously impair the ability to continue to manage and expand the business efficiently. Further, the loss of any of the senior management or other key managerial personnel may adversely affect the operations, finances and profitability of our Company, including the operations of the Unit II when commissioned. Any failure or inability of our Company to efficiently retain and manage its human resources would adversely affect our ability to expand our business.

12. ***Our failure to obtain, maintain and renew regulatory approvals or permits required for our business, may adversely affect our business and results of operations.***

We require certain approvals, licenses, registrations and permissions for our operations. We have already received approval from the Karnataka State Pollution Control Board for manufacturing newsprint and cultural paper at our proposed Unit II. We are also required to make applications for certain approvals, licenses, registrations and permissions for our proposed Unit II. For further details, please refer to section titled "Government and Other Approvals" beginning on page 188 of this Draft Red Herring Prospectus. While, we believe we will be able to obtain, maintain and renew such approvals or permits as required, there can be no assurance that we can do so in the timeframes anticipated by us, or at all. If we fail to obtain, maintain or renew any of these approvals or permits in a timely manner or at all, our operations and expansion plans may be interrupted, which could adversely affect our growth strategy, business and results of operations. Furthermore, our approvals and permits are subject to numerous conditions, some of which are onerous and require us to make substantial expenditures. If we fail to comply or a regulator alleges that we have not complied with these conditions, our business and results of operations could be adversely affected.

13. ***Our Company has entered into certain related party transactions and may continue to do so. Any such related party transaction may have an adverse effect on the business, financial condition and results of operations of our Company.***

Our Company has entered into related party transactions in ordinary course of its business at arm's length basis. We cannot assure you that any future related party transactions that would be entered into by our Company may be on favorable terms as against if such transactions would have been entered into with unrelated parties. Further, the Companies Act, 2013 has brought into effect significant changes to the Indian company law framework including specific compliance requirements such as obtaining prior approval from audit committee, board of directors and shareholders for certain related party transactions. We cannot assure you that such transactions, individually or in the aggregate, will not have an adverse effect the business, results of operations and financial condition of our Company. For further details of related party transactions, please refer to Annexure 30 titled "Restated Summary Statement of Related Party Transactions" in the section titled "Financial Information" beginning on page 142 of this Draft Red Herring Prospectus.

14. ***The Registered Office and warehouses occupied by our Company is not owned by our Company and has been leased by us. Any termination of the lease(s) or our failure to renew the same in a favorable, timely manner, or at all, could adversely affect our activities.***

Our Registered Office is located at 23/14, 2nd floor, Jalashambhavi Complex, Gandhinagar, Bangalore. Our registered office is not owned by us and has been leased by our Company from Ms. Madhura Nataraj with effect from October 1, 2016 for the period of three (3) years which shall be renewed by mutual consent at the expiry of 11 months. Further, we have also entered into lease agreement with one of our Promoter Mr. Subbaraju Lakshman in respect of two (2) warehouses out of which one warehouse

admeasuring 2000 sq. ft. located at 49/1-11, Industrial Suburb, MEC Road, Yeshwanthpur, Bangalore and another warehouse admeasuring 1000 sq. ft. located at No. 3, Dr. TCM Rayon Road, Opp. Ayappa Temple, Bangalore with effect from October 1, 2018 for the period of three (3) years which shall be renewed by mutual consent at the expiry of 11 months. While we have a formal arrangement for the occupancy of the registered office and warehouses as mentioned above, in the event, we are unable to renew the lease agreement for registered office and warehouses on favourable terms, it may not be able to continue to use these premises as the registered office and as warehouses, which may lead to disruption in the business and administrative operations of our Company having an adverse effect on the business, financial condition and results of operations of our Company.

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

Due to factors beyond our control, we may encounter problems in executing the orders in relation to our products or executing it on a timely basis. Similarly, due to factors beyond their control, our customers may postpone the delivery of such products or cause its cancellation, including delays or failure to obtain necessary permits, authorizations, permissions and other types of difficulties or obstructions. Due to the possibility of cancellations or changes in scope and schedule of delivery of such products, resulting from our customer's discretion or problems we encounter in the delivery of such products or reasons outside our control or the control of our customers, we cannot predict with certainty when, if or to what extent we may be able to deliver the orders placed. Additionally, delays in the delivery of such products can lead to customers delaying or refusing to pay the amount, in part or full, that we expect to be paid in respect of such products. In addition, even where a delivery proceeds as scheduled, it is possible that the contracting parties may default or otherwise fail to pay amounts owed. While we have not yet experienced any material delay, reduction in scope, cancellation, execution difficulty, payment postponement or payment default with regard to the orders placed with us, or disputes with customers in respect of any of the foregoing, any such adverse event in the future could materially harm our cash flow position and income.

16. *We may be unable to generate sufficient cash flow or secure sufficient credit to simultaneously fund our operations, finance capital expenditures, and satisfy other obligations.*

Our business is capital intensive and requires significant expenditures for equipment maintenance and new or enhanced equipment for environmental compliance matters, and to support our business strategies. We expect to meet all of our near-and longer-term cash needs from a combination of operating cash flows, cash and cash equivalents, our existing credit facilities or other bank lines of credit, and other long-term debt. If we are unable to generate sufficient cash flow from these sources or if we are unable to secure needed credit due to our performance or tighter credit markets, we could be unable to meet our near-and longer-term cash needs.

17. *An inability to manage our growth may disrupt our business and reduce our profitability.*

We have experienced year-on-year growth in our income from own manufacturing operations (*gross sales*) of approximately 18% in Fiscal 2018. Our growth will place significant demands on us and require us to continuously evolve and improve our operational, financial and internal controls across our organisation. In particular, continued expansion increases the challenges involved in:

- maintaining high levels of customer satisfaction;
- recruiting, training and retaining sufficient skilled management, technical and marketing personnel;
- adhering to health, safety and environment and quality and process execution standards that meet customer expectations;
- preserving a uniform culture, values and work environment in operations;
- developing and improving our internal administrative infrastructure, particularly our financial, operational, communications and other internal systems; and
- Any inability to manage our growth may have an adverse effect on our business, results of operations and financial condition.

18. *Our business requires the services of third parties and suppliers, which entail certain risks.*

Our business generally requires the services of third parties, including contractors and suppliers of

labour, materials and equipment. The timing and quality of completion of our products depends on the availability and skill of such third parties, as well as contingencies affecting them, including labour and raw material shortages and industrial action, such as strikes and lock-outs. We cannot assure you that skilled third parties will continue to be available at reasonable rates and will be able to provide their support in the areas in which we conduct our business. As a result, any delay in this respect could adversely affect our ability to continue to operate our manufacturing facility optimally and have an adverse effect on our business, financial condition and result of operations.

19. ***If we have any operational problems at any of our facilities, it could have a material adverse effect on our business and results of operations.***

Our manufacturing and distribution warehouses may suffer loss or damage due to fire, floods, terrorism, mechanical failure, or other natural or man-made events. If any of these facilities were to experience a loss or damage, it could disrupt our operations, delay production, delay or reduce shipments, reduce revenue, and result in significant expenses to repair or replace the facility. These expenses and losses may not be adequately covered by property or business interruption insurance. Even if covered by insurance, our inability to deliver our products to customers, even on a short-term basis, may cause us to lose market share on a more permanent basis, which could have a material adverse effect on our business and results of operations.

20. ***Our results of operations could be adversely affected by strikes, work stoppages or increased wage demands by our or our contractor's work force or any other kind of disputes involving our work force.***

India has stringent labour legislation that protects the interests of workers, including legislation that sets forth detailed procedures for discharge of employees and dispute resolution and imposes financial obligations on employers upon employee layoffs. As a result of such stringent labour regulations, it is difficult for us to maintain flexible human resource policies, discharge employees or downsize, which may adversely affect our business, financial condition and results of operations.

We employ significant number of employees and contract labourers at our manufacturing facility. Substantial number of our permanent employees and contract labourers are represented by labour unions. While we have entered into settlement agreement with our labour unions and believe that we enjoy satisfactory relationships with all of the labour organizations that represent our employees, we cannot guarantee that labour-related disputes will not arise. In addition, existing labour agreements may not prevent a strike or work stoppage in the future. Such incidents or strikes and work stoppage by our employees could have an adverse effect on our business, financial operation and results of operations.

21. ***Activities at the facilities can be dangerous and can cause injury to people or property in certain circumstances. This could subject us to significant disruptions in our business, legal and regulatory actions, any of which could adversely affect our business, financial condition and results of operations.***

Our manufacturing operations require our work force to work under potentially dangerous circumstances, with highly flammable materials. Despite compliance with requisite safety requirements and standards, our operations are subject to handling of highly flammable materials. If improperly handled or subjected to unsuitable conditions, these materials could hurt our employees or other persons, cause damage to our properties and properties of others or harm the environment. Due to the nature of these materials, we may be liable for certain costs related to highly flammable materials, including cost for health-related claims, or removal or treatment of such substances, including claims and litigation from our current or former employees for injuries arising from occupational exposure to materials or other hazards at our facilities. This could subject us to significant disruption in our business, legal and regulatory actions, which could adversely affect our business, financial condition and results of operations.

22. ***Our insurance policies may not protect us against all potential losses, which could adversely affect our business and results of operations.***

Our manufacturing operations carry inherent risks of personal injury and loss of life, damage to or destruction of property, plant and equipment and damage to the environment, and are subject to risks such as fire, theft, flood, earthquakes and terrorism. We believe that we have insured our facilities, plant

and equipment in a way which we believe is typical in our industry and in amounts which we believe to be commercially appropriate. For details in relation insurance policies availed by our Company, please refer to section titled "Our Business – Insurance" beginning on page 105 of this Draft Red Herring Prospectus. However, we may become subject to liabilities against which our property is not insured adequately or at all or cannot insure, including when the loss suffered is not easily quantifiable and in the event of severe damage to our reputation. Even if a claim is made under an existing insurance policy, due to exclusions and limitations on coverage, we may not be able to successfully assert our claim for any liability or loss under such insurance policy.

In addition, in the future, we may not be able to maintain insurance of the types or in the amounts which we deem necessary or adequate or at premiums which we consider acceptable. The occurrence of an event for which we are not adequately or sufficiently insured or the successful assertion of one or more large claims against us that exceed available insurance coverage, or changes in our insurance policies (including premium increases or the imposition of large deductible or co-insurance requirements), could have a material and adverse effect on our business, results of operations, financial condition and cash flows.

23. ***Any inability to raise adequate financing to fund any future expansion and upgradation of our facilities may have a material adverse effect on our business, prospects, financial condition and results of operations.***

Our setting up of the new Unit II requires capital expenditure of an aggregate amount of approximately ₹ 4,064.57 lakhs, which we intend to finance through the proposed Issue and internal accruals. For further details, please refer to section titled "Objects of the Issue" beginning on page 64 of this Draft Red Herring Prospectus. However, our ability to finance our capital expenditure plans in the future is subject to a number of risks, contingencies and other factors, some of which are beyond our control, including borrowing or lending restrictions imposed by applicable government regulations and general economic and capital market conditions. We cannot assure you that we will be able to obtain sufficient funds to meet our future capital expenditure requirements and on terms acceptable to us, or at all.

Future debt financing, if available, may result in increased finance charges, increased financial leverage, decreased income available to fund further acquisition and expansions and the imposition of restrictive covenants on our business and operations. In addition, future debt financing may limit our ability to withstand competitive pressures and render us more vulnerable to economic downturns. If we fail to generate or obtain sufficient additional capital in the future, we could be forced to reduce or delay the planned expansion projects or other capital expenditures.

Our business, financial condition, results of operations and prospects may be adversely affected by any delay or failure to successfully commission these projects.

24. ***Our costs of compliance with environmental laws could be potentially significant, and the failure to comply with existing and new environmental laws could adversely affect our results of operations.***

Our operations are subject to national and state environmental laws and regulations, which govern the discharge, emission, storage, handling and disposal of a variety of substances that may be used in or result from our operations. Environmental regulation of industrial activities in India may become more stringent, and the scope and extent of new environmental regulations, including their effect on our operations, cannot be predicted with any certainty. Governments may take steps towards the adoption of more stringent environmental, health and safety regulations, and we cannot assure you that we will be at all times in full compliance with these regulatory requirements. For example, these regulations can often require us to purchase and install expensive pollution control equipment or make changes to our existing operations to limit any adverse impact or potential adverse impact on the environment or the health and safety of our employees, and any violation of these regulations, whether or not accidental, may result in substantial fines, criminal sanctions, revocations of operating permits or a shutdown of our facilities. Due to the possibility of unanticipated regulatory developments, the amount and timing of future expenditures to comply with regulatory requirements may vary substantially from those currently anticipated. If there is any unanticipated change in the environmental, health and safety regulations we are subject to, we may need to incur substantial capital expenditures to comply with such new regulations. Our costs of complying with current and future environmental, health and safety laws and our liabilities arising from failure to comply with applicable regulatory requirements may adversely affect our business, financial condition and results of operations.

We could be subject to substantial civil and criminal liability and other regulatory consequences in the event that any environmental hazards are found at the site of any of our facilities, or if the operation of any of our facilities results in contamination of the environment. We may be the subject of public interest litigation in India relating to allegations of environmental pollution by our facilities, as well as in cases having potential criminal and civil liability filed by state pollution control authorities. If such cases are determined against us, there could be an adverse effect on our business, including the suspension of our operations, and results of operations.

25. ***If we do not continue to invest in new technologies and equipment, our technologies and equipment may become obsolete and our cost of production may increase relative to our competitors, which would have a material adverse effect on our ability to compete, results of operations, financial condition and prospects.***

Our profitability and competitiveness are in large part dependent on our ability to maintain a low cost of production and upgrade our facilities with the latest technology. Changes in technology may require us to make additional capital expenditures to upgrade our facilities to remain competitive. We need to continue to invest in new and more advanced technologies and equipment to enable us to respond to emerging technology, standards and practices in a cost-effective and timely manner that is competitive with our existing and potential competitors. If we are unable to adapt in a timely manner to changing market conditions, customer requirements or technological changes, our business and financial performance could be adversely affected.

26. ***We are dependent on a number of our Key Managerial Personnel and other senior management personnel, and the loss of or our inability to attract or retain such persons could adversely affect our business, results of operations and financial condition.***

Our performance depends largely on the efforts and abilities of our Key Managerial Personnel and other senior management personnel, including our present officers. The inputs and experience of our key managerial personnel and other senior management personnel are valuable for the development of our business and operations and the strategic directions taken by us. Our ability to meet continued success and future business challenges depends on our ability to attract, recruit and retain experienced, talented and skilled professionals. We cannot assure you that we will be able to retain these employees or find adequate replacements in a timely manner, or at all, should they choose to discontinue their employment with us. We may require a long period of time to hire and train replacement personnel when skilled personnel terminate their employment with us. We may also be required to increase our levels of employee compensation more rapidly than in the past to remain competitive in attracting skilled employees that our business requires. We believe that competition for qualified personnel with relevant expertise in India is intense due to the scarcity of qualified individuals in the industry that we operate in. The loss of the services of our Key Managerial Personnel, senior management or other key personnel or our inability to recruit or train a sufficient number of experienced personnel or our inability to manage the attrition levels indifferent employee categories may have an adverse effect on our financial results and business prospects.

27. ***Our Company will not receive any proceeds from the Offer for Sale portion.***

The Issue includes an offer for sale of [●] shares by the Selling Shareholder for an amount aggregating up to Rs. 400 lakhs. The proceeds from the Offer for Sale will be paid to Selling Shareholder and we will not receive any such proceeds. Our Company intends to primarily use the Net Proceeds of the Fresh Issue, as provided under section titled "Objects of the Issue" beginning on page 64 of this Draft Red Herring Prospectus.

28. ***The average cost of acquisition of Equity Shares by our Promoters will be less than the Issue Price.***

The average cost of acquisition of Equity Shares by our Promoters, Mr. Subbaraju Lakshman and Mr. Madesh Lakshman is ₹9.33 per equity share and the Issue Price as decided in the Issue, will be more than the average cost of acquisition of Equity Shares of our Promoters.

29. ***Our Company has allotted Equity Shares during the preceding one (1) year from the date of the Draft Red Herring Prospectus which may be lower than the Issue Price.***

We have made allotment of Equity Shares in the preceding one (1) year from the date of this Draft Red Herring Prospectus by way of issue of Bonus Equity Shares to existing shareholders of our Company. For further details relating to number of shares issued, date of allotment etc. please refer to section titled "Capital Structure" beginning on page 54 of this Draft Red Herring Prospectus.

30. ***Our Company has declared dividends in the fiscal 2018 and 2017 preceding the date of the Draft Red Herring Prospectus. Our ability to pay dividends in the future will depend upon our future earnings, financial condition, cash flows, working capital requirements and capital expenditures.***

Our Company has paid dividend on its Equity Shares during in the fiscal 2018 and 2017. The amount of future dividend payments, if any, will depend upon a number of factors, including our future earnings, financial condition, cash flows, working capital requirements, contractual obligations, applicable Indian legal restrictions and capital expenditures. There is no assurance that we would have sufficient profitability and cash flow to pay dividends to the Shareholders.

There can be no assurance that our Board will decide to declare dividends in the foreseeable future or if we will be able to pay dividends in the future. For additional details relating to our dividend policy, please refer to section titled "Dividend Policy" beginning on page 141 of this Draft Red Herring Prospectus.

31. ***We may not be able to adequately protect or continue to use our intellectual property, which could have a material adverse effect on our business growth and prospects, financial condition and results of operations.***

We have made application under Class 16 before the Trade Marks Registry for registration of our logo



which is currently pending before the Trade Marks Registry at New Delhi. The registration of a trademark is a time-consuming process and there can be no assurance that any such registration will be granted to us. If we fail to register the appropriate trademarks, or our efforts to protect relevant intellectual property prove to be inadequate, the value attached to our brand name could deteriorate, which could have a material adverse effect on our business growth and prospects, financial condition and results of operations. Further, use of similar marks by other companies, entities and organizations may create confusion in the minds of our customers, dealers, distributors and suppliers and affect our reputation, which may have an adverse effect on our business and results of operations. For more information, please refer to section titled "Government and Other Approvals" beginning on page 188 of this Draft Red Herring Prospectus.

32. ***Our Promoters, Directors and certain of the members of our Promoter Group have interests in us other than reimbursement of expenses incurred and normal remuneration or benefits.***

Our Promoters, Directors and certain of the members of our Promoter Group may be regarded as having an interest in our Company other than reimbursement of expenses incurred and normal remuneration or benefits. Our Promoters, Directors and certain members of our Promoter Group may be deemed to be interested to the extent of Equity Shares held by them, as well as to the extent of any dividends, bonuses or other distributions on such Equity Shares.

One of our Promoters and Whole-Time Director, Mr. Subbaraju Lakshman is interested in our Company to the extent of rentals being paid in terms of the lease agreements dated October 31, 2018 (effective w.e.f. October 1, 2018) with respect of two (2) warehouses. Further, Mr. Subbaraju Lakshman is also interested in our Company to the extent of any benefits accrued under the Purchase Agreement dated October 1, 2018 executed by and between our Company and M/s. Sri Lakshman Traders (SLT) (the "SLT Agreement"). The SLT Agreement has been entered for a period of five (5) years w.e.f. October 1, 2018 to September 30, 2023, for the purchase of waste paper and raw materials by the Company from SLT.

For further details, please refer to section titled "Capital Structure"; and Our Promoter and Promoter Group" beginning on pages 54 and 135 respectively of this Draft Red Herring Prospectus.

33. ***We do not have access to records and data pertaining to certain historical legal and secretarial information, including with respect to issuance of shares and amendments in our MoA.***

We have been unable to locate certain of our corporate records with respect to issuance of certain Equity Shares to various persons and with respect to certain amendments which have been made to our MoA. Our Company was incorporated on June 8, 1984, and the Company was acquired from the erstwhile promoters of our Company by the current Promoters in the year 2011. Disclosures in this Draft Red Herring Prospectus pertaining to equity share capital history of our Company from the date of incorporation till March 30, 1994 are based on share certificates as issued by our Company. Additionally, from the date of incorporation till the year 2011, relevant records and forms filed, at that time, evidencing the amendments to our MoA are also not available with our Company except those forms which are available in the online registry of our Company on the portal of Ministry of Corporate Affairs. Whilst we believe that material disclosures from the available information and documents have been disclosed in this Draft Red Herring Prospectus, we are unable to make full disclosures of certain secretarial filings and records for the aforementioned period. For more information please refer to sections titled "Capital Structure" and "History and Certain Corporate Matters" beginning on pages 54 and 117 respectively of this Draft Red Herring Prospectus.

34. ***Our Promoters will continue to retain control over our Company after completion of the Issue, which will allow him to influence the outcome of matters submitted for approval of our shareholders.***

Our Promoters *alongwith our Promoter* group currently own almost 100% of our Equity Shares. Following the completion of the Issue, our Promoters will continue to hold majority shareholding of our post-Issue Equity Share capital. As a result, they will have the ability to influence matters requiring shareholder's approval, including the ability to appoint Directors to our Board and the right to approve significant actions at Board and at shareholders' meetings, including the issue of Equity Shares and dividend payments, business plans, mergers and acquisitions, any consolidation or joint venture arrangements, any amendment to our Memorandum of Association and Articles of Association. We cannot assure you that our Promoters will not have conflicts of interest with other shareholders or with our Company. Any such conflict may adversely affect our ability to execute our business strategy or to operate our business.

35. ***We have referred to the data derived from industry report commissioned from the Care Advisory Research & Training Limited.***

We have retained the services of an independent third party research agency, Care Advisory Research & Training Limited, to prepare a report on the Paper industry including Duplex Board and kraft paper industry, which has been included in this Draft Red Herring Prospectus. The report prepared by Care Advisory Research & Training Limited is subject to various limitations and based upon certain assumptions that are subjective in nature. There can be no assurance that the assumptions adopted by this third party agency for the purposes of preparing their research report will prove to be accurate. If any of these assumptions are incorrect, the understanding of the paper industry could be materially different from that set forth in the reports.

External Risks

36. ***Civil unrest, acts of violence including terrorism or war involving India or other countries could materially and adversely affect the financial markets and our business.***

Any major hostilities involving India or other countries or other acts of violence, including civil unrest or including acts of terrorism or similar events that are beyond our control, could have a material adverse effect on the Indian and/or global economies and our business. Terrorist attacks and other acts of violence may adversely affect the Indian stock markets, where our Equity Shares will trade, and the global equity markets generally. Such events could also potentially lead to a severe economic recession, which could adversely affect our business, results of operations, financial condition and cash flows, and more generally, any of these events could lower confidence in India's economy.

India has witnessed civil disturbance in recent years and it is possible that future civil unrest as well as other social, economic and political events in India could have a negative impact on our business. Such

incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse impact on our business and the price of our Equity Shares.

37. ***Political instability and significant changes in Government policy could adversely affect economic conditions in India generally and our business in particular.***

Changes in exchange rates and controls, interest rates, Government policies, taxation, social and ethnic instability and other political and economic developments in and affecting India may have an adverse effect on our results of operations.

India has a mixed economy with a large public sector and an extensively regulated private sector. The role of the Government and that of the state governments in the Indian economy and their effect on producers, consumers, service providers and regulators has remained significant over the years. Both state and central governments have, in the past, among other things, imposed controls on the prices of a broad range of goods and services, restricted the ability of businesses to expand existing capacity and reduce the number of their employees and determined the allocation to businesses of raw materials and foreign exchange. Since 1991, successive Governments have pursued policies of economic liberalisation, including significantly relaxing restrictions in the private sector. Nevertheless, the role of the Government and state governments in the Indian economy as producers, consumers and regulators has remained significant. There can be no assurance that the Government's past liberalization policies or political stability will continue in the future. Elimination or substantial change of such policies or the introduction of policies that negatively affect the infrastructure industry could have an adverse effect on our business. Any significant change in India's economic liberalisation and deregulation policies could disrupt business and economic conditions in India generally and our business in particular.

38. ***Any variation in the utilisation of the Net Proceeds or in the terms of any contract as disclosed in the Draft Red Herring Prospectus would be subject to certain compliance requirements, including prior shareholders' approval.***

We propose to utilise the Net Proceeds for working capital funding and equipment purchase. For further details of the proposed objects of the Issue, please refer to section titled "Objects of the Issue" beginning on page 64 of this Draft Red Herring Prospectus. At this stage, we cannot determine with any certainty if we would require the Net Proceeds to meet any other expenditure or fund any exigencies arising out of competitive environment, business conditions, economic conditions or other factors beyond our control. In accordance with Section 27 of the Companies Act, 2013, we cannot undertake any variation in the utilisation of the Net Proceeds or in the terms of any contract as disclosed in the Draft Red Herring Prospectus without obtaining the shareholders' approval through a special resolution. In the event of any such circumstances that require us to undertake variation in the disclosed utilisation of the Net Proceeds, we may not be able to obtain the shareholders' approval in a timely manner, or at all. Any delay or inability in obtaining such shareholders' approval may adversely affect our business or operations.

In light of these factors, we may not be able to undertake variation of objects of the Issue to use any unutilized proceeds of the Issue, if any, or vary the terms of any contract referred to in the Draft Red Herring Prospectus, even if such variation is in the interest of our Company. This may restrict our Company's ability to respond to any change in our business or financial condition by re-deploying the unutilised portion of Net Proceeds, if any, or varying the terms of contract, which may adversely affect our business and results of operations.

39. ***The requirements of being a listed company may strain our resources.***

We are not a listed company and have not, historically, been subjected to the increased scrutiny of our affairs by shareholders, regulators and the public at large that is associated with being a listed company. As a listed company, we will incur significant legal, accounting, corporate governance and other expenses that we did not incur as an unlisted company. We will be subject to the Equity Listing Agreements with the Stock Exchanges which will require us to file audited annual and unaudited quarterly reports with respect to our business and financial condition. If we experience any delays, we may fail to satisfy our reporting obligations and/or we may not be able to readily determine and accordingly report any changes in our results of operations as promptly as other listed companies.

Further, as a listed company, we will need to maintain and improve the effectiveness of our disclosure

controls and procedures and internal control over financial reporting, including keeping adequate records of daily transactions to support the existence of effective disclosure controls and procedures and internal control over financial reporting. In order to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, significant resources and management attention will be required.

As a result, our management's attention may be diverted from other business concerns, which may adversely affect our business, prospects, financial condition and results of operations. In addition, we may need to hire additional legal and accounting staff with appropriate listed company experience and technical accounting knowledge, but we cannot assure you that we will be able to do so in a timely and efficient manner.

40. ***Any downgrading of India's debt rating by an international rating agency could adversely affect our business.***

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

41. ***The Indian tax regime is currently undergoing substantial changes which could adversely affect our business.***

The Goods and Service Tax ("**GST**") that has been implemented with effect from July 1, 2017 combines taxes and levies by the GoI and state governments into a unified rate structure and replaces indirect taxes on goods and services such as central excise duty, service tax, customs duty, central sales tax, state VAT, cess and surcharge and excise that were being collected by the GoI and state governments.

As regards the General Anti-Avoidance Rules ("**GAAR**"), the provisions of Chapter X-A (sections 95 to 102) of the Income Tax Act, 1961, are applicable from assessment year 2019 (Fiscal 2018) onwards. The GAAR provisions intend to declare an arrangement as an "impermissible avoidance arrangement", if the main purpose or one of the main purposes of such arrangement is to obtain a tax benefit, and satisfies at least one of the following tests (i) creates rights, or obligations, which are not ordinarily created between persons dealing at arm's length; (ii) results, directly or indirectly, in misuse, or abuse, of the provisions of the Income Tax Act, 1961; (iii) lacks commercial substance or is deemed to lack commercial substance, in whole or in part; or (iv) is entered into, or carried out, by means, or in a manner, that is not ordinarily engaged for bona fide purposes. If GAAR provisions are invoked, the tax authorities will have wider powers, including denial of tax benefit or a benefit under a tax treaty. In the absence of any precedents on the subject, the application of these provisions is uncertain. As the taxation regime in India is undergoing a significant overhaul, its consequent effects on economy cannot be determined at present and there can be no assurance that such effects would not adversely affect our business, future financial performance and the trading price of the Equity Shares.

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

Under the current Indian tax laws, unless specifically exempted, capital gains arising from the sale of equity shares in an Indian company are generally taxable in India. STT will be levied on and collected by an Indian stock exchange on which the equity shares are sold. As such, any gain realised on the sale of equity shares held for more than twelve (12) months by 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 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 twelve (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. The Finance Act, 2017 amendments provided that where the equity shares have been acquired on or after October 1, 2004 on which STT has not been paid at the time of acquisition, then the beneficial capital gains provisions under the Income Tax Act would not be

available. Further the GoI has notified certain modes of acquisition to which the such requirement of having paid ST at the time of acquisition is not applicable to continue to be entitled to beneficial capital gains provisions under the Income Tax Act. Prior to April 1, 2018, all long-term capital gains on sale of listed security on stock exchange, subject to payment of STT, are exempt from tax. However, the Ministry of Finance by Finance Act, 2018 has provided that any gain in excess of INR 100,000, realised on the sale of listed equity shares on a stock exchange held for more than 12 months, will be subject to long term capital gains tax of 10%, without allowing any benefit of indexation. However, all gains up to January 31, 2018 will be grandfathered by adjustment to the cost of acquisition. Capital gains arising from the sale of equity shares will be exempt from taxation in India in cases where an exemption is provided under a 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 equity shares. However, a credit may be obtained in the country of residence against tax paid in India, where the two countries have a tax treaty.

43. ***The trading volume and market price of the Equity Shares may be volatile following the Issue.***

The market price of the Equity Shares may fluctuate as a result of, among other things, the following factors, some of which are beyond our control:

- quarterly variations in our results of operations;
- results of operations that vary from the expectations of securities analysts and investors;
- results of operations that vary from those of our competitors;
- changes in expectations as to our future financial performance, including financial estimates by research analysts and investors;
- a change in research analysts' recommendations;
- announcements by us or our competitors of significant acquisitions, strategic alliances, joint operations or capital commitments;
- announcements by third parties or governmental entities of significant claims or proceedings against us;
- new laws and governmental regulations applicable to our industry;
- additions or departures of key management personnel;
- changes in exchange rates;
- changes in the price of oil or gas;
- fluctuations in stock market prices and volume; and
- general economic and stock market conditions.

Changes in relation to any of the factors listed above could adversely affect the price of the Equity Shares.

44. ***Any future issuance of Equity Shares, or convertible securities or other equity linked securities by us and any sale of Equity Shares by our Promoters or significant shareholders may dilute your shareholding and adversely affect the trading price of the Equity Shares.***

Any future issuance of the Equity Shares (including under ESOPs), convertible securities or securities linked to the Equity Shares by us may dilute your shareholding in our Company, adversely affect the trading price of the Equity Shares and our ability to raise capital through an issue of our securities. In addition, any perception by investors that such issuances or sales may occur, including to comply with the minimum public shareholding norms applicable to listed companies in India, may significantly affect the trading price of the Equity Shares. There can be no assurance that we will not issue further Equity Shares or that the shareholders will not dispose of, pledge or otherwise encumber the Equity Shares. The disposal of Equity Shares by any of our significant shareholders, or the perception that such sales may occur, may significantly affect the trading price of the Equity Shares.

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

Under foreign exchange regulations currently in force in India, transfer of shares between non-residents and residents are freely permitted, subject to certain restrictions, 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 falls under any of the exceptions specified by the RBI, then the prior approval of RBI will be required. Additionally, shareholders who seek to convert Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India require a no-objection or a tax clearance certificate from the Indian income tax authorities. We cannot assure investors that any required approval from the RBI or any other governmental agency can be obtained on any particular terms or at all.

Risks Related to the Issue

46. ***The Equity Shares have never been publicly traded, and, after the Issue, the Equity Shares may experience price and volume fluctuations, and an active trading market for the Equity Shares may not develop. Further, the price of the Equity Shares may be volatile, and you may be unable to resell the Equity Shares at or above the Issue Price, or at all.***

Prior to the Issue, there has been no public market for the Equity Shares, and an active trading market on the Stock Exchanges may not develop or be sustained after the Issue. Listing and quotation does not guarantee that a market for the Equity Shares will develop, or if developed, the liquidity of such market for the Equity Shares. The Issue Price of the Equity Shares is proposed to be determined through a book-building process and may not be indicative of the market price of the Equity Shares at the time of commencement of trading of the Equity Shares or at any time thereafter. The market price of the Equity Shares may be subject to significant fluctuations in response to, among other factors, variations in our operating results of our Company, market conditions specific to the industry we operate in, developments relating to India, volatility in the Stock Exchanges, securities markets in other jurisdictions, variations in the growth rate of financial indicators, variations in revenue or earnings estimates by research publications, and changes in economic, legal and other regulatory factors.

47. ***You will not be able to immediately sell any of the Equity Shares you purchase in this Issue on the Stock Exchanges.***

Under the SEBI (ICDR) Regulations, we are permitted to allot Equity Shares within four (4) Working Days of the Bid/Issue Closing Date. Consequently, the Equity Shares you purchase in the Issue may not be credited to your book or dematerialized account with the Depository Participants until fifth (5) Working Days after the Bid/Issue Closing Date. You can start trading in the Equity Shares only after they have been credited to your dematerialized account and listing and trading permissions are received from the Stock Exchanges.

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

The Issue Price of the Equity Shares will be determined by our Company and the Selling Shareholder, in consultation with the Book Running Lead Manager. This price will be based on numerous factors, as described under section titled "Basis for Issue Price" beginning on page 78 of this Draft Red Herring Prospectus and may not be indicative of the market price for the Equity Shares after the Issue. The market price of the Equity Shares could be subject to significant fluctuations after the Issue and may decline below the Issue Price.

49. ***Any future issuance of Equity Shares, or convertible securities or other equity linked securities by us and any sale of Equity Shares by our Promoters or significant shareholders may dilute your shareholding and adversely affect the trading price of the Equity Shares.***

After the completion of the Issue, our Promoters and significant shareholders will own, directly and indirectly, approximately [●]% of our outstanding Equity Shares. Any future issuance of the Equity Shares, convertible securities or securities linked to the Equity Shares by us may dilute your shareholding in our Company, adversely affect the trading price of the Equity Shares and our ability to raise capital through an issue of our securities. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of the Equity Shares. No assurance may be given that we will not issue additional Equity Shares. The disposal of Equity Shares by any of our significant shareholders, or the perception that such sales may occur may significantly affect the trading price of the Equity Shares. Except as disclosed in the section titled "Capital Structure" beginning on page

54 of this Draft Red Herring Prospectus, no assurance may be given that our significant shareholders will not dispose of, pledge or encumber their Equity Shares in the future.

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

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

However, if the law of the jurisdiction that you are in does not permit the exercise of such pre-emptive rights without our filing an offering document or registration statement with the applicable authority in such jurisdiction, you will be unable to exercise such pre-emptive rights, unless we make such a filing. If we elect not to file a registration statement, the new securities may be issued to a custodian, who may sell the securities for your benefit. The value such custodian receives on the sale of any such securities and the related transaction costs cannot be predicted. To the extent that you are unable to exercise pre-emptive rights granted in respect of our Equity Shares, your proportional interests in our Company may be reduced.

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

Pursuant to the SEBI (ICDR) Regulations, QIBs and Non-Institutional Investors are not permitted to withdraw or lower their Bids (*in terms of quantity of Equity Shares or the Bid Amount*) at any stage after submitting a Bid. While our Company is required to complete Allotment pursuant to the Issue within four (4) Working Days from the Bid/Issue 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 operation or financial condition may arise between the date of submission of the Bid and Allotment. Our Company may complete the Allotment of the Equity Shares even if such events occur, and such events limit the Bidders' ability to sell the Equity Shares Allotted pursuant to the Issue or cause the trading price of the Equity Shares to decline on listing.

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

The articles of association, resolutions of the board of directors, and Indian law govern the corporate affairs of companies operating in India. Legal principles relating to these matters and the validity of corporate procedures, directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a company incorporated in another jurisdiction. Shareholders' rights under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as our Company's shareholders than as shareholders of corporations in another jurisdiction.

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

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

If payments on the Equity Shares are made by such non-U.S. financial institutions (*including intermediaries*), this withholding may be imposed on such payments if made to any non-U.S. financial institution (*including an intermediary*) that is not otherwise exempt from FATCA or other holders who do not provide sufficient identifying information to the payer, to the extent such payments are considered "foreign pass-thru payments". Under current guidance, the term "foreign pass-thru payment" is not defined and it is therefore not clear whether and to what extent payments on the Equity Shares would be considered foreign pass-thru payments. Withholding on foreign pass-thru payments would not be

required with respect to payments made before January 1, 2019. The United States has entered into intergovernmental agreements with many jurisdictions (*including India*) that modify the FATCA withholding regime described above. It is not yet clear how the intergovernmental agreements between the United States and these jurisdictions will address "foreign pass-thru payments" and whether such agreements will require us or other financial institutions to withhold or report on payments on the Equity Shares to the extent they are treated as foreign pass thru payments. Prospective investors should consult their tax advisors regarding the consequences of FATCA, or any inter-governmental agreement or non-U.S. legislation implementing FATCA, to their investment in Equity Shares.

SECTION III: INTRODUCTION

SUMMARY OF FINANCIAL INFORMATION

The following tables set forth the Restated Financial Statements for three (3) months period ended June 30, 2018 and for the financial years ended March 31, 2018, 2017 and 2016 and are presented under section titled "Financial Statements" beginning on page 142 of this Draft Red Herring Prospectus. The summary financial statements presented below should be read in conjunction with the Restated Financial Statements, the notes and annexures thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on page 174 of this Draft Red Herring Prospectus.

STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(₹ in Lakhs)

Particulars	June 30, 2018	March 31, 2018	March 31, 2017	March 31, 2016
<u>EQUITY & LIABILITIES</u>				
<u>Shareholders' Funds</u>				
Share Capital	59.60	59.60	59.60	59.60
Reserve & Surplus	3,311.01	3,098.58	2,388.95	2,026.20
Total (A)	3,370.61	3,158.18	2,448.55	2,085.80
<u>Non-Current Liabilities</u>				
Share Application Money	-	-	-	-
Long-Term Borrowings	26.04	30.79	10.02	21.72
Deferred Tax Liabilities (Net)	167.19	148.08	52.24	67.09
Other Long-Term Liabilities	44.60	44.60	44.71	44.71
Total (B)	237.83	223.47	106.97	133.52
<u>Current Liabilities</u>				
Short Term Borrowings	-	-	-	-
Trade Payables	412.31	487.78	231.76	123.65
Other Current Liabilities	139.53	160.15	139.15	171.60
Short Term Provisions	90.21	66.21	29.23	35.39
Total (C)	642.05	714.14	400.14	330.64
Total (D=A+B+C)	4,250.49	4,095.79	2,955.66	2,549.96
<u>ASSETS</u>				
<u>Non - Current Assets</u>				
<u>Fixed Assets</u>				
a. Tangible Assets	1,763.51	1,633.93	425.18	334.93
b. Intangible Assets	0.76	0.92	0.43	0.72
c. Capital Work-in-Progress	83.86	46.09	10.26	47.05
Deferred Tax Asset (Net)	-	-	-	-
Long Term Loans & Advances	200.36	154.22	67.24	70.57
Non-Current Investments	854.63	957.15	851.81	436.23
Other Non-Current Assets	-	-	-	-
Total (E)	2,903.12	2,792.31	1,354.92	889.50
<u>Current Assets</u>				
Current Investments	0.91	0.91	10.77	14.48
Inventories	537.73	472.45	373.60	315.94
Trade Receivables	525.31	488.19	291.26	427.91
Cash & Bank Balances	155.01	220.14	714.49	665.08
Short Term Loans & Advances	125.63	119.00	205.47	230.28
Other Current Assets	2.78	2.79	5.15	6.77
Total (F)	1,347.37	1,303.48	1,600.74	1,660.46
Total (G=E+F)	4,250.49	4,095.79	2,955.66	2,549.96

STATEMENT OF PROFIT AND LOSS, AS RESTATED

(₹ in Lakhs)

Particulars	June 30, 2018	March 31, 2018	March 31, 2017	March 31, 2016
<u>Income</u>				
(I) Revenue from Operations	1,115.80	4,142.29	3,661.17	3,410.70
(II) Other Income	5.45	289.75	115.02	87.08
(III) Total Revenue (I+II)	1,121.25	4,432.04	3,776.19	3,497.78
<u>Expenditure</u>				
Cost of Material Consumed	701.45	2,876.34	2,465.14	2,391.27
Change in inventories of Finished Goods, Stock-in-Trade & Scrap	(24.79)	(50.82)	40.95	(67.66)
Employees Benefit Expenses	100.85	417.40	412.18	411.17
Finance Cost	2.55	9.68	6.97	7.12
Depreciation & Amortization	19.43	38.09	35.23	47.54
Other Expenses	79.69	231.66	288.75	225.59
(IV) Total Expenditure	879.18	3,522.35	3,249.22	3,015.03
(V) Profit before Exceptional & extraordinary items and tax (III - IV)	242.07	909.69	526.97	482.75
(VI) Exceptional Item	-	-	-	-
(VII) Profit before Extraordinary items and tax (V - VI)	242.07	909.69	526.97	482.75
(VIII) Extra Ordinary Items	-	-	-	-
(IX) Profit before tax (VII - VIII)	242.07	909.69	526.97	482.75
(X) Tax Expense				
Current Tax	49.89	185.38	173.11	164.1
Deferred Tax	19.11	95.83	(14.85)	(04.84)
Income Tax of Earlier Years	-	0.08	-	-
Mat Credit Entitlement	(45.26)	(81.23)	-	-
(XI) Profit (Loss) for the period from continuing operations (IX - X)	218.33	709.63	368.71	323.49
(XII) Profit / (Loss) from discontinuing operations	-	-	-	-
(XIII) Tax Expense of Discontinuing operations	-	-	-	-
(XIV) Profit / (Loss) from discontinuing operations (after tax) (XII - XIII)	-	-	-	-
(XV) Profit (Loss) for the period (XI + XIV)	218.33	709.63	368.71	323.49
(XVI) Earnings per Equity Share in `				
1. Basic & Diluted	36.63	119.06	61.86	54.28

STATEMENT OF CASH FLOW, AS RESTATED

(₹ in Lakhs)

Particulars	June 30, 2018	March 31, 2018	March 31, 2017	March 31, 2016
<u>A. Cash Flow from Operating Activities</u>				
Net profit before taxes	242.07	909.69	526.97	482.75
<u>Adjustment for:</u>				
Add: Depreciation	19.43	38.09	35.23	47.54
Add: Interest & Finance Charges	2.55	9.68	6.97	7.12
Less: Dividend Income	0.03	0.84	0.45	0.06
Less: Profit on Sale of Fixed Assets	-	0.09	-	1.10
Less: Gain on Sale of Investment	0.99	190.54	35.70	10.56
Less: Interest Income	0.86	51.7	72.49	73.13
<i>Operating Profit/ (Loss) before Working capital changes</i>	262.16	714.29	460.53	452.56
<u>Changes in Working Capital -</u>				
<i>Increase / Decrease in Current Assets</i>				
Decrease (Increase) in Investments	-	09.86	(52.30)	13.86
Decrease (Increase) in Inventories	(65.29)	(98.85)	(57.66)	(36.89)
Decrease (Increase) in Trade & Other Receivables	(37.11)	(196.93)	136.65	100.94
Decrease (Increase) in Short Term Loans & Advances	(6.63)	86.47	80.83	(194.84)
Decrease (Increase) in Other Current Assets	00.01	02.36	01.62	07.17
<i>Increase / Decrease in Current Liability</i>				
Increase (Decrease) in Short Term Borrowings	-	-	-	(3.35)
Increase (Decrease) in Trade Payables	(75.46)	256.02	108.1	(25.23)
Increase (Decrease) in Other Current Liabilities	(20.62)	21.00	(32.45)	58.99
Increase (Decrease) in Short Term Provisions	4.20	(12.87)	(6.16)	20.47
Net Changes in Working Capital	(200.90)	67.06	178.63	(58.88)
Increase (Decrease) in Non-Current Liabilities	(4.75)	(0.11)	-	15.00
(Increase) Decrease in Non-Current Assets	(0.89)	(5.75)	3.33	(4.34)
<u>Cash Generated from Operations</u>	55.62	775.49	642.49	404.34
<u>Direct Taxes Paid</u>	30.09	135.61	173.11	164.10
Net Cash Flow from/(used in) Operating Activities(A)	25.53	639.88	469.38	240.24
Capital Expenditure on Fixed Assets, including capital advances	(186.62)	(1,283.17)	(88.40)	(56.30)
Movement in Investment(net)	103.52	85.20	(379.88)	(183.60)
Proceeds from Sale of Fixed Assets	-	0.10	-	1.10
Dividend Income	0.03	0.84	0.45	0.06
Interest Income	0.86	51.70	72.49	73.13
Net Cash Flow from/ (used in) Investing Activities (B)	(82.21)	(1,145.33)	(395.34)	(165.61)
Interest & Finance Charges	(2.55)	(9.68)	(6.97)	(7.12)
Dividend and Dividend Distribution Tax	(5.90)	-	(5.96)	7.15

Particulars	June 30, 2018	March 31, 2018	March 31, 2017	March 31, 2016
<u>A. Cash Flow from Operating Activities</u>				
Increase (Decrease) in Long Term Borrowings	-	20.78	(11.70)	(2.72)
Net Cash Flow from Financing Activities (C)	(8.45)	11.10	(24.63)	(02.69)
Net Increase / (Decrease) in Cash & Cash Equivalents	(65.13)	(494.35)	49.41	71.95
Cash and cash equivalents at the beginning of the year / Period	220.14	714.49	665.08	593.13
Cash and cash equivalents at the end of the year/ Period**	155.01	220.14	714.49	665.08
** Comprises:				
a. Cash on Hand	1.44	0.99	1.54	2.71
b. Balances with banks				
In Current Accounts	34.88	55.15	24.53	26.10
In Deposit Accounts	118.69	164.00	688.42	636.27
TOTAL	155.01	220.14	714.49	665.08

THE ISSUE

The following is the summary of the Issue.

▪ Public Issue of Equity Shares ⁽¹⁾	[●] Equity Shares of ₹10 each fully paid-up of our Company for cash at a price of ₹[●] per Equity Share aggregating up to ₹5,100.00 lakhs.
<i>Out of which:</i>	
Fresh Issue ⁽²⁾	Upto [●] Equity Shares of ₹10 each fully paid-up of our Company for cash at a price of ₹[●] per Equity Share aggregating up to ₹4,700 lakhs.
Offer for Sale ⁽³⁾	Upto [●] Equity Shares of ₹10 each fully paid-up of our Company for cash at a price of ₹[●] per Equity Share aggregating up to ₹400 lakhs.
The Issue consists of:	
Market Maker Reservation Portion	[●] Equity Shares of ₹10 each fully paid-up of our Company for cash at a price of ₹[●] per Equity Share aggregating up to ₹[●] lakhs.
Net Issue to the Public ⁽¹⁾	[●] Equity Shares of ₹10 each fully paid-up of our Company for cash at a price of ₹[●] per Equity Share aggregating up to ₹[●] lakhs.
<i>Out of which:</i>	
Allocation to Retail Individual Investors for upto ₹2.00 lakhs ⁽⁴⁾	[●] Equity Shares of ₹10 each fully paid-up of our Company for cash at a price of ₹[●] per Equity Share aggregating to ₹[●] lakhs.
Allocation to other investors for above ₹2.00 lakhs ⁽⁴⁾	[●] Equity Shares of ₹10 each fully paid-up of our Company for cash at a price of ₹[●] per Equity Share aggregating to ₹[●] lakhs.
▪ Pre and Post-Issue Equity Shares	
Equity Shares outstanding prior to the Issue	1,05,79,000 Equity Shares of ₹10 each
Equity Shares outstanding after the Issue	[●] Equity Shares of ₹10 each
▪ Objects of the Issue	Please refer to the section titled "Objects of the Issue" beginning on page 64 of this Draft Red Herring Prospectus.

- (1) This issue is being made in terms of Chapter IX of the SEBI (ICDR) Regulations. For further details, please refer to section titled "Issue Related Information" beginning on page 199 of this Draft Red Herring Prospectus.
- (2) The present issue has been authorised by our Board by way of resolution passed at its meeting held on September 14, 2018 and by our Shareholders by way of a special resolution passed pursuant to Section 62(1)(c) of the Companies Act, 2013 at the EGM held on October 25, 2018.
- (3) The Offer for sale of upto [●] equity shares by [●], has been authorized by the Selling Shareholder by his consent letter dated [●].
- (4) As per Regulation 253 of the SEBI (ICDR) Regulations, as amended, the allocation in the net offer to the public category shall be made as follows:
- (a) not less than thirty-five percent to retail individual investors;
- (b) not less than fifteen percent to non-institutional investors; and

- (c) *not more than fifty percent to qualified institutional buyers, five percent of which shall be allocated to mutual funds*

The unsubscribed portion in either of the categories specified in clauses (a) or (b) may be allocated to applicants in any other category. In addition to five percent allocation available in terms of clause (c), mutual funds shall be eligible for allocation under the balance available for qualified institutional buyers.

- (5) *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.*

GENERAL INFORMATION

Bhadra Paper Mills Limited was originally incorporated as a private limited company under the Companies Act, 1956 in the name of Bhadra Packaids Private Limited vide Certificate of Incorporation dated on June 8, 1984 issued by the Registrar of Companies, Bangalore, Karnataka. Further pursuant to a special resolution passed at the Annual General Meeting of our Company held on June 15, 2018, the name of our Company was changed to Bhadra Paper Mills Private Limited and a fresh Certificate of Incorporation dated June 28, 2018 pursuant to change of name was issued by the Registrar of Companies, Bangalore, Karnataka. Further pursuant to a special resolution passed at the Extra-Ordinary General Meeting of our Company held on August 13, 2018, our Company was converted from private limited to public limited and subsequently a fresh Certificate of Incorporation dated August 28, 2018 consequent upon change of name on conversion to Public Limited Company was issued by RoC, Bangalore, Karnataka.

Registered Office of our Company

Bhadra Paper Mills Limited

23/14, 2nd floor, Jalashambhavi Complex

Gandhinagar, Bangalore 560 009, India.

Telephone: +91 80 2225 7156

CIN: U85110KA1984PLC006140

Website: www.bhadrapapers.com

Email id: investorrelations@bhadrapapers.com

Address of the Registrar of Companies

Our Company is registered at the Registrar of Companies, Bangalore, Karnataka, located at:

E' Wing, 2nd Floor

Kendriya Sadana

Kormangala, Bangalore 560 034

Karnataka, India.

Telephone: + 91 80 2563 3105

Board of Directors

Our Company's board comprises of the following Directors:

Name, Nature of Directorship and DIN	Age	Residential Address
Mr. Subbaraju Lakshman Chairman and Whole-Time Director DIN No: 03632801	73 years	28/B, 2nd Cross, Nandidurg Road, Jayamahall Extension, Bangalore 560046, Karnataka, India.
Mr. Madesh Subbaraju Lakshman Managing Director DIN No: 03632724	42 years	No. 14, Flat No.003, Inland Exotic Benson Road, Benson Town, Bangalore 560046 Karnataka, India.
Ms. Sharitha Madesh Non-Executive Director DIN No: 06763717	44 years	No. 14, Flat No.003, Inland Exotic Benson Road, Benson Town, Bangalore 560046 Karnataka, India.
Mr. Abhilash Padmanabh Independent Director DIN No: 01587117	41 years	M-1102 Meghana and Shalini Apartment, 2 and 3, 100 feet Ring Road, Kadiranahalli Under Pass, Padmanabhanagar, Bidarahalli, Bangalore 560070 Karnataka, India.
Mr. Nagaraja Srivatsa Independent Director DIN No: 0285712	59 years	E-505, Renaissance Temple Bells, 25/1, Chord Road, Opposite Iskcon Temple, Rajajinagar Industrial Suburb, Bangalore 560 022 Karnataka, India.
Mr. D. Venkata Krishnan Independent Director DIN No: 0008184615	73 years	99, Umasivan Nagar, Melaveli, Thanjavur Talukka Thanjavur, Srinivasapuram 613 009, Tamilnadu, India.

For further details of the Board of Directors, please refer to the section titled "Our Management" beginning on page 122 of this Draft Red Herring Prospectus.

Company Secretary and Compliance Officer

Ms. Sandhya Deshpande

23/14, 2nd floor, Jalashambhavi Complex
 Gandhinagar, Bangalore 560 009, India
 Telephone: +91 80 2225 7156
 Email id: investorrelations@bhadrapapers.com

Chief Financial Officer of our Company]

Mr. Siva Prasad Dindakurthi

23/14, 2nd floor, Jalashambhavi Complex
 Gandhinagar, Bangalore 560 009, India
 Telephone: +91 80 2225 7156
 Email id: investorrelations@bhadrapapers.com

Book Running Lead Manager	Legal Counsel to the Issue
Arihant Capital Markets Limited #1011 Solitaire Corporate Park Building No. 10, 1 st Floor Guru Hargovindji Road, Chakala Andheri (East), Mumbai 400093, India. Telephone: +91 22 4225 4800 Email: mbd@arihantcapital.com Contact Persons: Mr. Amol Kshirsagar/ Mr. Satish Kumar P. Website: www.arihantcapital.com SEBI registration number: INM000011070 CIN: L6712MP1992PLC007182	Desai & Diwanji Advocates & Solicitors Lentin Chambers, Dalal Street Fort, Mumbai 400 001, India. Telephone: +91 22 3984 1000 Contact Person: Mr. Shrikant Malani
Registrar to the Issue	Statutory Auditors
Karvy Fintech Private Limited Karvy Selenium Tower B Plot 31-32, Gachibowli, Financial District Nanakramguda, Hyderabad 500 032, India. Telephone: +91 40 6716 2222 Email: einward.ris@karvy.com Investor grievance email: bpml.ipo@karvy.com Contact Person: Mr. M. Murali Krishna Website: www.karisma.karvy.com SEBI Registration Number: INR000000221 CIN: U72400TG2003PTC041636	M/s. Mohan & Sridhar, Chartered Accountants 27, Sri Nilaya, 2nd Floor, 10th cross, Margosa Road Malleswaram, Bangalore 560003, India. Telephone: +91 80 2331 5335, 2344 0931 Email: prayank@msca.in Contact Person: Mr. Prayank Website: www.msca.in Firm Registration No.: 002097S Membership No.: 023496 Peer Review Certificate No.: 1525

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. All Complaint's, queries or comments received by Stock Exchange/SEBI shall be forwarded to the Book Running Lead Manager, who shall respond to the same.

Applicants may contact the Book Running Lead Manager for complaints, information or clarifications pertaining to the Issue.

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

Acknowledgment Slip from the Designated Intermediaries in addition to the documents/information mentioned hereinabove.

Principal Bankers to our Company	
Vijaya Bank #35, Devanga Tower, Kempegowda Road, Bangalore 560 Karnataka, India. Telephone: +91 80 2225 8699 Email: bm1118@vijayabank.co.in ban.kgroad1118@vijayabank.co.in Contact Person: Mr. Ramesh Kanade Website: www.vijayabank.co.in	Syndicate Bank No. 64 & 215, Malleshwaram 18th Cross, Margosa Road Bangalore 560 055, Karnataka, India. Telephone: +91 80 2334 6605 Email: br.0424@syndicatebank.co.in Contact Person: Mr. P. G. Mallya Website: www.syndicatebank.in

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

Arihant Capital Markets Limited ("**ACML**") is the sole Book Running Lead Manager to the Issue and all the responsibilities relating to co-ordination and other activities in relation to the Issue shall be performed by them and hence a statement of inter-se allocation of responsibilities is not required.

Self-Certified Syndicate Banks (SCSBs)

The list of banks that have been notified by SEBI to act as the SCSBs for the ASBA process is provided on the website of SEBI at <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35>, as updated from time to time. For a list of branches of the SCSBs named by the respective SCSBs to receive the ASBA Forms from the Designated Intermediaries, see the above-mentioned link.

Registered Brokers

The list of the Registered Brokers, including details such as postal address, telephone number and e-mail address, is provided on the websites of the Stock Exchange at http://www.nseindia.com/products/content/equities/ipos/ipo_mem_terminal.htm respectively as updated from time to time.

Registrar to the Issue and Share Transfer Agents

The list of the RTAs eligible to accept application forms at the Designated RTA Locations, including details such as address, telephone number and e-mail address, are provided on the websites of Stock Exchange at http://www.nseindia.com/products/content/equities/ipos/asba_procedures.htm, respectively, as updated from time to time.

Collecting Depository Participants

The list of the CDPs eligible to accept application forms at the Designated CDP Locations, including details such as name and contact details, are provided on the websites of Stock Exchange at http://www.nseindia.com/products/content/equities/ipos/asba_procedures.htm, respectively, as updated from time to time.

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

Experts

Our Company has received written consent from the Statutory Auditors namely, M/s. Mohan & Sridhar, Chartered Accountants to include their name as required under Section 26(1)(a)(v) of the Companies Act, 2013 in this Draft Red Herring Prospectus and as an "Expert" as defined under Section 2(38) of the Companies Act, 2013, in respect of the reports of the Statutory Auditors on the Restated Financial Statements dated October 25, 2018, of our Company and the Statement of Tax Benefits dated December 18, 2018, included in this Draft Red

Herring Prospectus and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

Brokers to the Issue

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

Credit Rating

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

Trustees

This being an issue of Equity Shares, the appointment of trustees is not required.

Debenture Trustees

This being an issue of Equity Shares, the appointment of Debenture trustees is not required.

IPO Grading

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

Monitoring Agency

In terms of Regulation 262(1) of the SEBI (ICDR) Regulations, since the size of the present Issue is less than ₹10,000 lakhs, our Company is not required to appoint a monitoring agency for the purposes of this Issue.

Although in terms of the SEBI (LODR) Regulations, the Audit Committee of our Company, would be monitoring the utilization of the proceeds of the Issue.

Appraising Entity

The Net Proceeds proposed to be utilized have been financially appraised by Care Advisory Research and Training Limited (CARE).

Care Advisory Research and Training Limited

4th Floor, Godrej Coliseum,
Somaiya Hospital Road, Off Eastern Express Highway,
Sion (East), Mumbai - 400 022.
Telephone: +91-22-6754 3456
Email id: sonam.vora@care-advisory.com
Website: www.care-advisory.com

Filing of Offer Document

A soft copy of Draft offer document is being submitted to SEBI as per Regulation 246(5) of SEBI ICDR Regulations. However, SEBI shall not issue any observation on the offer document in terms of Regulation 246(2) of SEBI ICDR Regulations. A copy of the Prospectus along with the documents required to be filed under Section 32 of the Companies Act will be delivered to the RoC situated at E Wing, 2nd Floor, Kendriya Sadan, Kormangala, Bengaluru, Karnataka- 560034.

Further, a soft copy of the Prospectus along with the due diligence certificate including additional confirmations shall be submitted to SEBI.

Withdrawal of the Issue

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

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

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

Book Building Process

The book building, in context of the Issue, refers to the process of collection of Bids on the basis of the Red Herring Prospectus within the Price Band, which will be decided by our Company in consultation with the BRLM, and advertised in [●] editions of [●], [●] editions of [●] and [●] editions of [●] (*which are widely circulated English, Hindi and Kannada newspapers, Kannada being the regional language of Karnataka, where our Registered Office is located*) at least five (5) Working Days prior to the Bid/ Issue Opening Date and shall be made available to the Stock Exchanges for the purpose of upload on its website. The Issue Price shall be determined by our Company in consultation with the BRLM, after the Bid/ Issue Closing Date. The principal parties involved in the Book Building Process are:

1. our Company;
2. the BRLM;
3. the Syndicate Members;
4. the Registrar to the Offer;
5. the Registered Brokers;
6. the Escrow Collection Bank(s); and
7. the SCSBs.

This Issue is made in compliance with the provisions of Reg. 229(2) of Chapter IX of the SEBI ICDR Regulations and through the Book Building Process wherein 50% of the net issue shall be allocated to QIBs on a proportionate basis. In terms of Reg. 253 of Chapter IX of the SEBI ICDR Regulations, 5% of the net QIB Category (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only and the remainder of the QIB Category shall be available for allocation on a proportionate basis to Mutual Funds. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Investors and not less than 35% of the Issue shall be available for allocation to Retail Individual Investors in accordance with the SEBI ICDR Regulations. Further [●] % of the Issue is reserved for allocation to the Market Maker.

Under-subscription, if any, in any category, except in the QIB Portion, would be allowed to be met with spill-over from any other category or a combination of categories at the discretion of our Company, in consultation with the BRLM and the Designated Stock Exchange.

QIBS (*excluding Anchor Investors*) and Non-Institutional Bidders can participate in the Issue only through the ASBA process and Retail Individual Bidders have the option to participate through the ASBA Process. Anchor Investors are not permitted to participate through the ASBA Process.

In accordance with the SEBI (ICDR) Regulations, QIBs bidding in the QIB Portion and Non-Institutional Bidders bidding in the Non-Institutional Portion 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 their Bids during the Bid/ Issue Period and withdraw their Bids until finalisation of the Basis of Allotment. Further, Anchor Investors cannot withdraw their Bids after the Anchor Investor Bid/ Issue Period. Allocation to the Anchor Investors will be on a discretionary basis. For further details, please refer to section titled "Issue Procedure" beginning on page 207 of this Draft Red Herring Prospectus.

The Book Building Process under the SEBI (ICDR) Regulations is subject to change from time to time and Bidders are advised to make their own judgment about investments through this process prior to making a Bid in the Issue. Our Company will comply with SEBI (ICDR) Regulations and any other ancillary directions that SEBI may issue for this Issue. In this regard, our Company has appointed the BRLM to manage the Issue and to procure subscriptions to the Issue.

Steps to be taken by the Bidders for Bidding:

1. Check eligibility for making a Bid. For further details, please refer to section titled "Issue Procedure" beginning on page 207 of this Draft Red Herring Prospectus;
2. Ensure that you have an active demat account and the demat account details are correctly mentioned in the Bid-cum-Application Form;
3. Ensure that the Bid-cum-Application Form is duly completed as per the instructions given in the Red Herring Prospectus and in the respective Bid-cum-Application Form;
4. Except for Bids (i) on behalf of the Central or the State Governments and the officials appointed by courts, who, in terms of the circular dated June 30, 2008 issued by SEBI, 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 the circular dated July 20, 2006 issued by SEBI, may be exempted from specifying their PAN for transacting in the securities market, for Bids of all values, ensure that you have mentioned your PAN allotted under the IT Act in the Bid-cum-Application Form. In accordance with the SEBI (ICDR) Regulations, the PAN would be the sole identification number for participants transacting in the securities market, irrespective of the amount of transaction (For further details, please refer to section titled "Issue Procedure" beginning on page 207 of this Draft Red Herring Prospectus);
5. Ensure the correctness of your Demographic Details given in the Bid-cum-Application Form with the details recorded with your Depository Participant;
6. Ensure the correctness of your PAN, beneficiary account number, DP ID and Client ID given in the Bid-cum-Application Form. Based on these parameters, the Registrar will obtain details of the Bidders from the Depositories including the Bidder's name and bank account number, among others;
7. Bids by ASBA Bidders will have to be submitted to the SCSB at the Designated Branches or the Syndicate/Registered Broker at the Specified Locations in physical form. It may also be submitted in electronic form to the Designated Branches of the SCSBs only. ASBA Bidders should ensure that the ASBA Accounts have adequate credit balance at the time of submission to the SCSB or the Syndicate/Registered Broker to ensure that the Bid-cum-Application Form submitted by the ASBA Bidders is not rejected. 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 Form from the Registered Brokers will be available on the website of the SEBI (www.sebi.gov.in) and updated from time to time.
8. Bids by non-ASBA Bidders will have to be submitted to the Syndicate (*or their authorized agents*) at the bidding centres or the Registered Brokers at the Broker Centres; and
9. Bids by QIBs (*excluding Anchor Investors*) and Non-Institutional Bidders will only have to be submitted through the ASBA process.

For further details, please refer to section titled "Issue Procedure" beginning on page 207 of this Draft Red Herring Prospectus.

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

Illustration of Book Building Process and the Price Discovery Process

(Bidders should note that the following is solely for the purpose of illustration and is not specific to the Offer; it also excludes bidding by Anchor Investors as under the ASBA process.)

Bidders can bid at any price within the Price Band. For instance, assuming a price band of Rs.100 to Rs.120 per equity share, an 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 would be as given below. A graphical representation of the consolidated demand and price would be made available at the bidding centres during the bidding period. The illustrative book shown below indicates the demand for the shares of the company at various prices and is collated from bids from various bidders.

Bid Quantity	Bid Price (Rs.)	Cumulative Quantity	Subscription (%)
500	120	500	16.67
1,000	115	1,500	50.00
1,500	110	3,000	100.00
2,000	105	5,000	166.67
2,500	100	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.110 in the above example. Our Company, in consultation with the BRLM, will finalize the issue price at or below such cut off, i.e., at or below Rs.110. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in the respective categories. This table is for illustration only and an investor can bid at an interval of every one rupee in the above example.

Withdrawal of the Offer

For details in relation to refund on withdrawal of the Offer, please refer to section titled "Issue Structure – Withdrawal of the Issue" beginning on page 205 of this Draft Red Herring Prospectus.

Underwriting Agreement

After the determination of the Issue Price and allocation of the Equity Shares, but prior to the filing of the Prospectus with the RoC, our Company may enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Issue. It is proposed that pursuant to the terms of such Underwriting Agreement, if entered into, the BRLM shall be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfill their underwriting obligations. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and are subject to certain conditions to closing, as specified therein.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

(This portion has been intentionally left blank and will be filled in before filing of the Prospectus with the RoC)
(Rs. in Million)

Name, Address, Telephone, Fax, and Email of the Underwriters	Indicated number of Equity Shares to be Underwritten	Amount Underwritten
[•]	[•]	[•]
[•]	[•]	[•]
[•]	[•]	[•]

The above mentioned is indicative underwriting and will be finalised after pricing and actual allocation and subject to the provisions of the SEBI (ICDR) Regulations.

In the opinion of our Board (*based on a certificate given by the Underwriters*), the resources of the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The Underwriters are registered with SEBI under Section 12 (1) of the SEBI Act or registered as brokers with the Stock Exchange(s).

Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitments set forth in the table above. Notwithstanding the above table, the BRLM and the Syndicate Member(s) shall be responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the underwriting agreement, will also be required to procure/ subscribe to Equity Shares to the extent of the defaulted amount.

Changes in auditors during the last three (3) financial years

There have been no changes in the auditors of our Company during the last three (3) Financial Years.

Underwriting

The Issue is 100% underwritten by the Book Running Lead Manager in their capacity of Underwriter to the issue. Pursuant to the terms of the Underwriting Agreement dated [●] entered into by us with Underwriters, the obligations of the Underwriters are subject to certain conditions specified therein. The Underwriters are registered with SEBI or registered as brokers with the stock exchange. The Details of the Underwriting commitments are as under:

(₹ in lakhs)			
Name, Address, Telephone, Fax, and Email of the Underwriters	Indicated number of Equity Shares to be Underwritten	Amount Underwritten (₹ In Lakhs)	% of the total Issue size Underwritten
Arihant Capital Markets Limited #1011 Solitaire Corporate Park Building No. 10, 1 st Floor Guru Hargovindji Road, Chakala Andheri (East) Mumbai 400093, India. Telephone: +91 22 4225 4800 Facsimile: +91 22 4225 4880 Email: mbd@arihantcapital.com Contact Persons: Mr. Amol Kshirsagar/ Mr. Satish Kumar P. Website: www.arihantcapital.com SEBI registration number: INM000011070 CIN: L6712MP1992PLC007182	[●]	[●]	100

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

Details of Market Making Arrangement for the Issue

Our Company has entered into Market Making Agreement dated [●] with the following Market Maker to fulfil the obligations of Market Making for this issue:

Name	[●]
Correspondence Address:	[●], India.
Tel No.:	+91 [●]
Fax No.:	+91 [●]
E-mail:	[●]
Website:	[●]
Contact Person:	[●]
SEBI Registration Number:	[●]

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

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

1. The Market Maker(s) (*individually or jointly*) shall be required to provide a 2-way quote for 75% of the time in a day. The same shall be monitored by the stock exchange. Further, the Market Maker(s) shall inform the exchange in advance for each and every black out period when the quotes are not being offered by the Market Maker(s).
2. The minimum depth of the quote shall be ₹1,00,000. However, the investors with holdings of value less than ₹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.
3. After a period of three (3) months from the market making period, the Market Maker would be exempted to provide quote if the Shares of Market Maker in our Company reaches to 15% of Issue Size. Any Equity Shares allotted to Market Maker under this Issue over and above [●] Equity Shares would not be taken in to consideration of computing the threshold of 25% of Issue Size. As soon as the Shares of Market Maker in our Company reduces to 14% of Issue Size, the Market Maker will resume providing two (2) way quotes.
4. There shall be no exemption/threshold on downside. However, in the event the Market Maker exhausts his inventory through market making process, NSE may intimate the same to SEBI after due verification.
5. Execution of the order at the quoted price and quantity must be guaranteed by the Market Maker(s), for the quotes given by him.
6. There would not be more than five (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.
7. On the first day of the listing, there will be pre-opening session (call auction) and there after the trading will happen as per the equity market hours. The circuits will apply from the first day of the listing on the discovered price during the pre-open call auction.
8. The Marker Maker may also be present in the opening call auction, but there is no obligation on him to do so.
9. 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.

10. 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 abovementioned 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 261 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 particulars point of time. The Market Making Agreement is available for inspection at our registered office from 11.00 a.m. to 5.00 p.m. on Working Days.

11. Risk containment measures and monitoring for Market Makers:

NSE SME Exchange will have all margins, which are applicable on the NSE main board viz., Mark-to-Market, Value-At-Risk (VAR) Margin, Extreme Loss Margin, Special Margins and Base Minimum Capital etc. NSE can impose any other margins as deemed necessary from time-to-time.

12. Price Band and Spreads:

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

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

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

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

13. Punitive Action in case of default by Market Makers:

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

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

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

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

CAPITAL STRUCTURE

Our Company's share capital, as of the date of filing this Draft Red Herring Prospectus, before and after the proposed Issue, is set forth below:

(₹ in Lakhs except share data)			
No.	Particulars	Aggregate Value at Face Value	Aggregate value at Issue Price
A	Authorised Share Capital*		
	1,50,00,000 Equity Shares of ₹10 each	1,500.00	
	60,000 Preference Shares of ₹100 each	60.00	
B	Issued, Subscribed and Paid Up Capital before the Issue**		
	1,05,79,000 Equity Shares of ₹10 each	1,057.90	
C	Present Offer aggregating upto ₹lakhs***		
	Offer of upto [●] Equity Shares of ₹10 each	[●]	[●]
	Comprising:		
	Fresh Issue of [●] Equity Shares of ₹10 each at a price of ₹ [●] per Equity Share aggregating up to ₹ [●]		
	Offer for Sale of [●] Equity Shares of ₹10 each at a price of ₹ [●] per Equity Share aggregating up to ₹ [●] by Mr. Subbaraju Lakshman		
	Which comprises :		
	(a) Market maker reservation portion - [●] Equity Shares of ₹ 10 each at a price of ₹ [●] per Equity Share aggregating up to ₹ [●]		
	(b) Net offer to public - [●] Equity Shares of ₹ 10 each at a price of ₹ [●] per Equity Share aggregating up to ₹ [●]		
	Of which		
	QIB portion being not more than 50% of the net offer aggregating up to [●] Equity Shares		
	Non-institutional portion of not less than 15% of the net offer aggregating up to [●] Equity Shares		
	Retail portion of not less than 35% of the net offer aggregating up to [●] Equity Shares		
D	Issued, Subscribed and Paid-up Capital after the Offer		
	[●] Equity Shares of ₹10 each	[●]	[●]
E	Securities Premium Account		
	Before the Issue	Nil	
	After the Issue	[●]	

*For details of the changes in the authorized share capital of our Company, please refer to section titled "History and Certain Corporate Matters" beginning on page 117 of this Draft Red Herring Prospectus.

**As on the date of this Draft Red Herring Prospectus, there are no partly paid-up Equity Shares of our Company and there is no share application money pending for allotment.

***The present Issue of [●] Equity Shares in terms of Draft Red Herring Prospectus has been authorized pursuant to a resolution of our Board of Directors dated September 14, 2018 and by our Equity Shareholders pursuant to a resolution passed at the Extra ordinary General Meeting held on October 25, 2018.

Notes on Capital Structure

1. Equity Share capital history of our Company

The following is the history of the Equity Share capital of our Company:

Date of Allotment	Number of Equity Shares	Face Value per Equity Share (₹)	Issue Price per Equity Share (₹)	Nature of Consideration (Cash/ Other than Cash)	Nature of Allotment	Cumulative Number of Equity Shares	Cumulative Share Capital (₹)	Cumulative Share Premium (₹)
On Incorporation	20	10.00	10.00	Cash	Subscription to MoA ⁽¹⁾	20	--	--
⁽²⁾	5,95,980	10.00	Not ascertainable	Not ascertainable	Not ascertainable ⁽²⁾	5,96,000	59,60,000	Not ascertainable
July 30, 2018	99,83,000	10.00	N.A.	N.A.	Bonus Issue (16.75:1) ⁽³⁾	1,05,79,000	10,57,90,000	--
Total	1,05,79,000							--

Notes:

- (1) Allotment of Equity Shares on subscription to MoA to Mr. Saler S. Sidappa (10) and Mr. H. K. Sadasivan (10).
- (2) Allotment of Equity Shares made for which Share Certificates are issued on August 30, 1986 (2,82,280); November 24, 1986 (76,800); March 14, 1987 (13,200); July 21, 1992 (2,22,300); June 24, 1993 (1,000); August 6, 1994 (400). However, details relating to these Equity Shares such as Date of Allotment, Issue Price per Equity Shares, Nature of consideration and Amount of Cumulative Share Premium is not available due to non-availability of return of allotments and back-up documents with our Company. For further details, please refer to section titled "Risk Factors" beginning on page 20 of this Draft Red Herring Prospectus.
- (3) Allotment of Equity Shares as Bonus to Mr. Subbaraju Lakshman held jointly with Mr. Madesh Lakshman and Mr. Yoganandh Lakshman (62,75,555); Mr. Madesh Lakshman held jointly with Mr. Yoganandh Lakshman (29,48,000); Mr. Dilip Lakshman jointly with Mr. Yoganandh Lakshman (7,58,755); Ms. Sharitha Madesh held jointly with Mr. Madesh Lakshman and Mr. Dilip Lakshman (168); Ms. Arun Mozhi held jointly with Mr. Dilip Lakshman (168); Mr. D. Venkat Krishnan held jointly with Mr. Dilip Lakshman (167); Mr. Yoganandh Lakshman held jointly with Mr. Dilip Lakshman (167).

2. Preference Share capital history of our Company

Our Company had issued and allotted 8% Cumulative Participating Preference Shares ("CPPS") to The South India Paper Mills Limited and Mr. S. G. Hamirani on March 26, 2007 and March 24, 2008 respectively. Our Company has redeemed these CPPS in the meeting of Board of Directors held on July 28, 2011.

3. Issue of Equity Shares in the last one (1) year

Except for the bonus issue made on July 30, 2018, our Company has not made any issue of specified securities at a price lower than the Issue Price during the preceding one (1) year from the date of filing of this Draft Red Herring Prospectus.

4. Equity Shares issued for consideration other than cash

Our Company has not issued any Equity Shares for consideration other than cash since our Promoters acquired our Company on September 29, 2011.

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

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

The current promoters of our Company are Mr. Subbaraju Lakshman and Mr. Madesh Lakshman.

As on the date of this Draft Red Herring Prospectus, our Promoters collectively hold 97,74,215 Equity Shares, which constitutes approximately 92.39% of the issued, subscribed and paid-up Equity Share capital of our Company.

Set forth below is the build-up of the equity shareholding of our Promoters

i) **Mr. Subbaraju Lakshman**

Date of Allotment/ Acquisition/ Sale	Number of Equity Shares	Face Value per Equity Share (₹)	Issue/ Acquisition/ Sale Price per Equity Share (₹)	Nature of Consideration (Cash/ Other than Cash)	Nature of transaction	% of pre-Issue equity share capital	% of post-Issue equity share capital	Sources of funds
September 29, 2011	3,74,660	10.00	166.00	Cash	Acquisition by way of transfer ⁽¹⁾	3.54	[●]	Own Funds
July 30, 2018	62,75,555	10.00	N.A.	Cash	Bonus Issue (16.75:1)	59.32	[●]	N. A.
Total	66,50,215					62.86	[●]	

Notes:

(1) The Equity Shares have been jointly held by Mr. Subbaraju Lakshman; Mr. Madesh Lakshman and Mr. Yoganandh Lakshman

ii) **Mr. Madesh Lakshman**

Date of Allotment/ Acquisition/ Sale	Number of Equity Shares	Face Value per Equity Share (₹)	Issue/ Acquisition/ Sale Price per Equity Share (₹)	Nature of Consideration (Cash/ Other than Cash)	Nature of transaction	% of pre-Issue equity share capital	% of post-Issue equity share capital	Sources of funds
September 29, 2011	1,76,000	10.00	166.00	Cash	Acquisition by way of transfer ⁽¹⁾	1.66	[●]	Own Funds
July 30, 2018	29,48,000	10.00	N. A.	Cash	Bonus issue of Equity Shares ⁽¹⁾	27.87	[●]	N. A.
Total	31,24,000					29.53	[●]	

Notes:

(1) The Equity Shares have been jointly held by Mr. Madesh Lakshman and Mr. Yoganandh Lakshman.

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

As on the date of this Draft Red Herring Prospectus, none of the Equity Shares held by our Promoters are subject to any pledge. Our Company has not issued any preference shares to our Promoters as on the date of this Draft Red Herring Prospectus.

(b) Shareholding of our Promoters & Promoter Group

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

Particulars	Pre-Issue		Post-Issue*	
	Number of Shares	Percentage (%) holding	Number of Shares	Percentage (%) holding
Promoters				
Mr. Subbaraju Lakshman ⁽¹⁾	66,50,215	62.86	[●]	[●]
Mr. Madesh Lakshman ⁽²⁾	31,24,000	29.53	[●]	[●]
Total (A)	97,74,215	92.39	[●]	[●]
Promoter Group				
Mr. Dilip Lakshman ⁽³⁾	8,04,075	7.60	[●]	[●]
Ms. Sharitha Madesh	178	Negligible	[●]	[●]
Ms. Arun Mozhi	178	Negligible	[●]	[●]
Mr. Yoganandh Lakshman	177	Negligible	[●]	[●]
Total (B)	8,04,608	7.60	[●]	[●]
Grand Total (A + B)	1,05,78,823	100.00	[●]	[●]

*Assuming full subscription to the Issue.

Notes:

- (1) The Equity Shares have been jointly held by Mr. Subbaraju Lakshman; Mr. Madesh Lakshman and Mr. Yoganandh Lakshman.
- (2) The Equity Shares have been jointly held by Mr. Madesh Lakshman and Mr. Yoganandh Lakshman.
- (3) The Equity Shares have been jointly held by Mr. Dilip Lakshman and Mr. Yoganandh Lakshman

All Equity Shares held by our Promoters are in dematerialized form as on the date of this Draft Red Herring Prospectus.

(c) Details of Promoters' Contribution Locked-in for Three (3) Years

Pursuant to Regulation 238(a) of the SEBI (ICDR) Regulations, an aggregate of 20% of the fully diluted post-Issue equity share capital of our Company held by our Promoter shall be considered as the minimum Promoter's contribution and locked in for a period of three (3) years from the date of Allotment ("**Minimum Promoter's Contribution**"). All Equity Shares held by our Promoter is eligible for inclusion in the Minimum Promoter's Contribution, in terms of the SEBI (ICDR) Regulations.

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

Details of Promoter's Contribution*							
Date on which the Equity Shares were Allotted/ Acquired	Date when made fully paid up	Consideration	Number of Equity Shares	Face Value (₹)	Issue Price (₹)	% of post-Issue share capital	Period of Lock-in
Mr. Subbaraju Lakshman							
July 30, 2018	July 30, 2018	Cash	[●]	10.00	N.A.	[●]	3 years
Mr. Madesh Lakshman							
July 30, 2018	July 30, 2018	Cash	[●]	10.00	N.A.	[●]	3 years
Total			[●]			[●]	

*Details of Promoter Contribution Shares shall be determined after finalizing the basis of allotment.

For details on the build-up of the Equity Share capital held by our Promoter, please refer to section titled "Capital Structure - Build-up of our Promoter's shareholding in our Company" beginning on page 54 of this Draft Red Herring Prospectus.

Our Promoter has given consent to include such number of Equity Shares held by him as may constitute 20% of the fully diluted post-Issue Equity Share capital of our Company as Minimum Promoter's Contribution. Our Promoter has agreed not to sell, transfer, charge, pledge or otherwise encumber in any manner the Minimum Promoter's Contribution from the date of filing this Draft Red Herring Prospectus, until the expiry of the lock-in period specified above, or for such other time as required under SEBI (ICDR) Regulations, except as may be permitted, in accordance with the SEBI (ICDR) Regulations.

The Equity Shares that are being locked-in are not, and will not be, ineligible for computation of Minimum Promoter's Contribution under Regulation 237 of the SEBI (ICDR) Regulations. In this regard, we confirm that:

- (i) the Equity Shares offered as part of the Minimum Promoter's Contribution do not comprise Equity Shares acquired during the three (3) years preceding the date of this Draft Red Herring Prospectus for consideration other than cash and where revaluation of assets or capitalisation of intangible assets was involved or bonus issue out of revaluations reserves or unrealised profits or against Equity Shares that are otherwise ineligible for computation of Minimum Promoters' Contribution;
- (ii) the Minimum Promoter's Contribution does not include Equity Shares acquired during the one (1) year preceding the date of this Draft Red Herring Prospectus at a price lower than the price at which the Equity Shares are being offered to the public in the Issue;
- (iii) our Company has not been formed by conversion of a partnership firm into a company and hence, no Equity Shares have been issued in the one (1) year immediately preceding the date of this Draft Red Herring Prospectus pursuant to conversion of a partnership firm; and
- (iv) the Equity Shares held by our Promoter and offered as part of the Minimum Promoter's Contribution are not subject to any pledge.

(d) Details of Equity Shares Locked-in for One (1) Year

In terms of Regulation 238 of the SEBI (ICDR) Regulations, the entire pre-Issue Equity Share capital, as reduced by the number of Equity Shares being offered by the Selling Shareholder in the Offer for Sale through this Draft Red Herring Prospectus i.e. [●] Equity Shares of ₹10 will be locked-in for a period of one (1) year from the date of Allotment in the Issue, except (c) the Minimum Promoter's Contribution which shall be locked for 3 years as above.

(e) Other requirements in respect of lock-in

In terms of Regulation 239 of the SEBI (ICDR) Regulations, Equity Shares held by persons other than our Promoters prior to the Issue and locked-in for a period of one (1) year, may be transferred to any other person holding Equity Shares which are locked-in along with the Equity Shares proposed to be transferred, subject to the continuation of the lock in applicable to the transferee and compliance with the provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended (the "**Takeover Regulations**").

Pursuant to Regulation 242 of the SEBI (ICDR) Regulations, Equity Shares held by our Promoters and locked-in for one (1) year may be pledged only with scheduled commercial banks or public financial institutions as collateral security for loans granted by such banks or public financial institutions, provided that such pledge of the Equity Shares is one of the terms of the sanction of the loan. Equity Shares locked-in as Minimum Promoter's Contribution for three (3) years can be pledged only if in addition to fulfilling the aforementioned requirements, such loans have been granted by such banks or financial institutions for the purpose of financing one or more of the objects of the Issue.

In terms of Regulation 243 of the SEBI (ICDR) Regulations, Equity Shares held by our Promoters may be transferred between our Promoter and Promoter Group or a new promoter or persons in control of our Company, subject to continuation of lock-in applicable to the transferee for the remaining period and compliance with provisions of the Takeover Regulations.

6. Shareholding Pattern of our Company

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

Category (I)	Category of shareholder (II)	Nos. of share holders (III)	No. of fully paid up equity shares held (IV)	No. of Partly paid-up equity shares held (V)	No. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII) = (IV)+(V)+(VI)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX)			No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI) = (VII)+(X) As a % of (A+B+C2)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
								Class Equity Shares	C	Total			No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
(A)	Promoter & Promoter Group	6	1,05,78,823	Nil	Nil	1,05,78,823	100	1,05,78,823	N.A.	1,05,78,823	100	Nil	Nil	•	•	•	•
(B)	Public	1	177	Nil	Nil	177	Negligible	177	N.A.	177	Negligible	Nil	Nil	•	•	•	•
(C)	Non-Promoter-Non-Public	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
(C1)	Shares underlying DRs	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
(C2)	Shares held by Employee Trusts	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
	Total																

Notes:

- Our Company will file the shareholding pattern of our Company, in the form prescribed under Regulation 31 of the SEBI Listing Regulations, one (1) day prior to the listing of the Equity shares. The shareholding pattern will be uploaded on the website of BSE before commencement of trading of such Equity Shares.
- As on date of this Draft Red Herring Prospectus, 1 Equity share holds 1 vote.

7. The Book Running Lead Manager and their respective associates do not hold any Equity Shares as on the date of this Draft Red Herring Prospectus.
8. The Book Running Lead Manager and their respective affiliates may engage in transactions with and perform services for our Company in the ordinary course of business or may in the future engage in commercial banking, broking and investment banking transactions with our Company and/or our Subsidiaries, for which they may in the future receive customary compensation.
9. Except as mentioned below, none of the Directors hold Equity Shares in our Company as on the date of this Draft Red Herring Prospectus:

Particulars	Pre-Issue		Post-Issue	
	Number of Shares	Percentage (%) holding	Number of Shares	Percentage (%) holding
Mr. Subbaraju Lakshman ⁽¹⁾	66,50,215	62.86	[●]	[●]
Mr. Madesh Lakshman ⁽²⁾	31,24,000	29.53	[●]	[●]
Ms. Sharitha Madesh	178	Negligible	[●]	[●]
Mr. D. Venkata Krishnan	177	Negligible	[●]	[●]
Total	97,74,570	92.39	[●]	[●]

Notes:

- (1) The Equity Shares have been jointly held by Mr. Subbaraju Lakshman; Mr. Madesh Lakshman and Mr. Yoganandh Lakshman.
- (2) The Equity Shares have been jointly held by Mr. Madesh Lakshman and Mr. Yoganandh Lakshman.

10. Except as mentioned below, none of the Key Managerial Personnel hold Equity Shares in our Company as on the date of this Draft Red Herring Prospectus.

Particulars	Pre-Issue		Post-Issue	
	Number of Shares	Percentage (%) holding	Number of Shares	Percentage (%) holding
Mr. Subbaraju Lakshman ⁽¹⁾	66,50,215	62.86	[●]	[●]
Mr. Madesh Lakshman ⁽²⁾	31,24,000	29.53	[●]	[●]
Total	97,74,215	92.39	[●]	[●]

11. As on date of this Draft Red Herring Prospectus, our Company has seven (7) shareholders.

12. Top Ten Shareholders of our Company

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

No.	Name of the Shareholder	Number of Equity Shares	Shareholding (%)
1.	Mr. Subbaraju Lakshman ⁽¹⁾	3,74,700	62.87
2.	Mr. Madesh Lakshman ⁽²⁾	1,76,000	29.53
3.	Mr. Dilip Lakshman ⁽³⁾	45,300	7.60
Total		5,96,000	100.00

Notes:

- (1) The Equity Shares have been jointly held by Mr. Subbaraju Lakshman; Mr. Madesh Lakshman; and Mr. Yoganandh Lakshman.
- (2) The Equity Shares have been jointly held by Mr. Madesh Lakshman and Mr. Yoganandh Lakshman.
- (3) The Equity Shares have been jointly held by Mr. Dilip Lakshman and Mr. Yoganandh Lakshman

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

No.	Name of the Shareholder	Number of Equity Shares	Shareholding (%)
1.	Mr. Subbaraju Lakshman ⁽¹⁾	66,50,215	62.86
2.	Mr. Madesh Lakshman ⁽²⁾	31,24,000	29.53
3.	Mr. Dilip Lakshman ⁽³⁾	8,04,075	7.60
4.	Ms. Sharitha Madesh	178	Negligible
5.	Ms. Arun Mozhi	178	Negligible
6.	Mr. D. Venkata Krishnan	177	Negligible
7.	Mr. Yoganandh Lakshman	177	Negligible
Total		1,05,79,000	100.00

Notes:

- (1) The Equity Shares have been jointly held by Mr. Subbaraju Lakshman; Mr. Madesh Lakshman and Mr. Yoganandh Lakshman.
 (2) The Equity Shares have been jointly held by Mr. Madesh Lakshman and Mr. Yoganandh Lakshman.
 (3) The Equity Shares have been jointly held by Mr. Dilip Lakshman and Mr. Yoganandh Lakshman.

- c. The top ten (10) shareholders of our Company as of one (1) year prior to the filing of the Draft Red Herring Prospectus with the Stock Exchange:

No.	Name of the Shareholder	Number of Equity Shares	Shareholding (%)
1.	Mr. Subbaraju Lakshman ⁽¹⁾	3,74,700	62.87
2.	Mr. Madesh Lakshman ⁽²⁾	1,76,000	29.53
3.	Mr. Dilip Lakshman ⁽³⁾	45,300	7.60
Total		5,96,000	100.00

Notes:

- (1) The Equity Shares have been jointly held by Mr. Subbaraju Lakshman; Mr. Madesh Lakshman; and Mr. Yoganandh Lakshman.
 (2) The Equity Shares have been jointly held by Mr. Madesh Lakshman and Mr. Yoganandh Lakshman.
 (3) The Equity Shares have been jointly held by Mr. Dilip Lakshman and Mr. Yoganandh Lakshman.

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

No.	Name of the Shareholder	Number of Equity Shares	Shareholding (%)
1.	Mr. Subbaraju Lakshman ⁽¹⁾	3,74,700	62.87
2.	Mr. Madesh Lakshman ⁽²⁾	1,76,000	29.53
3.	Mr. Dilip Lakshman ⁽³⁾	45,300	7.60
Total		5,96,000	100.00

Notes:

- (1) The Equity Shares have been jointly held by Mr. Subbaraju Lakshman; Mr. Madesh Lakshman; and Mr. Yoganandh Lakshman.
 (2) The Equity Shares have been jointly held by Mr. Madesh Lakshman and Mr. Yoganandh Lakshman.
 (3) The Equity Shares have been jointly held by Mr. Dilip Lakshman and Mr. Yoganandh Lakshman.

13. Except as mentioned below, none of our Promoters, members of our Promoter Group or our Directors or their immediate relatives have sold or purchased, or financed the sale or purchase of, Equity Shares by any other person, other than in the normal course of business of the financing entity, during the six (6) months immediately preceding the date of this Draft Red Herring Prospectus.

Date of Acquisition/Sale	Name of the Transferor /Transferee	Number of Equity Shares	Face Value (₹)	Issue Price/Acquired Price (₹)	Nature	Category
June 6, 2018	Mr. Subbaraju Lakshman ⁽¹⁾	40	10.00	530.00	Transfer	Promoter
June 6, 2018	Ms. Arun Mozhi ⁽²⁾	10	10.00	530.00	Acquisition of shares by way of Transfer	Promoter Group
June 6, 2018	Mr. D. Venkata Krishnan ⁽³⁾	10	10.00	530.00	Acquisition of shares by way of Transfer	Public
June 6, 2018	Ms. Sharitha Madesh ⁽⁴⁾	10	10.00	530.00	Acquisition of shares by way of Transfer	Promoter Group
June 6, 2018	Mr. Yoganandh Lakshman ⁽⁵⁾	10	10.00	530.00	Acquisition of shares by way of Transfer	Promoter Group

Notes:

- (1) The Equity Shares have been jointly held by Mr. Subbaraju Lakshman; Mr. Madesh Lakshman; and Mr. Yoganandh Lakshman.
- (2) The Equity Shares were jointly held by Ms. Arun Mozhi and Mr. Dilip Lakshman. However, by the way of Deed of Share Transfer dated August 1, 2018, these Equity Shares have been transferred to Ms. Arun Mozhi in her single name.
- (3) The Equity Shares were jointly held by Mr. D. Venkata Krishnan and Mr. Dilip Lakshman. However, by the way of Deed of Share Transfer dated August 1, 2018 Transfer, these Equity Shares have been transferred to Mr. D. Venkata Krishnan in his single name.
- (4) The Equity Shares were jointly held by Ms. Sharitha Madesh, Mr. Madesh Lakshman and Mr. Dilip Lakshman. However, by the way of Deed of Share Transfer dated August 1, 2018, these Equity Shares have been transferred to Ms. Sharitha Madesh in her single name.
- (5) The Equity Shares were jointly held by Mr. Yoganandh Lakshman and Mr. Dilip Lakshman. However, by the way of Deed of Share Transfer dated August 1, 2018, these Equity Shares have been transferred to Mr. Yoganandh Lakshman in his single name.

14. Our Company, our Promoter, members of our Promoter Group, our Directors and the Book Running Lead Manager have not entered into any buy-back and/or standby arrangements for the purchase of Equity Shares being offered through this Issue from any person.
15. No person connected with the Issue, including, but not limited to, our Company, the members of the Syndicate, our Directors, Promoter or the members of our Promoter Group, shall offer in any manner whatsoever any incentive, whether direct or indirect, in cash, in kind or in services or otherwise to any Bidder for making a Bid. Further, no payment, direct or indirect benefit in the nature of discount, commission and allowance or otherwise shall be offered or paid either by our Company or our Promoter to any person in connection with making an application for or receiving any Equity Shares pursuant to this Issue.

16. As on the date of this Draft Red Herring Prospectus, there are no Equity Shares held by the members of our Promoter Group except as set out below.

Particulars	Pre-Issue		Post-Issue*	
	Number of Shares	Percentage (%) holding	Number of Shares	Percentage (%) holding
Promoter Group				
Mr. Dilip Lakshman*	8,04,075	7.60	[●]	[●]
Ms. Sharitha Madesh	178	Negligible	[●]	[●]
Ms. Arun Mozhi	178	Negligible	[●]	[●]
Mr. Yoganandh Lakshman	177	Negligible	[●]	[●]
Total	8,04,608	7.60	[●]	[●]

*The Equity Shares have been jointly held by Mr. Dilip Lakshman and Mr. Yoganandh Lakshman

17. None of the Equity Shares being offered through the Offer are pledged or otherwise encumbered.
18. The Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of this Draft Red Herring Prospectus.
19. There are no outstanding warrants, options or rights to convert debentures, loans or other convertible instruments into Equity Shares as on the date of this Draft Red Herring Prospectus.
20. Our Company has not made any public issue or rights issue of any kind or class of securities since its incorporation.
21. Our Company has not issued any Equity Shares out of revaluation reserves.
22. As on the date of this Draft Red Herring Prospectus, our Company has not allotted any Equity Shares pursuant to any scheme approved under Sections 230-234 of the Companies Act, 2013 or under Sections 391-394 of the erstwhile Companies Act, 1956.
23. There will be no further issue of Equity Shares whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from the date of filing of the Draft Red Herring Prospectus with SEBI until the Equity Shares have been listed on the Stock Exchanges or all application monies have been refunded, as the case may be.
24. Our Company presently does not intend or propose to alter the capital structure for a period of six (6) months from the Bid/Issue Opening Date, by way of split or consolidation of the denomination of Equity Shares, or further issue of Equity Shares (*including issue of securities convertible into or exchangeable for, directly or indirectly into Equity Shares*), whether on a preferential basis or issue of bonus or rights or further public issue of Equity Shares or qualified institutions placement. However, if our Company enters into acquisitions, joint ventures or other arrangements, our Company may, subject to necessary approvals, consider raising additional capital to fund such activity through issue of further Equity Shares.
25. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law.
26. Our Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.
27. Our Company shall ensure that transactions in the Equity Shares by our Promoters and the Promoter Group between the date of filing of the Prospectus with RoC and the date of closure of the Issue shall be intimated to the Stock Exchanges within twenty-four (24) hours of such transaction.
28. Except as disclosed in this section, there are no outstanding convertible securities or any other right which would entitle any person any option to receive Equity Shares, as on the date of this Draft Red Herring Prospectus.

OBJECTS OF THE ISSUE

The Issue includes a fresh Issue of [●] Equity Shares of our Company at an Issue Price of ₹[●] per Equity Share aggregating to an amount not exceeding ₹4,700 lakhs and an Offer for Sale for [●] equity shares of our Company at an Issue Price of ₹ [●] per Equity Share aggregating to an amount not exceeding ₹400 lakhs.

Offer for Sale

Our Company will not receive any proceeds from the Offer for Sale.

Fresh Issue

We propose to raise an amount aggregating upto ₹ 4,700 lakhs through the fresh issue of Equity Shares. Our Company intends to utilise the Fresh Issue proceeds for the following objects:

No.	Particulars	(₹ in lakhs)
1.	Procurement of capital assets	4,064.57
2.	General corporate purpose	[●]
3.	Public Issue expenses	425.00
	Total	[●]

We propose to enlist the Equity Shares of our Company, including those being offered through this DRHP, on SME platform of NSE i.e. EMERGE. Our Company has received in-principle approval from NSE for listing of the Equity Shares vide their letter dated [●]. For the purpose of this Issue, the designated stock exchange shall be NSE EMERGE.

The main object clause of Memorandum of Association of our Company enables us to undertake the existing activities and the activities for which the funds are being raised by us through the present Issue. Further, we confirm that the activities which we have been carrying out till date are in accordance with the object clause of our Memorandum of Association. For further details on the main objects clause set out in our Memorandum of Association, please refer to section titled "History and Certain Other Corporate Information" beginning on page 117 of this Draft Red Herring Prospectus.

We propose to meet the requirement of funds for the stated Objects of the Issue entirely from the issue proceeds. Hence, no amount is required to be raised through means other than the Issue Proceeds. Accordingly, the requirements under Regulation 230(e) of the SEBI (ICDR) Regulations (which requires firm arrangements of finance through verifiable means for 75% of the stated means of finance, excluding the Issue Proceeds and existing identifiable internal accruals) are not applicable

Our Company proposes to set up manufacturing facility for production of Kraft Paper, Kraft Liner and Cultural Paper of varied GSM having a capacity of 100 TPD (the "**Project**"). CARE Advisory Research and Training Limited (**CARE**) has undertaken financial appraisal of the said project and have confirmed the viability of the project.

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

Any change in deployment of funds shall be done in compliance with applicable laws and regulations. In case of any increase in the actual utilization of funds earmarked for the Objects, such additional funds for a particular activity will be met by way of means available to our Company, including from internal accruals. If the actual utilization towards any of the Objects is lower than the proposed deployment such balance will be used for future growth opportunities including funding existing objects, if required. In case of a shortfall in the Net Proceeds, our management may explore a range of options which include utilisation of our internal accruals

and/or, debt financing. Our management expects that such alternate arrangements would be available to fund any such shortfall.

We further confirm that no part proceed of the Issue shall be utilised for repayment of any Part of unsecured loan outstanding as on date of Draft Red Herring Prospectus.

For further details on the risks involved in our business plans and executing our business strategies, please refer to section titled "Risk Factors" beginning on page 20 of this Draft Red Herring Prospectus.

Details of the proposed project and the utilisation of the Issue proceeds

Our company is engaged in manufacture of paperboards from recycled paper. Our product range includes duplex board, file board, chip board, grey board, colour board etc. We now propose for expansion of the existing facilities and diversify into new product line for the manufacture of Kraft paper, Kraft liner and Cultural Paper of different GSM.

Rationale for the project

Our Company plan to expand the present product range and proposes to have a diversified product base thereby minimizing the risk of dependence on single product segment. The Kraft paper segment accounts for about 31% and duplex paper board market accounts for 20.50% of the estimated domestic demand of paper and paper products for the year 2017-18 (*Source: CARE report*). With the proposed expansion, our company would be able to cater to these segments in the paper industry which comprise of 51% of the industry size.

Further, the focus on green initiatives by the Government and the ban on plastic in different States have increased the demand for paper products in almost all the fields including packaging, e-commerce, FMCG industries etc. Moreover, there is high demand for cultural / kraft papers and the trends proclaim that the demand is likely to increase further in future. The proposed installation of roof top Solar power plant would provide our Company with advantage of lower electricity charges and tax benefits.

The break-up of each item of the cost of the project is given below:

Our Company is proposing to diversify into new product line for the manufacture of Kraft paper, Kraft liner and Cultural Paper of different GSM. Towards this, we intend to utilise an amount of ₹4,064.57 lakhs (*exclusive of GST*) for procurement of the following capital assets:

No.	Particulars	(₹ in lakhs)
COST OF THE PROJECT		
(A) Procurement of Capital Assets		
1.	Site development	135.00
2.	Building & civil works	896.50
3.	Paper Machine	1,180.00
4.	Stock Preparation Plant	734.40
5.	Cutter / Rewinder	106.65
6.	Weigh Bridge	33.44
7.	Electrical Equipment	340.49
8.	Erection & commissioning expenses	310.00
9.	Effluent treatment plant (ETP)	49.00
10.	Vehicles	44.65
11.	Office equipment	40.89
	Sub-total	3,871.02
	Contingencies / incidental expenses (@ 5%)	193.55
	Sub-total	4,064.57
(B) General corporate purposes (GCP)		[•]
(C) Public issue expenses		425.00
Total objects of the issue		[•]
MEANS OF FINANCE		
IPO proceeds		[•]
Total		[•]

Other costs to be met out of internal accruals:

No.	Particulars	(₹ in Lakhs)
1.	Solar power unit / equipment	472.50
2.	GST on capital assets and solar equipment	816.67
	Total	1,289.17

Our company has sufficient internal accruals in the form of liquid investments and bank deposits.

Working Capital requirements

As per the schedule of implementation, the commercial production from the new project is expected to commence from December 2019 requiring marginal working capital requirements for F.Y. 2019-2020. For the F.Y. 2020-2021 being the first full year of commercial operation of the new project, the net working capital requirement for the project is expected to be ₹890.16 lakhs which will be met out of internal accruals, including input tax credit that would be available in respect of the GST paid on procurement of capital assets as above.

A. PROCUREMENT OF CAPITAL ASSETS

Details of utilisation of Issue Proceeds

1. Location of the Project

The proposed Unit II is situated at Bommanahalli Barandur Post, Bhadravati Taluq, Shimoga District Karnataka 577245 at a contiguous land next to our existing factory.

2. Site Development

Land

The Company has already acquired the necessary land next to the existing factory and is in the process of obtaining permissions, approvals, and clearances from various regulatory authorities.

Site development

The estimated cost of site development includes cost towards earth filling, roller compaction, grading and sloping, wet mix for roads (without bitumen layer), side drains for rain water, kerbs, landscaping, basic electrical lights and water points for plants etc. (Source: quotation dated September 21, 2018 of Swaasha Constructions, Bangalore)

3. Building

Estimated cost of building and civil works includes foundation for building, equipment masonry, common facilities and reinforced concrete for building, trenches, structural steelworks required to construct the shed, cost of civil and structural engineering, designing and consultancy.

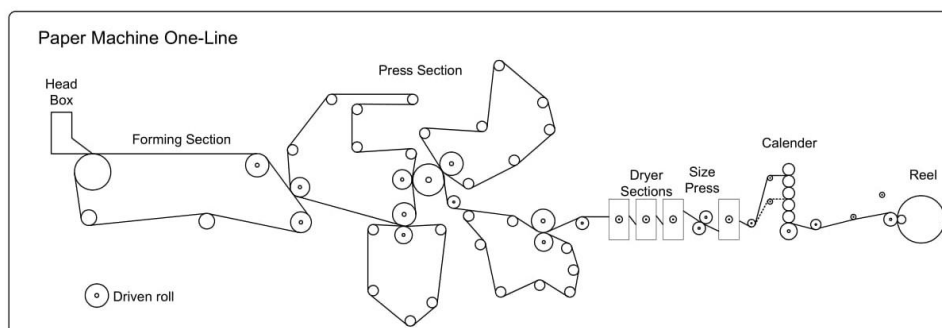
The details of cost of civil and structural work are as under:

No.	Description	Quantity / area	Rate (₹)	Amount (₹ Lakhs)
1.	Production hall (includes Earth work, PCC concrete, flooring, foundation, pedestal plinth, plastering, steel structure etc.)	60,000 sq. ft.	800	480.00
2.	Finishing hall	5,000 sq. ft.	700	35.00
3.	Boiler House	4,000 sq. ft.	950	38.00
4.	Office block	4,000 sq. ft.	1,400	56.00
5.	Staff quarters	2,500 sq. ft.	1,500	37.50
6.	Waste paper godown	20,000 sq. ft.	750	150.00
7.	Waste paper yard	30,000 sq. ft.	200	60.00
8.	Storage godown	2,500 sq. ft.	600	15.00
9.	Workshop	3,500 sq. ft.	600	21.00
10.	HOD Offices	800 sq. ft.	500	4.00
	Total			896.50

Source: Quotation dated September 7, 2018 of Swaasha Constructions, Bangalore

4. Paper Machine

A Paper Machine is a complete set of several inter-related engineering units which together perform the functions of converting pulp suspension into wound reels of paper in the paper making process.



Utility / Technical specifications of the paper machine

(a) Head box

Head box is the principal component of paper machine. The main function of head box is to store the stock in uniform suspension and deliver on the wire evenly via slice. The Paper stock at this point in the process is 99% water and 1% fiber. The Fan Pump forces the Paper stock through a set of nozzles in the head box onto the "wire" mesh. The fan pump speed is a major factor in the basis weight (caliper) and formation of the sheet of paper.

(b) Forming Section

A typical flat former is a continuous rotating wire mesh that removes water from the paper by sucking it out of suspension. Multi-layer paper machines and paper board machines include additional forming sections (one forming section for each layer of paper).

(c) Press Section

Rolls are nipped (pressed) together to squeeze the water out of the sheet of paper. Multiple rolls are used with a felt (blanket) supporting the sheet and accepting the water from the sheet.

(d) Dryer Sections

Typical dryer sections consist of quantity four to ten steel cans 5 to 6 ft (1.5 – 1.8 m) in diameter. These cans are filled with steam that evaporates water from the sheet as it passes around the cans.

(e) Size Press

Two rolls are nipped together with the sheet in between and water mixed with sizing (starch) is impregnated into the sheet to change its characteristics (improve ability to receive print).

(f) Calendar

Stacked sets of nipped rolls crush the top and bottom of the sheet, making the paper smoother.

(g) Reel

The sheet is wound onto a spool that is driven from a reel drum. Continuous production requires that spool changes occur "on the fly".

Break-up of elements of cost

No.	Description	Quantity	(₹ in Lakhs)
1.	Head box -air cushioned	1	65.00
2.	Wire machine (30 mts)	1	160.00
3.	Bi nip press with third straight through press	1	228.00
4.	Pre-Dryer cylinder (1500 mm)	14	108.50
5.	Pre-Dryer framings and accessories (6+8)	14	129.50
6.	Size press	1	32.00
7.	Size kitchen	Set	10.00
8.	Post dryer chrome coated cylinder(1500 mm)	2	21.50
9.	Post dryer plain cylinders(1500 mm)	6	46.50
10.	Post dryer framings and accessories	8	74.00
11.	Calendar machine-soft nip	1	125.00
12.	Pope Reeler	1	20.00
13.	Reeling Shell	8	14.80
14.	Sectional Machine Drive	22	82.50
15.	CI Sole plates	Set	23.10
16.	Pneumatic and hydraulic Operating Panel and power pack	Set	9.60
17.	Rope carrier	4 set	20.00
18.	Wet end broke pulper	1	5.00
19.	Dry end broke pulper	1	5.00
	Total		1,180.00

Source: Quotation dated July 5, 2018 of Honest Iron & Engineering Works, Surat

5. Stock Preparation Plant

This plant is involved in preparing the pulp for the paper machine which is taken on the paper machine for making the final product. Pulp preparation is a process where the waste paper is pulped, cleaned and treated with chemicals to the optimum consistency. This is a very important process, as the quality of paper produced will directly depend on the quality of pulp. Further, the manufacturing cost can be controlled at this stage depending on the mix used in the pulp. Typical flow diagram of stock preparation plant is given below:

No.	Description	Quantity	(₹ in Lakhs)
1.	Hicon Pulper HM-18	1 no.	36.00
2.	Dilution Pulper DLP-15 with PLC control panel	1 no.	26.10
3.	High Density Cleaner HDC-04	1 no.	6.30
4.	MC Pressure Screen VSM-66 With Parason Hiflo Perforated Screen Basket	1 no.	15.30
5.	MC Pressure Screen VSM-05 With Parason Hiflo Perforated Screen Basket	1 no.	9.90
6.	Tertiary Vertical Pressure Screen VSMW-04 With Parason Hiflo Perforated Screen Basket with Control Panel	1 no.	10.80
7.	Parason Deinking Cell (1+6+2), Venting Cyclone, Instrumentation and Control Panel	1 set	162.00
8.	LC Centricleaner (13+4+1)	1 no.	13.50
9.	LC Pressure Screen VSL-08 with Parason Hiflo Slotted Screen Basket	1 no.	20.70
10.	LC Pressure Screen VSL-05 with Parason Hiflo Slotted Screen Basket	1 no.	9.90
11.	Tertiary Vertical Pressure Screen VSLW-05 with Parason Hiflo Slotted Screen Basket and Control Panel	1 no.	11.70
12.	Disc Filter (3700 x 10/11)	1 no.	135.00
13.	Parason Hot Disperser System DP-750, Control Panel & Hydraulic Units, Drive Arrangement and Supporting Structure	1 set	198.00
14.	Tri Disc Refiner TDR-24SM	1 no.	12.60
15.	LC Centricleaner (18+6+2)	1 set	20.70
16.	LC Pressure Screen VSL-10 With Parason Hiflo Slotted Screen Basket	1 no.	31.50
17.	LC Pressure Screen VSL-05 With Parason Hiflo Slotted Screen Basket	1 no.	9.90
18.	Vibrating Screen (Slotted)	1 no.	4.50
	Sub-total		734.40

Source: Quotation dated July 16, 2018 of Parason, Aurangabad

6. Cutter / Rewinder

Cutter and Re winder form an integral part of the finishing house in a paper industry. Paper manufactured in the Paper machine is in the form of jumbo rolls and these rolls will be shifted to a re-winder for rewinding and cutting into desired roll sizes as per the customer requirements. Rewinding of the jumbo rolls is important to maintain the tightness and tension required in the rolls which would be fed on to automatic or semiautomatic converting machines for various uses.

Cutter is used for cutting the jumbo rolls into sheets of different sizes. Here the capacity of the cutter has to match the capacity of the machine to avoid back log of jumbo rolls and to obtain the optimum production. Cutter machine is also very important for a paper industry as unfinished paper can hamper the supply of finished paper to the market. Also precision in cutting is important to reduce loss of trimmings and a smooth finished paper is easily fed on automatic converting machines easily.

The break-up / specifications of the machines are:

No.	Description	Quantity	(₹ in Lakhs)
1.	Duplex sheet cutter, 3,400 mm, knife load – 600 gsm, Machine speed – 120 m/min, Operating speed – 100 m/min	1 no.	64.65
2.	Micro Fab Rewinder (45-100 gsm); width – 3,400 mm, operating speed 1,000 mpm,	2 nos	36.00
3.	Drive & pneumatic panel for rewinder	4 nos	6.00
	Total		106.65

Source: Quotation dated September 2018 of Micra Fab Industries, Vapi, Gujarat



7. Weigh Bridge

A weighbridge, also known as a truck scale, is an arrangement of different components which work together to provide weight readings when a truck drives on to the scale. It is used for assessing the weight that a truck is carrying.

It comprises of a foundation pedestal, bridge or deck, load cell system, hook block, base module, adder module and bolt on guide rails and other accessories. These parts work collectively to provide a weight that can be used for a monetary transaction, inventory tracking, and to check legal weight limits for off-road and over-the-road travel.

We propose to install two weigh bridges, one for tracking of inventory of raw materials and another for dispatch of finished goods.



Sample image of weighbridge

Break-up of the cost of weigh bridge is as under:

Serial	Description	(₹ in Lakhs)
1.	Avery Make Electronic road weighbridge with capacity of 60T (platform size : 16M x 3M) [2 nos]	28.94
2.	MI Payload software	0.52
3.	Porta Cabin 6 x 6 ft [2 nos]	2.57
4.	Supervision of installation of weigh bridge	1.01
5.	Levies and other charges	0.40
	Total	33.44

Source: Quotation dated July 9, 2018 of Avery India Limited, Chennai

8. Electrical Equipment

The break-up of the cost of electrical equipment are as under:

No.	Description	(₹ in Lakhs)
1.	Paper Machine Section	
	- Wire Part	11.86
	- Press Part	3.52
	- Dryer Section	3.30
	- Size Plant	2.35
	- Pope Reel	0.62
	- Rewinder	1.95
	- Compressor	0.93
	- Sectional drive system	95.00
	- Drive for fan pump	12.00
	- MCC Panel	60.00
	- Cables	65.00
	- Condensate return pump	0.35
	Sub-total (A)	256.88
2.	Pulp Mill Section	
	- Various utilities	23.62
	- MCC Panel cabinets and starters	30.00
	- Erecting / commissioning of the panels / motors	30.00
	Sub-total (B)	83.62
	Grand Total (A+B)	340.49

Source: Quotation dated September 18, 2018 of Aum Pranav Tech. Enterprises, Dandeli, Karnataka

9. Erection expenses

The break-up of the cost towards erection of the equipment are as under:

No.	Description	₹ in lakhs
1.	Manpower / key personnel	185.00
2.	Construction of RCC machine foundation for paper machine	125.00
	Sub-total	310.00

10. Effluent Treatment Plant

Effluent treatment plant is designed to treat up to 1400m³/day of effluent to desired quality as stipulated by the Karnataka State Pollution Control Board.

The treatment plant has been designed so as to handle 1400 Cum of water per day. The system starts with the balancing tank & then a vibrating screen (to remove the free-floating matter if any) The effluent is sent to primary clarifier, passes on to the flow splitter where 75 % of the water is diverted back into process and 25 % is passed on to the aeration tank. The aerated water is sent to the secondary clarifier, which is the final stage of treatment. The overflow from the secondary clarifier is sent to lands for irrigation and gardening.

The sludge from the primary clarifier is sent to process section directly. (provision is made for de-watering and store aside for later use) Presently the treatment plant runs continuously on MESCOM power. Power to the Factory is being supplied through a dedicated, 11 KV- Feeder, which was done on the self-execution basis the Industry. Any time an alternate power supply is available through one of the two DG sets, which will be brought into service as if power supply fails.

We plan to appoint an ETP specialist who will be monitoring the plant on a daily basis. The treated water will be used for manufacturing and the excess water will be used for irrigation, gardening and housekeeping.

The break-up of the cost towards the ETP are as under:

No.	Description	(₹ in Lakhs)
1.	Civil works for Bar screen chamber, equalisation tank etc	24.00
2.	Mechanical items viz. raw water pumps, air blowers, diffusers etc	20.00
3.	Electrical Works	5.00
	Total	49.00

Source: Quotation dated September 22, 2018 of En-Zoom, Shimoga

11. Vehicles & Office Equipment

The break-up of the cost towards the Vehicles and office equipment ETP are as under:

Vehicles:

No.	Description	(₹ in Lakhs)
1.	JCB	21.56
2.	Tractor	11.66
3.	Trailer	3.12
4.	Crane	7.75
5.	Accessories	0.56
	Total	44.65

Office interiors:

No.	Description	(₹ in Lakhs)
1.	Civil work	8.87
2.	Interior work	32.01
	Total	40.88

12. Solar power unit / equipment

Existing facilities

Under the green belt development and green initiatives, the company, utilizing the renewable source of energy has invested in a 2.5 MW solar power plant at Ittigi, Bellary Dist., Karnataka and which was commissioned in March 2018. The Company has entered into an agreement with M/s Cleanmax Solar for the solar power development.

Proposed

We propose to invest in rooftop solar panels on the newly constructed building for meeting the electricity requirements. The existing facility is powered by 1250 KVA, for which there is already a contractual arrangement with MESCOM. Our management estimates that the new plant will require additional power of 1500 KVA. The approvals for this additional capacity are yet to be obtained. However, the management is confident that the above requirements will be met, since they have existing feeder line. In addition to this, the company has already commissioned a 2.5 MW solar power plant in Ittigi, Bellary Dist., Karnataka. An additional 1 MW rooftop solar plant is proposed as part of the expansion plan

The entire cost towards setting up of the solar power unit / equipment would be met out of the internal accruals of the Company and no funds are envisaged to be utilized out of the proceeds of the present IPO.

B. GENERAL CORPORATE PURPOSES

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

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

C. ISSUE EXPENSES

The estimated Issue related expenses include Issue Management Fee, Underwriting and Selling Commissions, Printing and Distribution Expenses, Legal Fee, Advertisement Expenses, Registrar's Fees, Depository Fee and Listing Fee. The total expenses for this Issue are estimated at ₹ 425 Lakhs and the break-up of the same is as follows:

Particulars	(₹ in Lakhs)	% of Issue expenses	% of Issue size
Payment to Merchant Banker including fees and reimbursements of Market Making Fees, Underwriting commission, payment to other intermediaries such as Legal Advisors, Registrars, Bankers, processing fee to ASBA banks and other out of pocket expenses;	[●]	[●]	[●]
Printing & Stationery, postage / courier expenses	[●]	[●]	[●]
Marketing & Advertising expenses including Selling Commission & Brokerage	[●]	[●]	[●]
Regulatory fee and other expenses	[●]	[●]	[●]
Total	[●]	[●]	[●]

Schedule of Implementation

The proposed schedule of implementation is as under:

Activity	Period
Acquisition of Land	Already available
Site Development	February, 2019
Civil works and foundation	February 2019 to April, 2019
Placement of order of plant & machinery	January 2019 to February, 2019
Delivery of the machineries	February, 2019 to June, 2019
Erection and commissioning of the machineries	February, 2019 to September, 2019
Trial run	October, 2019 to November, 2019
Commencement of commercial production	December, 2019

Proposed Schedule of deployment of funds

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

(₹ in Lakhs)				
Particulars	Funds already deployed	Funds to be deployed in F.Y. 2018-2019	Funds to be deployed in F.Y. 2019-2020	Total (₹ in Lakhs)
Procurement of capital assets	66.15	789.15	3,209.27	4,064.57
General Corporate purpose	[●]	[●]	[●]	[●]
Issue Expenses	43.12	381.88	-	425.00

Funds deployed till date

As on November 30, 2018, our company has deployed a sum of Rs. 109.27 lakhs towards the objects of the issue mentioned above, as certified by Statutory Auditors M/s Mohan & Sridhar, Chartered Accountants, Firm Registration No.: 002097S. The details of the deployment are as under :

Particulars	(₹ in Lakhs)
Deployment of Funds	
- Issue expenses	43.68
- Expenses incurred towards expansion of manufacturing facility	65.59
Total	109.27
Sources of Funds	
- Internal accruals	[●]
Total	[●]

Interim Use of Proceeds

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 utilisation 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.

Appraisal

The financial appraisal of the project has been carried out by CARE Advisory Research and Training Limited (CARE) who have assessed the project viability vide their appraisal report of December 2018.

(a) Scope /purpose of the appraisal

The scope of appraisal by CARE is as given below:

1. Evaluation of project cost, future projections, including revenue and expenses estimates
2. Comments on capacity utilisation
3. Comments on Industry scenario
4. Assessing financial viability of the project
5. Sensitivity analysis
6. Project risk and its mitigation

(b) The cost of the project and the means of finance is as per the appraisal report issued by CARE

- (c) For the project weakness and threats as envisaged by CARE, please refer to section titled "Risk Factors" beginning on page 20 of this Draft Red Herring Prospectus.

(d) Disclaimer of CARE

"This report is prepared by CARE Advisory, a division of CARE Advisory Research and Training Ltd. CARE Advisory has taken utmost care to ensure accuracy and objectivity while preparing this report based on information available in public domain and as provided by the client. However, neither the accuracy nor completeness of information contained in this report is guaranteed. CARE Advisory operates independently of CARE Ratings Ltd. (Formerly known as Credit Analysis and Research Ltd.) and this report does not contain any confidential information obtained by ratings team, which they may have obtained in the regular course of operations. The opinion expressed in this report cannot be compared to the rating assigned to the company within this industry by the ratings team. The opinion expressed is also not a recommendation to buy, sell or hold an instrument.

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Project Risks and Mitigation as envisaged by CARE (reproduced from CARE Appraisal Report)

No.	Risk	Details	Comments
(A) GENERAL RISK			
1	Regulatory policy/ Licensing requirements	Changes in Government policies/ regulatory compliances.	The industry is regulated in terms of the effluent discharge. The company shall ensure to adhere to the regulations and compliances.
2	Directors knowledge of the market	Promoters are experienced in paper industry.	Though the company is already in to paper industry, it would be new entrant to the kraft paper segment. Company shall ensure to retain adequate technical staff and quality checks in place.
3	Sponsor risk	Infusion of Equity	The promoter to bring shortfall in financial closure through IPO. Company may simultaneously approach PE Investors/ Underwriters to ensure timely financial closure of the project.
4	Project cost	The project requires heavy investment in plants and machineries.	Company may seek cost effective and latest machinery set-up to ensure maximum yield for achieving projections. Also it shall invite quotations from different supplier and negotiate the pricing.
(B) RISKS DURING CONSTRUCTION			
1	Project Implementation Risk	Promoters have limited experience in implementing greenfield project	BPML have appointed Mr. S. S. Vairamuthu as Project Management consultant who would be responsible for designing, planning, procurement of machineries, staffing and identifying the selling points.

No.	Risk	Details	Comments
2	Completion risk - Time and Cost Overrun.	Any delay in construction of projects and also the cost overrun will affect the cash flows of the project.	The project Implementation schedule is prepared taking into consideration risk of delay in supply of machinery, delay in construction due to natural calamities.
3	Legal Approvals	Approvals for required expansion project should be obtained from regulatory bodies	As per the DPR, all the approvals are in place for existing operations of the company. It shall ensure to obtain approvals for the expansion as and when applicable
4	Land availability, civil work	The company has adequate land for the expansion.	The company owns adequate land.
(C) OPERATIONAL RISK			
1	Market Risk	Ability to generate the projected revenue. Competition from foreign players is also increasing under FTAs.	As discussed earlier, demand for the paper product has been growing in the country. Strong sales and marketing strategy may help in mitigating the risk. Also the company is already in the existing business of paper product. So they have developed good contact in market from small retailers to wholesaler. It has also already received few letters of intents from its prospective customers.
2	Raw Material Risk	Availability of raw material and price fluctuation. Also poor wastepaper collection and recovery mechanism in the country	BPML buys major portion of raw materials (waste paper) from its group company which is established supplier of the waste paper to the various paper mills in Karnataka and Tamil Nadu. Company shall pass on the increased cost burden to the customers to maintain its margins. It shall also hedge its foreign exposures in case of imports.
3	Competitiveness	The Company should be competitive in respect of quality and cost.	Installation of modern P&M may mitigate the risk by producing high quality papers. Quality control shall be ensured. The Company also has an in-house laboratory for regular quality checks.
4	Natural Calamities/ Contingencies	Risk involved in loss due to natural calamities/ contingencies like fire/theft.	To mitigate the risk, company is suggested to take an additional insurance coverage to secure all the contingencies.
D	Funding Risk	The project is expected to be financed through equity contribution and Initial Public Offering (IPO).	Timely financial of IPO to be ensured

No.	Risk	Details	Comments
E	Energy Risk	Power being an important input for the industry, additional supply risk to be analyzed	Additional power requirement for the proposed project is estimated as 1500 KVA. The approvals for this additional capacity are yet to be obtained. It has also proposed to install solar power plant for its additional requirement. Power back up may be arranged to ensure smooth operations.
F	Utility Risk (Water)	Two borewells are available within the factory premises, and there is an existing approval with the Irrigation department to ensure a continuous water supply.	The factory is located on the banks of the Bhadravati, which gives access to saturated water tables, and a continuous supply of water. BPML would require 12.45 lakh litres of water per day. Necessary approvals are there in place to draw the required water. It also has 2 borewells in the existing premise.

Monitoring of Utilization of Funds

As the size of the Issue does not exceed ₹ 100 Crores, the appointment of Monitoring Agency would not be required as per Regulation 16 of the SEBI (ICDR) Regulations. Our Board will monitor the utilization of the proceeds of the Issue.

Pursuant to Regulation 32 of the SEBI Listing Regulations, 2015, our Company shall, disclose to the Audit Committee, the application of proceeds of the Issue on half-yearly basis. On an annual basis, our Company shall prepare a statement of funds utilized for purposes other than as proposed in this Prospectus and place it before the Audit Committee. Such disclosures shall be made until the proceeds of the Issue have been utilized in full.

No part of the proceeds of this issue will be paid as consideration to our Promoters, Directors, Key Managerial Personnel or group concerns/companies promoted by our Promoters except in the ordinary course of business.

Other Confirmations

There are no existing or anticipated transactions in relation to the utilization of net proceeds with any of our Promoters, Directors, Key Managerial Personnel or group companies and no part of the net proceeds is intended to be paid by our Company as consideration to any of our Promoters, Directors, Key Managerial Personnel or group entities, except in the ordinary course of business. Our Promoters, Directors, Key Managerial Personnel and group entities do not have any existing or anticipated interest in our proposed acquisition of any of the machineries or in respect of any of the expenses envisaged in the objects of the present Issue set out above.

Variation in Objects

In accordance with Section 27 of the Companies Act, 2013, the Company shall not vary the objects of the present Issue without the Company being authorised to do so by the shareholders by way of a special resolution. In addition, the notice issued to the shareholders in relation to the passing of such special resolution shall specify the prescribed details and be published in accordance with the Companies Act, 2013. Pursuant to the Companies Act, 2013, the Promoters or controlling shareholders will be required to provide an exit offer to the shareholders who do not agree to such proposal to vary the terms of contracts or objects referred to in the Prospectus at such exit price and as per such terms and conditions as may be prescribed by SEBI.

BASIS FOR ISSUE PRICE

The Offer Price will be determined by our Company and the Selling Shareholders in consultation with the Lead Managers, on the basis of assessment of market demand for the Offered Shares offered through the Book Building Process and on the basis of quantitative and qualitative factors as described below. You should read the following summary with the sections titled “Risk Factors”, “Our Business” and “Financial Information” on pages 20, 105 and 142 respectively, of this Draft Prospectus, to get a more informed view before making an investment decision. The trading price of the Equity Shares could decline due to the factors mentioned in “Risk Factors” or any other factors that may arise in the future and you may lose all or part of your investments.

Qualitative Factors

We believe, following are some of the qualitative factors, which form the basis for computing the issue price:

- a) Well established Company engaged in manufacture of paperboards and allied products, with a consistent track record of profits and positive operational cash flows.
- b) Proven quality of products enabling Company to cater to niche category of quality conscious customers mainly in South India.
- c) Promoters’ expertise in procurement of waste paper - which is our main raw material - through a well-established 40-year-old proprietary network ensures easy availability of quality raw material at very competitive prices, reducing dependence on imports and improving the margins.
- d) Company has managed its resources prudently; it is practically debt-free, has been financing its working capital requirements and capital expenditure (including recent investment in a 2.5MW Solar Plant and acquisition of 3.2 acres of land contiguous to the existing factory site) through internal accruals.
- e) Proposed expansion project when completed, will enable Company to cater to duplex board segment (existing product) as well as kraft paper segment (proposed) in the paper industry which segments together comprise approx. 51% of the industry size. (Industry Size source: CARE Industry Report)

For a detailed discussion on the qualitative factors, please refer to the sections titled “Our Business – Competitive Strengths” and “Risk Factors” on pages 105 and 20 respectively of this Prospectus.

Quantitative Factors

Financial information pertaining to our Company presented in this section is derived from our restated financial information, in accordance with the Companies Act and the SEBI Regulations. For more details on the financial information, please see the section “Financial Information” on page 142

Some of the quantitative factors which may form the basis for computing the Issue Price, are as follows:

1. Basic and Diluted Earnings per Share (“EPS”)

Year ended on March 31	Basic EPS*	Diluted EPS	Weight
2018	6.71	6.71	3
2017	3.48	3.48	2
2016	3.06	3.06	1
Weighted Average			5.03
June 2018[#]	1.64	1.64	

*99,83,000 equity shares of face value Rs. 10/- each were issued as fully paid bonus shares on July 30, 2018 to members of the Company shares in the proportion of 16.75 equity shares for every 1 equity shares (16.75:1) held in by them. For calculating EPS above, these bonus shares have been taken into consideration.

[#]3 months period ended June 30, 2018 (not annualised)

Notes:

- (i) Earnings per share (EPS) calculations are done in accordance with Accounting Standard 20(AS 20), Earnings Per Share” prescribed by the Central Government in accordance with the Companies (Accounting Standards) Rules, 2006, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(ii) *Basic Earnings Per Share (Rs.) = Net profit after tax, as restated, attributable to equity shareholders/Weighted average number of equity shares outstanding during the period or year*

(iii) *Diluted Earnings Per Share (Rs.) = Net profit after tax, as restated, attributable to equity shareholders (including dilutive potential equity shares)/ Fully diluted Equity Shares as on date including Bonus Issue of shares.*

2. Price Earnings Ratio (P/E) in relation to the Price band of Rs. [●] to Rs. [●] per Equity Share

Sl. No.	Particulars	P/E at the Floor Price	P/E at the Cap price
1	Based on the basic EPS for FY 2018	[●]	[●]
2	Based on the diluted EPS for FY 2018	[●]	[●]
2	Industry P/E		
A	Highest	138.78	138.78
B	Lowest	9.02	9.02
C	Average	45.28	45.28

Peer Group comprises of West Coast Paper Mills Ltd, South India Paper Mills Limited, Emami Paper Mills Limited, JK Paper Limited, International Paper APPM Limited and Astron Paper & Board Mill Ltd.

3. Return on Net Worth (RoNW)

Year ended on March 31	RONW %	Weight
2018	22.47%	3
2017	15.06%	2
2016	15.51%	1
Weighted Average		18.84%
June 30, 2018*	6.48%	-

*3 months period ended June 30, 2018 (not annualised)

Note:

- (i) *Return on net worth (%) = Net profit after tax, as restated / Net worth as restated as at period or year end*
- (ii) *Net worth = (Paid up equity share capital + securities premium balance + general reserve + Surplus in the Statement of Profit and Loss)*

4. Net Asset Value (NAV)

Net Asset Value per Equity Share as at June 30, 2018 on fully diluted basis	Rs. 31.86 per Equity Share*
Issue Price	[●]
Net Asset Value per Equity Share after the Issue	[●]

*99,83,000 equity shares of face value Rs. 10/- each were issued as fully paid bonus shares on July 30, 2018 to members of the Company shares in the proportion of 16.75 equity shares for every 1 equity shares (16.75:1) held in by them. For calculating NAV above, these bonus shares have been taken into consideration.

Note:

- (i) *Net Asset Value per share = Net worth as at period/year ended, as restated / Number of equity shares as at period or year end. For arriving NAV per share as on June 30, 2018, no. of equity shares outstanding post bonus issue have been considered.*
- (ii) *Net worth = (Paid up equity share capital + securities premium balance + general reserve + Surplus in the Statement of Profit and Loss)*
- (iii) *Offer Price per equity share shall be determined on conclusion of the Book Building Process.*

6. Comparison with listed industry peers:

(₹ in Lakhs except per share data)

Company	FV per share	CMP	Total Income	Basic EPS	Diluted EPS	NAV per share	P/E	RoNW (%)
Bhadra Paper Mills Limited	10	-	4,432	6.71	6.71	29.85	N.A.	22.47%
West Coast Paper Mills Ltd.	2	304.75	1,75,215	33.79	33.79	127.02	9.02	26.60%
Emami Paper Mills Ltd.	2	183.85	1,37,727	2.71	2.71	40.13	67.91	6.75%
JK Paper Ltd.	10	151.05	2,90,000	14.85	14.85	93.78	10.18	15.83%
International Paper Appm Ltd.	10	451.70	1,28,510	20.89	20.89	141.82	21.63	14.73%
Astron Paper & Board Mill Ltd.	10	108.70	25,370	4.50	4.50	27.12	24.18	16.57%
South India Paper Mills Ltd.	10	88.15	13,661	0.64	0.64	93.13	138.78	0.68%

Notes:

1. Considering the nature and size of the business of the Company, the peers are not strictly comparable. However, above companies have been included for broader comparison.
2. EPS and NAV per share for Bhadra Paper Mills Limited are based on the total outstanding equity shares (post bonus issue) as on date of this DRHP.
3. The figures for the peer group are based upon the Consolidated/Standalone financials for the financial year ended March 31, 2018.
4. CMP is the closing price of the respective equity shares as on December 26, 2018.
5. P/E Ratio has been computed based on the closing market price as on December 26, 2018 divided by the EPS based on the financials of FY 2018.
6. Return on Net Worth is calculated based upon the profit after tax reported by the peer group for the financial year ended March 31, 2018.

5. The Offer price is [●] times of the face value of the Equity Shares.

The Offer Price of Rs. [●] has been determined by our Company and Selling Shareholders, in consultation with the Lead Managers, on the basis of 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 TAX BENEFITS

Statement of Possible Income-Tax Benefits available to Bhadra Paper Mills Limited and its shareholders

The Board of Directors
Bhadra Paper Mills Limited
23/14, 2nd Floor, Jalashambhavi Complex
1st Main, Gandhinagar
Bengaluru 560009

Dear Sirs / Madam

Subject: Statement of possible income-tax benefits ('the Statement') available to Bhadra Paper Mills Limited ('the Company') and its shareholders prepared in accordance with the requirement in Schedule VIII – Clause (VII) (L) of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009, as amended ('the Regulations')

1. We hereby report that the enclosed Statement prepared by the Company, states the possible income-tax benefits available to the Company and its shareholders under the Income-tax Act, 1961 ('the Act'), read with the Finance Act, 2018 presently in force in India being the law in force at the time of the Draft Prospectus.
2. The possible tax benefits mentioned in the enclosed Statement are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant statutory provisions of the Act. Hence, the ability of the Company or its shareholders to derive the income-tax benefits is dependent upon fulfilling such conditions, which, based on business imperatives faced in the future, the Company or its shareholders may or may not choose to fulfil.
3. The benefits discussed in the enclosed Statement are not exhaustive. Further, the preparation of the Statement and its contents is the responsibility of management of the Company. We are informed that this Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional income-tax advice. In view of the individual nature of the income-tax consequences and changing income-tax provisions, each investor is advised to consult with his or her own tax consultant with respect to the specific tax implications arising out of their participation in the proposed initial public offering consisting of an offer for sale of equity shares by certain shareholders of the Company ('the Proposed Offer'). Neither are we suggesting nor are we advising the investor to invest money based on this Statement.
4. We have conducted our examination in accordance with the 'Guidance Note on Reports or Certificates for Special Purposes' (the 'Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). The Guidance Note requires that we comply with ethical requirements of the Code of Ethics issued by the ICAI.
5. We do not express any opinion or provide any assurance as to whether:
 - i) the Company or its shareholders will continue to obtain these possible tax benefits in the future; or
 - ii) the conditions prescribed for availing the possible tax benefits have been/would be met.
6. The contents of the enclosed Statement are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.
7. Our views expressed herein are based on the facts and assumptions indicated to us. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of the income-tax law and their interpretation, which are subject to change from time to time. We do not assume responsibility to update this Statement consequent to such changes. We shall not be liable to the 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 or intentional misconduct. We will not be liable to any other person in respect of this Statement.

8. The enclosed Statement is intended solely for your information and for inclusion in the Red Herring Prospectus and the Prospectus and any other material in connection with the Proposed Offer and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For MOHAN & SRIDHAR
Chartered Accountants
Firm Registration No. 002097S

M G Mohan Kumar
Partner
Membership No.023496

Place: Bengaluru
Date: 18th December, 2018

**ANNEXURE TO THE STATEMENT OF POSSIBLE INCOME-TAX BENEFITS/ CONSEQUENCES
IN CASE OF COMPANY AND ITS SHAREHOLDERS UNDER THE APPLICABLE INCOME-TAX
LAW IN INDIA AND OTHER BENEFITS UNDER RESPECTIVE LAWS/ SCHEMES**

INCOME TAX

We hereby report that the enclosed Statement of possible tax benefits available to the Company and its shareholders under the applicable tax laws in India (the “Statement”) is in connection with the possible tax benefits available to (i) the Company and, (ii) the shareholders of the Company, under the Income- tax Act, 1961, (“the Act”) read with the Finance Act, 2018 presently in force in India, which are applicable from 1 April, 2018. The benefits/ consequences as applicable and relevant for each category (Company and shareholder) are grouped under two separate sections i.e. those applicable to the Company and the shareholders respectively. To the extent that certain provisions may be common to both categories, they may be repetitive.

Further, the notes given at the end of this statement are an integral part of this statement. The provisions specified in this statement are required to be necessarily read along with the notes. The tax rates specified in statement have to be read with note (ii) which specifies the applicable rates of surcharge and cess.

Several of these benefits are dependent on the Company or its shareholders, as the case may be, fulfilling the conditions prescribed under the relevant statutory provisions. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which, based on business imperatives the Company faces in the future, the Company or its shareholders may or may not choose to fulfill.

The benefits discussed in the enclosed Statement are not exhaustive. This Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. Further, the above statement of income-tax benefits/consequences sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential income-tax benefits/consequences of the purchase, ownership and disposal of shares.

In view of the individual nature of the tax consequences and changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Offer. Neither are we suggesting nor are we advising the investor to invest money based on this Statement.

Benefits/consequences in case of the Company:**a) Dividends paid**

- The Company is required to pay Dividend Distribution Tax (DDT) at the rate of 15 percent (before levy of appropriate surcharge and Health & education cess) upon distribution of dividend under section 115- O of the Act. The tax is required to be calculated at the rate of 15 percent of the gross pay out (that is, dividend and tax). As such the effective tax rate works out to 17.65 percent of the net dividend pay-out.

b) Certain receipts

- As per the provisions of section 10(34) of the Act, dividend received from a domestic company (on which DDT is paid by the domestic company in accordance with section 115-O of the Act), is exempt from tax for the shareholder.
- Section 14A of the Act restricts claim for deduction of expenses incurred in relation to earning of exempt income. Thus, any expenditure incurred to earn tax exempt income would not be a tax deductible expenditure.
- Income by way of interest payable by public sector companies in respect of bonds or debentures specified by the Central Government is exempt from tax under section 10(15)(iv)(h) of the Act.

c) Capital gains

- Capital gains arise on disposal of, inter-alia, securities that are held as capital assets. Capital gains arising from the transfer of long-term capital asset are characterized as long-term capital gains ('LTCG'). Conversely, capital gains arising from transfer of short-term capital asset are treated as short-term capital gains ('STCG').

Period of Holding

- Capital assets are categorized into short-term capital asset and long-term capital asset based on the period of holding of such asset which are as follows:
 - (i) Listed securities (including shares) and units of an equity oriented fund – these are considered long term capital assets if held for more than 12 months; otherwise these would be considered short term capital assets.
 - (ii) Units of non-equity oriented fund and unlisted securities (other than shares)– these are considered long term capital assets if held for more than 36 months; otherwise these would be considered short term capital assets.
 - (iii) Unlisted shares – these would be considered as long-term capital assets if held for more than 24 months; otherwise these would be considered short term capital assets

Tax Rates

- **Listed securities (including shares) and units of an equity oriented fund where STT is payable.**

Under the law presently in force, the LTCG arising on transfer of these securities is exempt, provided such transfer is chargeable to securities transaction tax ('STT'), so also their acquisition, unless the securities have been acquired through a mode, notified as not requiring to fulfil the pre-condition of chargeability to STT.

As per Finance Act, 2018, LTCG exceeding one lakh rupees to the extent arising on transfer of these securities is taxable at 10 percent, provided such transfer is chargeable to STT. Further, to avail such concessional rate of tax, STT should also have been paid on acquisition, unless the securities have been acquired through a mode, to be notified as not requiring to fulfil the pre-condition of chargeability to STT.

The LTCG arising from the transfer of such securities shall be calculated without indexation (inflation adjustment).

To provide relief on gains already accrued upto 31 January 2018, suitable adjustment has been proposed for the computation of the cost of acquisition (COA) of securities. The STCG arising on transfer of the above securities are taxable at 15 percent provided STT is chargeable on such transfer.

- **Where STT is not payable**

In case of transfer of these securities without charge of STT, the LTCG is taxable at the rate of 20 percent with indexation. Where such LTCG arises from transfer of listed securities (other than units of an equity oriented mutual fund), there may be an option to pay tax at the rate of 20 percent with indexation or 10 percent without indexation, whichever is more beneficial.

Further, STCG from such transactions is taxable at the general corporate tax rate - at the rate of 30% plus surcharge and cess. However, the Company will enjoy tax benefits in tax rate and will be taxed at the rate of 25% plus applicable surcharge and cess as the turnover or gross receipt of the company does not exceed Rs. 250 crores.

- **Units other than equity oriented funds and unlisted securities**

The LTCG arising on transfer of the above securities is taxable at the rate of 20 percent with indexation. The STCG in such cases is taxable at the general corporate tax rate - currently 30 percent.

- **Losses under the head “capital gains”**

Under section 74 of the Act, short-term capital losses incurred during the year are allowed to be set-off against short-term or long-term capital gains of the said year. Balance losses, if any may be carried forward for eight years for claiming set-off against subsequent years’ short-term or long-term capital gains. Long-term capital losses incurred during the year are allowed to be set-off only against long-term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent year’s long-term capital gains.

- **Dividend and Bonus Stripping**

1. Section 94(7) of the Act restricts allowance of losses arising from sale/transfer of securities/unit of mutual fund where these are purchased within three months prior to the record date (relevant for the purpose of receipt of dividend) and such securities are sold within three months or such units are sold within 9 months after such record date. In such cases, the loss (if any) arising from such sale should be ignored to the extent of the amount of dividend or income received/receivable on such securities/units.
2. Section 94(8) of the Act restricts allowance of losses arising from sale/transfer of units of mutual fund where these are purchased within three months prior to the record date (relevant for the purpose of receipt of bonus units) and such units are sold within 9 months after such record date. In such cases, the loss (if any) arising from such sale/transfer of the original units should be ignored for the purpose of computing taxable income, and further, the amount of loss so ignored may be regarded as the cost of acquisition of the bonus units held on the date of sale/redemption of the original units.

d) Other provisions

- Section 80G of the Act allows specified amount of deduction in case of contribution made to certain specified funds or institutions.
- Section 35 of the Act allows specified deduction in computing business profits, inter alia, on account of contributions made to a research association or institution for the purpose of scientific research.
- Provisions of section 56(2)(x) of the Act seek to tax receipt of the sum of money or property (which inter alia includes shares and securities) by any person without consideration or for inadequate consideration in excess of Rs. 50,000, unless specifically exempted (e.g. gift from relative).
- Domestic Companies are taxed at the rate of 30% plus surcharge and cess. However, the Company will enjoy tax benefits in tax rate and will be taxed at the rate of 25% plus applicable surcharge and cess as the turnover or gross receipt of the company does not exceed Rs.250 crores.

Benefits/consequences in case of the Shareholders – General

a) Dividend income

- Dividend (both interim and final) paid by the Company attracts DDT in the hands of the Company under section 115-O of the Act. It is exempt from tax in the hands of the shareholder.
- However, section 115BBDA of the Act provides that the aggregate of dividends received by specified taxpayers (except domestic company and certain funds, trusts, institutions) in excess of INR 10 lakh is taxable at the rate of 10 percent on a gross basis, and no deduction will be available for any expenditure.
- Section 14A of the Act restricts claim for deduction of expenses incurred in relation to earning of exempt income (here, dividend income).

b) Characterization of gains from transfer of shares

- The characterization of the gains/losses, arising from sale/transfer of shares as business income or capital gains would depend on the nature of holding and various other factors. The Central Board of Direct Taxes (CBDT) has clarified in a circular that income arising from transfer of listed shares and securities, which are held for more than 12 months would be taxed as “Capital Gains” unless the shareholder itself treats these as its stock-in-trade and income arising from transfer thereof as its business income.

c) Capital Gains-general

Long term and short-term capital gains

- Capital assets are categorized into short-term capital asset and long-term capital asset based on the period of holding of such asset. Equity shares listed on a recognized stock exchange in India held by an assessee for more than 12 months immediately preceding the date of transfer are considered as long-term capital asset whereas if such shares are held for 12 months or less are regarded as short-term capital asset. Capital gains arising from the transfer of long-term capital asset are characterized as LTCG. Capital gains arising from transfer of short-term capital asset are treated as STCG.

Deductions in computing capital gains

- In terms of section 48 of the Act, in order to arrive at the quantum of capital gains, the following amounts would be deductible from the full value of the consideration:
 - a) Cost of acquisition of shares; and
 - b) Expenditure incurred wholly and exclusively in connection with transfer of shares

Dividend and Bonus Stripping

- Section 94(7) of the Act restricts allowance of losses arising from sale/transfer of securities/unit of mutual fund where these are purchased within three months prior to the record date (relevant for the purpose of receipt of dividend) and such securities are sold within three months or such units are sold within 9 months after such record date. In such cases, the loss (if any) arising from such sale should be ignored to the extent of the amount of dividend or income received/receivable on such securities/units.
- Section 94(8) of the Act restricts allowance of losses arising from sale/transfer of units of mutual fund where these are purchased within three months prior to the record date (relevant for the purpose of receipt of bonus units) and such units are sold within 9 months after such record date. In such cases, the loss (if any) arising from such sale/transfer of the original units should be ignored for the purpose of computing taxable income, and further, the amount of loss so ignored may be regarded as the cost of acquisition of the bonus units held on the date of sale/redemption of the original units.

Exemptions on reinvestment

- I. Exemptions may be claimed from taxation of LTCG or STCG if investments in certain specified securities/assets is made subject to fulfillment of certain conditions. The following exemptions may be available to the Section 54EE of the Act exempts long-term capital gains on transfer of shares if the gains upto Rs. 50 lacs are invested in “long term specified assets” (i.e. units of notified fund) within six months from the date of transfer. The investment in long term specified assets should be held for 3 years.
- II. Section 54F of the Act exempts long-term capital gains on transfer of shares, held by an individual or HUF, if the net consideration is utilized to purchase/ construct a residential house within specified timelines.

Set-off and carry forward of losses

- As per section 74 of the Act, short-term capital losses incurred during the year are allowed to be set-off against short-term or long-term capital gains of the said year. Balance losses, if any may be carried forward for eight years for claiming set-off against subsequent years' short-term or long-term capital gains. Long-term capital losses incurred during the year are allowed to be set-off only against long-term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent year's long-term capital gains.

STT

- STT is a tax payable on the value of specified securities (such as shares, certain derivatives or equity oriented mutual fund) transacted on a recognized stock exchange. STT is not allowed as a deduction while computing income from capital gains.

Tax Rates

- As per Finance Act, 2018, LTCG exceeding one lakh rupees to the extent arising on transfer of these securities is taxable at 10 percent, provided such transfer is chargeable to STT. Further, to avail such concessional rate of tax, STT should also have been paid on acquisition, unless the securities have been acquired through a mode, to be notified as not requiring to fulfil the pre-condition of chargeability to STT.
- The LTCG arising from the transfer of such securities shall be calculated without indexation (inflation adjustment).

To provide grandfathering/ relief on long term gains arising on sale of listed shares that were acquired originally as unlisted shares upto 31 January 2018, an indexation mechanism has been provided.

Under this mechanism, where sale consideration is higher than the indexed COA (Cost Of Acquisition), the COA would be substituted with the indexed COA and capital gains will be computed accordingly.

Where sale consideration is higher than the COA but not higher than the indexed COA, the sale consideration is deemed as the COA, such that the gains would be neutralized.

This benefit is available in the following cases:

- equity shares, not listed as on 31 January 2018 but listed on the date of transfer; and
- equity shares listed on the date of transfer but acquired in consideration of shares not listed on 31 January 2018 through tax neutral modes of transfer (e.g. amalgamation, demerger)
- In the context of the exempt LTCG regime upto 31 March 2018, CBDT had notified cases of acquisition of shares (e.g. acquisition under employee stock option or purchase schemes framed under the SEBI (ESOPs and ESPS) Guidelines, 1999; acquisition approved by the Courts, NCLT, SEBI or RBI; acquisition by any non-resident as per FDI guidelines) for which the pre-condition of chargeability to STT would not be applicable and yet the LTCG on transfer of the listed shares would stand exempted. A similar notification is expected to be rolled out in the context of the aforesaid new LTCG regime to be applicable from 1 April 2018.
- The STCG arising on transfer of listed shares are taxable at 15 percent provided STT is chargeable on such transfer.

Minimum Alternative Tax ('MAT')

- MAT may apply where the income-tax payable by a company under the regular tax provisions is less than 18.5 percent of the "book profit" (calculated as per the provisions of section 115JB). In such cases, there would be an obligation to pay MAT at the rate of 18.5 percent of such book profit in lieu of regular income tax. Provisions allow the credit for such MAT against taxes payable in subsequent 15 years. In computing such book profits, exempt LTCG on listed equity shares and units of equity oriented fund will have to be factored in.

Alternative Minimum Tax ('AMT')

- AMT may apply where the income-tax payable by the shareholder (other than companies) under the regular tax provisions is less than 18.5 percent of the “adjusted total income” (being the total income before giving effect to certain deductions to be calculated under section 115JC). In such cases, there would be an obligation to pay AMT at the rate of 18.5 percent of such adjusted total income in lieu of regular income tax. Provisions allow the credit for such AMT against taxes payable in subsequent 15 years.

Buy Back

- Income arising to a shareholder on account of buy back of shares (not being listed on a recognized stock exchange) by a company will be tax exempt under section 10(34A) of the Act. In such cases, the company buying back the shares is liable to pay additional tax at the rate of 20 percent on distributed income being difference between consideration and the amount received by the company for issue of shares.

Further provisions applicable to specific category of shareholders are discussed below:

d) Capital gain – Resident shareholders

- In case of transfer of listed shares which are not chargeable to STT, LTCG is taxable at the rate of 20 percent with indexation (inflation adjustment) or 10 percent without indexation whichever is more beneficial. The STCG arising in case of transfer of shares which are not chargeable to STT is taxable at the general corporate tax rate for domestic companies and as per slab rate in case of resident shareholders other than domestic companies.
- No withholding tax/ tax deduction at source is applicable on income arising by way of capital gains to a resident shareholder on transfer of shares of an Indian company.
- As per section 80C of the Act, individuals are allowed a deduction (up to a specified limit) against taxable income in respect of investments made in certain specified instruments.
- As per provisions of section 80G of the Act, specified amount of deduction is allowed in case of contribution made to certain specified funds or institutions.

e) Foreign Portfolio Investors (FPI) (earlier known as ‘Foreign Institutional Investor’)

- As per section 2(14) of the Act, securities held by a FPI registered in accordance with the SEBI Regulations for FPIs would be in the nature of “capital asset”. Consequently, the income arising to a FPI from transactions in securities are treated as capital gains.

As per provisions of Section 115AD of the Act, capital gains arising from transfer of securities would be taxable as follows:

Nature of income	Rate of tax (%)
LTCG on sale of equity shares subject to STT	10*
LTCG on sale of equity shares not subject to STT	10
STCG on sale of equity shares subject to STT	15
STCG on sale of equity shares not subject to STT	30

**As per Finance Act, 2018, LTCG exceeding one lakh rupees to the extent arising on transfer of these securities is taxable at 10 percent, provided such transfer is chargeable to STT. Further, to avail such concessional rate of tax, STT should also have been paid on acquisition, unless the securities have been acquired through a mode, notified as not requiring to fulfil the pre-condition of chargeability to STT.*

- As per section 196D of the Act, any income, by way of capital gains arising to the FPI from transfer of securities is not subject to withholding tax/ tax deduction at source in section 115AD of the Act. Tax, if any, would be required to be discharged by the concerned FPI prior to making the remittance of the proceeds out of India.

- It has been clarified to the effect that provisions of MAT do not apply to FPIs that do not have a permanent establishment or place of business in India.

f) Special provisions for NRIs

A special scheme of taxation applies in case of Non-Resident Indian ('NRI') in respect of income/LTCG from investment in "specified foreign exchange assets" as defined under Chapter XII- A of the Act.

Key provisions of the scheme are as under:

- NRI is defined to mean an individual being a citizen of India or a person of Indian origin who is not a resident. A person is deemed to be of Indian origin if he, or either of his parents or any of his grandparents, were born in undivided India.
- Key tax implications are:

Section	Provision
115E	LTCG [not covered under section 10(38)] in respect of a specified asset (which <i>inter alia</i> includes shares of an Indian company) is taxable at 10 percent.
115F	LTCG [not covered under section 10(38)] arising on transfer of a foreign exchange asset is tax exempt if the net consideration from such transfer is <u>reinvested</u> in specified assets or in savings certificates referred to in section 10(4B) of the Act subject to the conditions prescribed therein.

- In terms of section 115G of the Act, NRIs are not obliged to file a return of income under section 139(1) of the Act, if their only source of income is income from investments or long-term capital gains or both, provided adequate tax has been deducted at source from such income.
- Section 115H of the Act specifies that when NRIs become assessable as resident in India, they may furnish a declaration in writing to the Assessing Officer along with their return of income for that year to the effect that the scheme of Chapter XII-A shall continue to apply to them in relation to such investment income derived from the specified assets (which do not include shares in an Indian company) for that year and subsequent assessment years until such assets are transferred or converted into money.
- Section 115-I of the Act allows NRIs to elect not to be governed by the scheme for any assessment year by furnishing their return of income for that year under section 139 of the Act and declaring the choice made in such return and accordingly they would be taxed in that assessment year in accordance with the regular tax provisions.

g) Non-resident shareholders (other than FPIs and NRIs)

- In case of a non-resident shareholder, the first proviso to section 48 of the Act allows the capital gains arising from the transfer of listed equity shares of an Indian Company to be computed by converting the cost of acquisition, expenditure incurred wholly and exclusively in connection with such transfer and the full value of consideration into the same foreign currency as was initially utilized in the purchase of the shares and the capital gains so computed should be reconverted into Indian currency. However, the benefit of indexation (as provided in second proviso to Section 48) is not available to non-resident shareholders.
- As per provisions of section 80G of the Act, specified amount of deduction is allowed in case of contribution made to certain specified funds or institutions.

- It has been clarified that MAT provisions do not apply to a foreign company that does not have a permanent establishment/ place of business.

h) Additional tax benefits/consequences for non-resident shareholders

- *Treaty benefit*

Section 90(2) of the Act allows non-resident shareholders to opt to be taxed in India as per the provisions of the Act or the double taxation avoidance agreement ('DTAA') or tax treaty entered into by the Government of India with the country of residence of the non-resident shareholder, whichever is more beneficial subject to fulfillment of conditions.

Further, any income by way of capital gains payable to non-residents [other than capital gains payable to an FPI] may be subject to withholding tax in accordance with the provisions of the Act or under the relevant DTAA, whichever is beneficial to such non-resident unless such non-resident has obtained a lower withholding tax certificate from the tax authorities.

- *Indirect Transfer Provisions*

Section 9 of the Act seeks to charge tax in various cases where income may be deemed to accrue or arise in India. Included in the list is the case of indirect transfer of capital assets in India through transfer of any share or interest in any company or entity outside India.

In response to concerns raised by stakeholders that the provisions resulted in multiple-taxation, it has been clarified that the indirect transfer provisions shall not apply to investment held by any non-resident, directly or indirectly, in a Foreign Institutional Investor and registered as Category-I or Category-II FPI under the SEBI Act, 1992.

- *PAN/ tax documents*

The withholding tax rates are subject to the recipients of income obtaining and furnishing a permanent account number (PAN) to the payer, in the absence of which the applicable withholding tax rate would be the higher of the applicable rates or 20%, under section 206AA of the Act. The requirement to furnish PAN will not apply if the non-resident shareholder furnishes prescribed documents to the payer.

As per Finance Act, 2018, resident non-individuals entering into financial transactions of an amount aggregating to two lakh and fifty thousand rupees or more in a financial year shall be required to apply for allotment of PAN. Further, the managing director, director, partner, trustee, author, founder, karta, chief executive officer, principal officer or office bearer or any person competent to act on behalf of such entities shall also be required to apply for allotment of PAN.

i) Benefits available to Investment Funds

Investment funds being Category I and Category II Alternative Investment Funds (AIF) registered under the SEBI AIF Regulations have been accorded a pass through status under the Act. Accordingly, income of such investment funds other than income chargeable under the head "Profits and gains of business or profession" should be exempt

- from income tax as per section 10(23FBA).
- *However*, income (other than income chargeable under the head "Profits and gains of business or profession) of the unit holder out of the investment made in such investment fund is chargeable to income-tax in the same manner as if it were income accruing or arising to, or received by, such unit holder had the investments, made by the Investment Fund, been made directly by him.
- The taxable income of an Investment Fund would be charged at the rate or rates as specified in the Finance Act of the relevant year where the Investment Fund is a company or a firm or at maximum marginal rate in any other case.

- Further, the income accruing or arising to or received by the Investment Fund if not paid or credited to a person (who has made investments in an Investment Fund) shall be deemed to have been credited to the account of the said person on the last day of the previous year in the same proportion in which such person would have been entitled to receive the income had it been paid in the previous year.
- There is no specific exemption provided under the Act for the income earned by the Category III AIF. The taxability depends on the status of the Fund. In case the Fund is set-up as a 'Trust', the principles of trust taxation should apply based on the nature of the trust.

j) Benefits available to Mutual Funds

- In terms of section 10(23D) of the Act, all Mutual funds set up by public sector banks or public sector financial institutions or Mutual Funds registered under SEBI Act or Mutual Funds authorized by the Reserve Bank of India, subject to the conditions specified, are eligible for exemption from income taxes on all their income, including all incomes and gains arising from investment in/ transfer of the shares of the Company.
- However, the Mutual Funds would be required to pay tax on distributed income to unit holders as per the provisions of section 115R of the Act.
- As per section 196 of the Act, no tax is to be deducted from any income payable to a Mutual Fund specified under section 10(23D) of the Act.

Others

General Anti-Avoidance Rule ('GAAR'):

- GAAR is a set of anti-tax abuse provisions in the Act that give wide powers to the income-tax authorities in a manner that may override regular tax provisions. GAAR may be invoked in case any arrangements are found to be "impermissible avoidance arrangements". A transaction can be declared as an impermissible avoidance arrangement, if the main purpose of the arrangement is to obtain a tax benefit and which satisfies one of the four below mentioned elements:
 - (2) The arrangement creates rights or obligations which are ordinarily not created between parties dealing at arm's-length;
 - (3) It results in directly / indirectly misuse or abuse of the Act;
 - (4) It lacks commercial substance or is deemed to lack commercial substance in whole or in part; or
 - (5) It is entered into or carried out in a manner, which is not normally employed for bona fide purposes.

The provisions of GAAR are applicable with effect from financial year 2017-18 and onwards.

Wealth Tax and Gift tax

- The Finance Act, 2015 has abolished the levy of wealth tax with effect from 1 April 2016.
- Provisions of section 56(2)(x) of the Act seek to tax receipt of the sum of money or the property (which inter alia includes shares and securities) by any person without consideration or for inadequate consideration in excess of Rs. 50,000, unless specifically exempted (e.g. gift from relative).

Notes:

- (i) All the above income-tax benefits/consequences are as per the current Indian income-tax law relevant for Assessment Year 2019-20 which corresponds to the financial year ending 31 March 2019 (considering the amendments made by Finance Act, 2018) and key tax amendment proposals included in the Bill. The income-tax law is subject to change from time to time.
- (ii) All tax rates stated above would have to be increased by applicable surcharge and cess calculated on tax plus surcharge.

As per the Finance Act, 2018 surcharge is to be levied as under:

- (a) In the case of individual or Hindu undivided family or association of persons or body of individuals, whether incorporated or not, or every artificial juridical person, where his income exceeds Rs. fifty lakhs but does not exceed Rs. one crore, a surcharge at 10 percent of tax liability is payable and when such income exceeds Rs. one crore, surcharge at 15 percent of tax is payable.
- (b) In case of firms, where income exceeds Rs. one crore, a surcharge at 12 percent of tax is payable.
- (c) In case of domestic company, where its income exceeds Rs. one crore but does not exceed Rs. ten crores, a surcharge at the rate of 7 percent of tax liability is payable and when such income exceeds Rs. ten crores, surcharge at 12 percent of tax is payable.
- (d) In case of companies other than domestic companies, where the income exceeds Rs. one crore but does not exceed Rs. ten crores, a surcharge of 2 percent of such tax liability is payable and when such income exceeds Rs. ten crores, surcharge at 5 percent of tax is payable.
- (e) In case of tax under sections 115-O and 115-R of the Act, surcharge of 12 percent of the tax liability is payable

Effective 1 April 2018, 'Health and Education cess' at the rate of 4 percent on the income tax (including surcharge) is applicable.

- (iii) This statement sets out the position as per the Act as amended by the Finance Act, 2018. This position of law and its interpretation is subject to change from time to time. Further, no assurance is given that the revenue authorities/courts will concur with the views expressed herein.
- (iv) The above statement covers only certain relevant income-tax benefits/consequences under the Act and does not cover benefits/consequences under any other law.

The stated income-tax benefits/consequences will be available only to the sole/first named holder in case the shares are held by joint holders.

SECTION IV: ABOUT THE COMPANY AND THE INDUSTRY

INDUSTRY OVERVIEW

Except as otherwise indicated, the information contained in this section is derived from a report titled “Research report on Kraft Paper”, prepared by CARE Advisory and issued during December 2018. Neither we nor any other person connected with the Issue has independently verified this information. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry publications are also prepared based on information as of specific dates and may no longer be current.

Further, in this regard, CRISIL Research has issued the following disclaimer:

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Overall Economic Outlook - World Economy:

As per International Monetary Fund (IMF) report on Global Economy outlook, October 2018 update, Global growth is projected to reach 3.7% in 2018 and 2019. Growth rate for emerging market and developing economies is estimated to rise up from 4.4% in 2016 to 4.7% in 2018 and 2019. Advanced economies are projected to gradually grow at stable rates of about 2.1% in 2019, reflecting supportive financial conditions, strong business and consumer confidence and investment response to the corporate income tax cuts.

Summary of Real GDP Growth is given below:

Real GDP Growth (%):

Country & Groups	2016	2017	2018	2019
			Projections	Projections
World Output	3.3	3.7	3.7	3.7
Advanced economies	1.7	2.3	2.4	2.1
Emerging Market and Developing Economies**	4.4	4.7	4.7	4.7
Emerging and Developing Asia	6.5	6.5	6.5	6.3
China	6.7	6.9	6.6	6.2
India	7.1	6.7	7.3	7.4
ASEAN-5*	4.9	5.3	5.3	5.2
Emerging and Developing Europe	3.3	6.0	3.8	2.0
Latin America & the Caribbean	(0.6)	1.3	1.2	2.2
Middle East, North Africa	5.1	2.2	2.4	2.7
Sub-Saharan Africa	1.4	2.7	3.1	3.8
Low-Income Developing Countries	3.6	4.7	4.7	5.2

(Source: International Monetary Fund, October 2018)

*Thailand, Singapore, Vietnam, Indonesia, Malaysia

**Includes Commonwealth of Independent States, Emerging and Developing Asia, Emerging and Developing

Europe, Latin America & the Caribbean, Middle East, North Africa, Sub-Sahara Africa

Global growth in 2018 and 2019 is forecasted at 3.7% for both the years, while Economic growth of India is projected to strengthen to above 7.3%, gradually recovering from the short-term adverse impact of Goods and Services Tax (GST) and demonetisation.

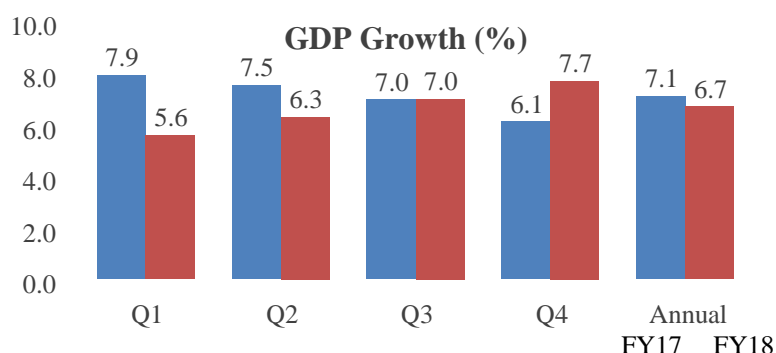
Indian Economy:

Analysis of GDP FY 2017-18 (Source: CARE Ratings)

As per the provisional estimates for Gross Domestic Product (GDP) growth of FY18 put forward by CSO, the Indian economy is expected to grow at 6.7%. In FY18, the growth was driven by services sector, construction and pick up in the manufacturing sector.

In real terms, the GDP growth fell for the second consecutive year after recording a growth of 8.2% in FY16 and 7.1% in FY17. In nominal terms, the GDP has grown at 10% in FY18, lower than 10.8% growth in FY17. Gross value added (GVA) is slated to grow by 6.5% in FY18, lower than 7.1% growth registered in the previous year.

On the quarterly basis, the GDP for Q4 FY18, grew by substantial 7.7% compared with 6.1% growth in the comparable quarter in the previous year and higher than 7% growth in Q3 FY18. GVA grew by 7.6% as against 6.6% growth in Q3 FY18 and 6% growth in Q4 FY17. During the quarter, the GDP was supported by growth in public admin, defence, and other services (13.3%), agriculture (4.5%), manufacturing (9.1%) and construction sector (11.5%) while the growth has been capped by subdued performance of services.



Source: MOSPI

Sectoral Growth

- In FY18, the agricultural sector grew at 3.4% lower than 6.3% growth recorded in FY17. The agriculture sector did not see much improvement due to 5% deficient monsoon along with uneven spread across regions.
- The growth in mining and quarrying sector declined substantially from 13% in FY17 to 2.9% in FY18.
- The manufacturing sector grew at 5.7% than 7.9% growth in the previous year. The sector was affected due to lackluster performance in the first quarter of FY18 when the producers undertook destocking activities with the implementation of the GST. However, the sector witnessed improvement in the last 3 quarters after the restocking activities were undertaken following waning of disruptions post implementation of the GST.
- The growth of construction sector stood at 5.7% for the fiscal year FY18 as against 1.3% growth in the previous year.
- During the year, the growth was majorly led by the services sector.
 - Trade, hotels, transportation, communication and services grew at 8% during the fiscal compared to 7.2% growth in FY17.
 - Financial services grew by 6.6%, higher than 6% growth in the previous year. Its growth was led by pick up in credit off take.
 - Public administration, defense and other services grew at 10% on the annual basis, marginally lower

than 10.7% growth in the previous year.

Sectoral growth of GDP

(At constant 2011-12 prices)

Growth (%)	FY17	FY18 (Prov.)
GDP	7.1	6.7
Per capita GDP	5.8	5.3
GVA at basic prices	7.1	6.5
Agriculture	6.3	3.4
Mining and quarrying	13.0	2.9
Manufacturing	7.9	5.7
Electricity, gas water supply & other utility services	9.2	7.2
Construction	1.3	5.7
Trade, hotels, transport communication and services related to broadcasting	7.2	8.0
Financial, real estate and professional services	6.0	6.6
Public administration, defense and other services	10.7	10.0

Source: MOSPI

Expenditure

- Pick up in investment in yet to materialise. Gross fixed capital formation (GFCF) as a % of GDP is stagnant at 28.5% for the last 3 years since FY16. It has declined from 33.4% in FY13. However, there has been an improvement in the Q3 (28.2%) and Q4 (29.1%) in the investment rate.
- The private final consumption expenditure increased marginally from 59% in FY17 to 59.1% of GDP in FY18.
- The government expenditure has increased from 10.9% of GDP in FY17 to 11.4% in FY18.
- Change in stocks has declined marginally from 0.7% of GDP in FY17 to 0.6% in FY18. In FY18 it grew by 4.5% than the negative growth of -61.2% in FY17.
- Valuables have seen improvement from 1.2% of GDP to 1.5% of GDP. In FY18, it has grown by 58.8% as against the contraction of -13.9% in the previous year.

Final Expenditure as % of GDP (At current prices)			
Growth (%)	FY16	FY17	FY18
Private Final Consumption Exp.	58.8	59.0	59.1
Government Final Consumption Exp.	10.4	10.9	11.4
Gross Fixed Capital Formation	28.5	28.5	28.5
Change in Stocks	1.9	0.7	0.6
Valuables	1.5	1.2	1.5

Source: MOSPI

Source: MOSPI

Industrial Growth for FY 2017-18 (Source: CARE Ratings)

In FY18, the IIP grew by 4.3%, lower than 4.6% growth recorded in the previous year. It is the highest growth recorded in the past 6 years barring FY17.

The growth in FY18 has been supported by broad based growth across segments.

Manufacturing sector indicated highest growth since FY14. Within the used based classification, capital goods, infrastructure/construction goods and consumer non-durables aided the overall growth during the year. The capital goods and consumer non-durables grew at a highest rate in the past 5 years.

- The manufacturing sector, heavyweight in the IIP, grew by 4.5% in FY18 nearly at a constant level of previous year 4.4% in FY17. The growth was supported by the restocking activities undertaken by the sector post the implementation of the GST.
- The growth was registered by pharmaceuticals, medicinal chemical and botanical products at 23.1% followed by computer electronic and optical products (16.9%) and other transport equipment (14%).
- Apart from these, motor vehicles, trailers and semi-trailers (12.6%), and furniture (11.9%) recorded double digit growth.
- Tobacco products witnessed highest contraction in FY18 by (-) 17.9% followed by other manufacturing (-14.9%), electrical equipment (-12.6%) and wearing apparel (-11%).
- Mining sector grew at a lackluster rate of 2.3% in FY18 compared with 5.3% growth in the previous year.
- Electricity sector grew at 5.4% marginally lower than 5.8% growth witnessed in FY17.

Summary of Sectoral IIP Growth is as under:

IIP Growth

%	Weight	FY 2016-17	FY 2017-18
All industries	100	4.6	4.3
Mining	14.37	5.3	2.3
Manufacturing	77.63	4.4	4.5
Electricity	7.99	5.8	5.4

Source: MOSPI

Use Based Classification

The use-based analysis depicted below further reveals the segment wise industrial performance.

Use Based Classification

	Weight	FY 2016-17	FY2017-18
Primary Goods	34.05	4.9	3.7
Capital Goods	8.22	3.2	4.4
Intermediate Goods	17.22	3.3	2.2
Infrastructure /Construction Goods	12.34	3.9	5.5
Consumer Durables	12.84	2.9	0.6
Consumer Non-Durables	15.33	7.9	10.3

Source: MOSPI

- Within the used based classification, the growth in industrial production is led by improved performance of capital goods, infrastructure/construction goods and consumer nondurables.
- Capital goods grew at a highest rate in the past 5 years. This segment grew at a higher rate of 4.4% compared with 3.2% in FY17. However, in the month of March'18, the capital goods witnessed a contraction by -1.8%. The higher growth in capital goods was supported by the restocking activities of the manufacturing sector post the implementation of the GST.
- The output of infrastructure/construction goods increased at 5.5% than 3.9% growth in the previous fiscal.
- Consumer non-durables saw a notable double digit growth at 10.3% in FY18, higher than 7.9% growth in FY17. It is also the highest growth registered by this segment in the last 5 years.
- The growth in overall IIP was however capped by lower growth in primary, intermediate and consumer durables goods.
- Primary goods that that highest weight in the IIP grew at 3.7%, 1.2 percentage points lower than the 4.9% growth recorded in the previous year.

- Intermediate goods grew by 2.2% while consumer durables grew at a subdued rate of 0.6% in FY18.

Indian Economy outlook

As per the IMF world economic outlook July 2018 update, Indian economy is projected to grow by 7.3% in 2018 and 7.5% in 2019, making it one of the fastest growing economy in the world compared to China which is expected to achieve 6.6% in 2018 and 6.4% in 2019.

In the longer run, the GST will boost corporate investment, productivity and growth by creating a single market and reducing the cost of capital equipment. Recent measures to digitise the economy and improve tax compliance should boost tax revenue in the medium term. They are accompanied by an increase in public pensions and wages, as well as debt write-offs in some states, resulting in a broadly neutral fiscal stance over the projection period. Given the high public debt-to-GDP ratio, increasing social infrastructure, such as health and education, will require raising more property and income tax revenue.

Overview on Paper Industry & its trend in India

Paper Industry:

The industry is classified into four segments, Printing & Writing (P&W), Packaging Paper & Board, Specialty Papers & Others, and Newsprint. Printing & Writing (P&W) share has remained stable at around 30%, while Packaging Paper & Board share has increased from 46% in FY08 to 51% in FY18.

- Packaging paper & board segment accounting for 51% of the total paper demand in India and is the largest segment in the industry. It grew at a CAGR of 7.4% from 4.3 mn tonnes during FY08 to 8.7 mn tonnes in FY18. Rising urbanization, increasing penetration of organized retail, higher growth in FMCG, pharmaceutical and processed food industries etc. are the growth drivers of the segment.
- The Printing and Writing (P&W) paper segment forms 30% of domestic paper market. Domestic demand for P&W paper was 5.1 mn tonnes in FY18. Rising literacy rate and universalization of education through legislative steps like Right to Education, governmental measures like Sarva Shiksha Abhiyan and mid-day meal schemes, increased spending on education are the main reasons for growth in the demand for Printing and Writing Paper.
- The Newsprint segment comprises 15% of the Indian Paper and paper products Industry and grew at a CAGR of 2.6% during FY08-18 to 2.6 mn tonnes, on the back of improving literacy and increasing circulation of vernacular dailies. Imports account for a substantial portion of the consumption and the prospect of newsprint segment primarily depends on its consumption by print media industry.
- Specialty paper & others is the smallest segment, accounting for only ~4% of the industry. This segment especially tissue papers is the fastest growing segment, albeit the on a much smaller base.

Raw Material Scenario for Paper Industry

The raw material consumption pattern has drastically changed in the recent years with the pulp & paper industry witnessing a rise in the use of waste paper. This shift has been mainly brought about for purpose of environmental compliance.

Pulp is the primary raw material used for manufacturing of paper, and is obtained through processing of fibres separated from wood, wastepaper, agriculture residues etc. Indian paper mills are categorized based on raw materials used by them in the manufacture of paper - wood/forest-based mills, agro-based mills and wastepaper-based mills. Due to the limited availability of wood, agro-based raw materials and waste paper are generally used as substitutes for manufacturing paper. Wood accounts for 30-35% of production, while wastepaper and agri-residues account for 45-50% and 20-22%, respectively. India has a total land area of 3.3 million sq km with forests covering only 0.7 million sq km. About 78% of the total land area is non-forest area. With diminishing forest resources and limitations on enlarging man-made forests, there is scarcity of raw material for paper mills.

On the raw material side, due to the domestic scarcity of wood, the wood-based companies have increasingly resorted to import of wood chips and also invested in the social forestry initiatives for supply of wood. The waste paper is imported as well as domestically procured. The price of wood had increased substantially in the period FY12- 15 by around 16.7% CAGR. The rise in input costs coupled with foreign exchange fluctuations led to stress on profit margins for most players during this period. However, the wood prices have fallen in

FY16 and FY17 by around 9-10% from peak levels of FY15 leading to improvement in profitability.

Kraft pulp is a globally traded commodity and prices are highly cyclical and volatile. Pricing is primarily influenced by the balance between supply and demand, as affected by global macroeconomic conditions, changes in consumption and capacity, the level of customer and producer inventories and fluctuations in exchange rates. The average European list prices for NBSK pulp since 2008 have fluctuated between a low of approximately \$575 per ADMT in 2009 and a high of \$1,030 per ADMT in late 2017. In the first three months of 2018, pulp prices in Europe, China and North America increased compared to the last three month of 2017 due to steady demand and lower levels of recycled fiber availability in China due to recent import restrictions. At March 2018 end; list prices in Europe, China and North America were approximately \$1,130, \$910 and \$1,260 per ADMT, respectively. The additional pulp production capacity coming online is not expected to materially impact the prices as a result of continued demand growth and declining recovered or waste paper availability in China. Further in 2018, recycled fiber globally is expected to remain flat as restrictions on imports to China would increase global availability of the same.

Production Trends for Different Grades of Paper

As per IPMA, total production capacity of IPMA members for FY 2017-18 were 4,350 tonnes per annum of which production was 3,828 tonnes with capacity utilization of around 88%. Segment wise break up of production quantity of paper products are as under:

Segment of paper product	Production quantity (in thousand tonnes)
Writing and Printing Paper	2,367
Packaging Paper/ Board	1,205
Others	256
Total	3,828

(Source: IPMA)

Kraft Paper:

Kraft Paper is easily being distinguished from the Writing, Printing or News Print Paper by its appearance – the Brown Color. The Kraft Paper finds its application in numerous Products and ways. It serves as the most suitable Raw Material for manufacturing Corrugated Boxes. Such Boxes are made of Corrugated Sheets of Kraft Papers pasted with each other along with the insertion of Plain Sheet of Kraft Paper again. The number of Corrugated Sheets per side of the Box denotes the nomenclature of the Box e.g. Single Ply (for Single Corrugated Sheet pasted with Single Insertion of Plain Sheet), Double Ply (with obvious combination), and Triple Ply and so on so forth. Needless to mention, that the weight of a Corrugated Box is totally attributed to the Kraft Paper used for its manufacturing. Apart from Corrugated Box Manufacturing, Kraft

Paper is being used as packing and fold insertion material in Textile Industry, Ordinary Boxes (Paper, Card Board, Mill Board Boxes etc.) manufacturing, Book/Note Book/Register Binding, Envelope Manufacturing etc.

Paper is classified by its Weight and Strength. Its nomenclature is based on either the Weight per Square Meter i.e. Grams per Square Meter (Gsm) or the Strength i.e. the Bursting Factor B/F. The Kraft Paper is available from 70 Gsm to 270 Gsm or 12 B/F to 35 B/F. Obviously, the higher Gsm or B/F would denote better qualities. The higher Bursting Factor of Kraft Paper as compared to other Papers makes it most suitable for corrugation and similar other mechanical operations.

The different grades of Waste Paper such as Old Corrugated Cuttings (O.C.C.) Cartons Cuttings, Kraft Paper Cuttings, New Corrugated Cuttings (N.C.C.) are being generally used to make Kraft Paper ranging from 12 B/F to 35 B/F. “SPM” has identified and selected such a Process and Equipment which has been designed to adopt all kinds of Raw Material Mix. The selected Design & Process would be compatible to all kinds & grades of Waste Papers available for pulping.

Types of Kraft Paper:

- **Virgin Natural Kraft Paper:**

Virgin natural kraft paper is the heavy lifter of the paper world. Its clean and durable fiber content and its low cost make it an ideal option for heavy-duty applications that require a high level of tear resistance. Plus, it's perfect for printing as well, so it's a natural for branded packaging and protective layering, wrapping, pallet interleaving, carrier sheets, and dunnage.

- **Natural Recycled Kraft Paper:**

Although not as strong and tear resistant as virgin natural kraft, natural recycled kraft paper is a more environmentally friendly option, and still carries enough strength to do an excellent job with dunnage and void fill applications, as liners for trays and boxes, interleavers, and bottom wrap for newspapers. Both virgin and recycled kraft paper come standard in weights from 30# to 70#.

- **Black Kraft Paper:**

The most common use of black kraft paper is as a dark, durable backing for pictures frames, but that's not its only use. Black kraft paper is also perfect for fun and interesting craft projects, or as an aid to unique decorating where light barriers and dark borders are needed.

- **Coloured Kraft Paper:**

Coloured kraft paper is available in just about every color of the rainbow. Its vibrant hues make it perfect for all manner of craft projects, as well as fun backings for bulletin boards, standard school supplies, scrapbooking, and similar applications. If the target market includes, schools, daycares, or busy parents, coloured kraft paper should be on the list.

- **White or Bleached Kraft Paper:**

Similar to virgin natural kraft in strength and durability, white or bleached kraft paper makes an especially powerful impact when a crisp, clean appearance is desired. For example, many restaurants like to use white kraft paper as an attractive and economical alternative to linen tablecloths. It also serves well for wrapping and can stand up well to the standard wear and tear a package may receive.

- **Printed Kraft Paper:**

Many different industries take advantage of the versatility and value of custom printed kraft paper for creating branded wrapping, packaging, and in-store displays. For example, a deli may order a supply of kraft paper sheets in the perfect size for wrapping sandwiches, and have the deli logo and contact information printed on one side as a means of affordable, continual advertising. Many fashion manufacturers ship their garments out with printed kraft paper sleeves or sheets between individual articles, or wrapping the inside of a shoebox, again with branded logos and other information prominently displayed.

In all cases, the quality, versatility, and value of the various types of kraft paper can help the business by improving the look and feel of the products, enhancing branding efforts, and improving bottom line of the business.

Advantages of Kraft paper:***Paper Sacks***

The modern paper sacks meet the high performance standards of the cement industry, specifically focusing on the most important decision-making factors identified by the study, namely: filling speed, pack cost, strength, moisture protection, dust-free packaging and damage rates.

High-speed filling

Thanks to the natural characteristics of sack kraft paper as filter material, paper sacks can be filled at very high speeds. The porosity of sack kraft paper enables rapid and problem-free venting during the filling process without requiring complex and cost-intensive air extraction systems.

Low packing costs

The high filling speed is a considerable advantage in terms of efficiency. It results in smoother and quicker processes as well as lower packing costs, as more cement sacks are produced per time unit. Due to a combination of lower capital and lower operational costs, as well as higher production efficiencies, paper sacks are the most cost-effective solution when compared to alternative packaging solutions.

Strength

Sack kraft paper is made from 100% virgin fibres. It gives paper sacks a unique strength, allowing optimisation of the packaging weight while still maintaining stability under a broad variety of conditions.

Dust-free

As a result of the development of high-porosity sack kraft paper, fillers have an alternative to the previously used perforated paper sacks. These sacks have been a major source of dust in the supply chain. Together with the enhancement of the valve technology, the paper sack industry is able to provide dust-tight sack packaging.

Moisture protection

In terms of moisture protection, paper sacks offer reliable solutions suiting the industry's needs. In many supply chains a wrapped pallet with standard sacks constructed with two-plylayer sack kraft paper is an adequate and cost effective solution. In other supply chains where sacks will be exposed to humid conditions, a two-ply-layer paper construction with an intermediate PE-film will prevent moisture ingress.

Low damage rates

Other important factors that influence the fillers decision of packaging system are pack damage and product wastage. The level of damage to paper sacks does not exceed one to two percent.

Corrugated Box – Probable markets for corrugated box industry:

- Increasing demand and high volumes will trigger consolidation and setting up of large automatic plants.
- Inline Automatic Board and Box making plants will ease out the present semi-automatic production processes.
- Deployment of Folder Gluers, Rotary Die-cutters will be on the increase.
- Use of corrugated for display/promotional packs, POPs and dispensers.
- Advances in multicolor, flexo printing will facilitate in-house flexo printing and do away with screen printing, contract printing on offset presses.
- The emergence of e-commerce, reverse bidding, concept of First Pak will give large scale units the advantage of competitiveness and the concept of locating corrugated box units nearer to user locations will become obsolete.
- Large Corporates and Bulk users of corrugated boxes looking for single/multiple alternative vendors – capable of meeting stringent specifications, offering alternative designs, test-intime deliveries at optimum cost.
- Growing interest in machines made in China, Taiwan and other Asian countries.
- Many machinery manufacturers entering into alliances with Chinese, Taiwanese manufacturers for manufacturing/marketing.

Source: Federation of Corrugated Box Manufacturers (FCBM)

Demand Drivers

Growth in consumption of paper and paper products are driven by sustainable factors. Several economic factors and lifestyle changes are driving the demand of paper in India.

Few of the demand drivers are listed below:

- **Rising income levels & growing per capita expenditure:** - In the last decade, Indian economy has progressed rapidly. India's per capita GDP was grown by 5.3% for FY 17-18. The per capita income at current prices during 2017-18 is estimated to have attained a level of Rs.1,12,835 as compared to the estimates for the year 2016-17 of Rs.1,03,870, showing a rise of 8.6%. The growth in country's per capita GDP in turn has increased the disposable income of the populace ultimately driving the country's consumption.
- **A larger proportion of earning population to drive consumption:** - The growing Indian population has also led to increase in the 'earning population' (age group 15-60) of the country. The proportion of Indian populace in the age group of 15-64 years increased from 55.4% in 1991 to 66.2% in 2016. Considering the large size of the Indian population, the lower median age implies a higher number of working people thereby clearly outlining the immense earning as well as spending potential of the Indian populace. Taking into account the age group below 25 years being one of the highest spending age group, the current age dynamics are expected to boost the retail sales in India. The median age of India is 26.7 years, one of the lowest globally in comparison to 37.2 years in the US, 45.8 years in Japan and 36.3 years in China.
- **Lifestyle changes:** Economic development and globalization have led to an increase in per capita income and increased spending. At the same time, increased commercial activity has spurred demand for packaged goods. Lifestyle changes have also pushed up the demand for packaged foods, gift items etc. where kraft papers are also used.
- **Growing affluence of the population:** Growth in population has led to increased consumption growth in key urban towns and rural markets. The higher consumption per capita leads to a higher demand for consumer durables where kraft papers are required.
- **Consumer Priorities:**
As kraft paper packs find themselves increasingly moving from the warehouse onto supermarket shelves, there is a demand for grades that can carry the high quality graphics that allow them to compete with other packaging formats for the shoppers attention. This is placing pressure on papermakers to develop innovative solutions to provide suitable and appropriate printing surfaces. A particular priority is to evolve solutions that can interface with digital – inkjet and toner – print technologies that enable short and customised editions of packaging creating value-adding opportunities for converters. Another key development addressing this shift has been the introduction of ultrasonic sealing machinery. This technology can simultaneously offer a tighter closure and ejects loose material from the region of the valve seal, which enables faster and smoother filling processes that can translate into marked reductions in costs for converters.
- **Sustainability:**
One of the principal reasons kraft papers are increasingly demanded in consumer applications is the enthusiasm of both brands and customers for sustainable, recyclable packaging solutions. This impetus is also leading paper producers to bolster the environmental credentials of their sack and kraft grades. Adoption of sustainability practices has been fairly widespread throughout much of the industry and many suppliers now sport a plethora of environmental certifications – such as those approved by the Forest Stewardship Council (FSC). As environmental pressures become ever greater, it is possible that kraft and sack paper manufacturers may start to develop entire product ranges marketed on a sustainability platform. In addition to sourcing from sustainably managed forests, some kraft paper producers have also made attempts to increase the amount of recycled material used in the manufacture of their products. Across 2016-2021, sustainability certification is expected to become ever more widespread, with penetration of eco-labels increasing in parts of the world where their presence has been limited to date.

- **Down gauging:**
Pressure to reduce costs is fuelling ongoing innovation – such as the technological advances that enable much lighter weights of paper to achieve the same results. Grammage has declined significantly in the past 20 years, in some cases from 55gsm to as low as 20gsm. This shift to lighter weights increases the importance of sheet uniformity, bulk and thickness, absorbency, opacity, dimensional stability, surface finish, and printability; as well as reducing volume off take for raw material suppliers. This trend naturally cuts the weight of paper demanded, but demographic shifts in consumer markets is again helping to mitigate this. There is a wider trend in packaging towards smaller pack sizes as typical family units get smaller, so as to boost convenience and reduce food wastage for the end user. This is having an impact positive for the industry as one 500g pack consists of less material than two 250g packs, and there is a corresponding demand for more consumables, such as inks and adhesives that build the bag.
- **Rising circulation and number of newspapers and magazines:** - As per the Audit Bureau of Circulation (ABC), the circulation of print media reached 62 million copies a day in 2016, implying a 10 year CAGR of nearly 5%. Indian language newspapers primarily contributed to this growth with Hindi, Telugu and Kannada language publications growing at a CAGR of 8.76%, 8.28% and 6.40% respectively. On the other hand, English publications grew at a CAGR of 2.87% in the same period. Further as per ABC, the circulation of Indian dailies grew at 12% between 2013 and 2015, while dailies in countries such as Australia, France, Germany, the US, and Japan witnessed a 3% - 6% decline.
Source: CARE Ratings – Industry Research – Feb 12th 2018

Challenges faced by the Kraft Paper Industry

Despite the country's positive growth potential, however, investment in India is fraught with considerable challenges. Inadequate investment in infrastructure, limitations on raw materials, lack of a coherent and updated manufacturing policy, antiquated labor policies, and lack of a broad power supply has created a situation where only about 60 percent of paper-making capacity is being used. Here are some of the key issues:

a) **Access to quality and cost competitive raw material**

India is a wood fibre deficient country as the Government of India does not permit industrial plantations in the country and inadequate raw material availability domestically is a major constraint for the paper industry. Additionally, the recovery rate of wastepaper in India is quite low (~30%) due to lack of an effective collection mechanism. With issues like availability of quality raw material at competitive prices, the players depend on the imports of pulp, wastepaper and even pulpwood to meet their raw material needs and often have to pay premium for availing them thereby impacting profitability and capacity addition. To alleviate this significant challenge, the Government of India could frame a policy to allow access to degraded forest land for paper mills to raise pulp wood plantations for increasing pulp availability and reduce import dependence; further the collection mechanism needs to be strengthened to increase usage of wastepaper.

b) **Competition from imports**

Imports accounts for over 20% of the paper consumption in India. The domestic paper manufacturers are less competitive against imports, given superior quality and lower prices of imported paper. As per IPMA, paper from ASEAN countries that is produced from raw wood is available at about USD 40 per tonne, as against USD 110 per tonne in India. Rising imports at predatory prices from surplus countries like China, has been a major concern for local players in India. On account of cheaper imports domestic industry has faced challenges in pricing its products. An anti-dumping probe into cheap import of 'uncoated paper' from Indonesia, Thailand and Singapore has been initiated by the Government as the Directorate General of Anti-Dumping And Allied Duties (DGAD) has found 'sufficient prima facie evidence' of dumping of uncoated paper following complaints from some domestic companies.

c) **Technology**

As the Indian paper industry is largely fragmented with lower capacity with an individual paper mill, it is also prone to using outdated technology. Resultantly, it is estimated that both the raw material as well as the power consumption is higher as compared to a modern paper mill. Adoption of new technology by domestic paper producers would lead to emergence of more competitiveness in critical areas

including quantifiable increase in productivity, quality improvement with reduced cost, improvement in energy efficiency and better compliance with environmental protection legislation and safeguards for eco-sustainability of the products.

d) **Infrastructure**

India's infrastructure has seen improvement, but still has a long way to go and pales in comparison to many developed countries. Improvements in roads, railways, and ports can benefit all industries, including pulp and paper.

e) **Labour**

India has a large available pool of unskilled and skilled labor and the advantage of very low labor costs. The outdated labor laws, however, (some predating India's independence) may not be conducive to a sound operating environment. The Trade Union Act of 1926 provides for the recognition of the unions. The act allows any seven workers to register as a trade union, but has no provision for union recognition (e.g., through a secret ballot procedure). This has led to a multiplicity of unions, with outsiders not concerned about the company or its employees playing a prominent role. Regulation of labor management relations are in the purview of state governments, and it varies among states. Resolutions of disputes are known to take an inordinate amount of time, sometimes lasting into years.

f) **Absence of Scale in Production**

The absence of scale in production is another challenge the industry has to deal with. The Indian paper industry is highly fragmented with capacities ranging from less than 10 tonne to 600 tonne a day. Currently there are about 450 paper mills operating in the country. In comparison, paper mills in Indonesia, Brazil, Scandinavia and the US have a capacity range of 300 to 3,000 tonne a day.

g) **Environmental Impact**

Paper pollution refers to environmental pollution caused by the production, use and recycling of paper. Paper pollution causes severe adverse effects to the quality of air, water and land. Discarded paper is a major component of many landfill sites. Paper recycling is also a source of pollution due to the sludge produced during deinking.

With the rise in environmental awareness due to the lobbying by environmental organizations and with increased government regulation there is now a trend towards sustainability in the pulp and paper industry. Changes in environmental regulations and emission norms, etc. may have an adverse impact on the financial performance of any organization and can lead to increased capital cost to meet the changed regulations. Due to the competitive nature of the market, the cost increases as a result of these changes may not be easily passed on to the customers, thus adversely impacting the profitability. Stricter laws and regulations, or stricter interpretation of existing laws and regulations may impose new liabilities or require additional investment in environmental protection equipment, either of which could adversely affect the business, financial condition or results of operation.

Outlook for Paper Industry

India paper market is calculated to grow with a CAGR of more than 10% in value terms during review period starting from 2011-12 to 2016-17 and the market is anticipated to reach more than Rs. 75,000 crores at the end of forecasted period year 2022-23.

Paperboard & industrial packaging paper, paper stationery, newspaper print and speciality paper altogether creates the overall paper market. As paper industry of India are become more competitive by adding improvements of key ports, roads & railways and communication facilities, revision of forest policy is required for wood based paper industry so that plantation can be raised by industry, cooperatives of farmers and state government.

In addition, growing Indian economy, the rising disposable income of consumer, higher literacy rate, growth of FMCG market, etc. encourage the use of paper for writing, printing, newspaper, packaging and much more. Among them paper for paperboard and packaging is used in highest ratio of total paper market. And secondly

largest share is contributed by stationery. Altogether both segments are anticipated to sale more than 15 million tonnes (MT) at the end of forecasted period.

The emerging segment of paper is specialty paper which includes paper use in bank, bond, cheque, currency note, paper for security printing, stamp paper, etc. has the wider opportunities of growth in near future.

Overall global demand is expected to remain subdued in the medium term, with only demand in the packaging paper & board segment slated to increase, while other segments are expected to either grow slowly or remain at similar levels.

For the Indian paper and paper products industry, as mentioned earlier, growth is expected to be driven by a combination of factors such as rising income levels, growing per capita expenditure, rapid urbanization and a larger proportion of earning population which is expected to lead consumption. Despite increasing digitization, CARE Ratings expects that the overall paper demand growing at a CAGR of 6.7% to touch 20.8 million tonnes in FY21. Despite the expectations that raw material (pulp and recovered paper) prices are expected to remain volatile due to 1) action by the Chinese government, 2) volatility in international waste paper prices, 3) healthy demand, and 4) forex fluctuations, the domestic industry profitability is expected to expand in FY19 driven by 1) increased realizations, 2) comparatively restricted imports due to higher pulp prices, and 3) the ability of larger players to source local pulp at a competitive rate.

Printing and Writing segment demand is expected to grow at a CAGR of 4.5% and reach 5.8 million tonnes in FY21. The demand is expected to grow on account of 1) improving literacy rates, 2) growing enrolment and 3) increasing number of schools and colleges.

Packaging paper & board segment caters to industries such as FMCG, food & beverage, pharmaceutical, textiles, etc. Demand for Packaging Paper & Board segment is expected to grow at a CAGR of 8.9% and reach 11.1 million tonnes in FY21 due to 1) rise of e-commerce, 2) requirement of better quality packaging of FMCG products marketed through organized retail, 3) increasing demand for consumer durables, and 3) increasing preference for packaged food.

Improving literacy rates, rising circulation and an increasing number of newspapers and magazines is expected to support growth in newsprint demand which is expected to reach 2.7 million tonnes in FY21.

Prospects of Kraft Paper Industry:

The demand of Kraft paper is estimated to increase to 6 million ton by 2025 from 3.5 million tonne in 2016 with a growth of 8% per annum.

As per IPMA, for FY 2017-18, estimated domestic consumption of paper in India was around 17 million tons of which around 8.7 million tons were pertaining to the Packaging paper and board. Imports for the paper products were around 3.17 million tons.

As against the above consumption, production capacity of paper and paper board of IPMA members was only 4.35 million tons during the year 2017-18 of which production capacity utilization was at around 88% (3.8 million tons).

Packaging paper & board segment caters to industries such as FMCG, food & beverage, pharmaceutical, textiles, etc. Demand for Packaging Paper & Board segment is expected to grow at a CAGR of 8.9% and reach 11.1 million tonnes in FY21 due to rise of e-commerce, requirement of better quality packaging of FMCG products marketed through organized retail, increasing demand for consumer durables and increasing preference for packaged food.

OUR BUSINESS

Business Overview

We manufacture diverse and multi-application range of paperboards and allied products and are focused in the production and marketing of paperboard products for packing, packaging and stationery segments of the paper industry. Our product portfolio includes duplex board (*coated and uncoated*), file board, chipboard, grey board and colour board of various GSMs.

Our Promoters Mr. Subbaraju Lakshman and Mr. Madesh Lakshman alongwith other members of the Promoter Group took control of our Company by acquiring 100% of the equity shares of our Company pursuant to a Share Purchase Cum Indemnity Agreement dated September 29, 2011 entered into with the erstwhile shareholders of our Company, The South India Paper Mills Limited, Mr. Shiraz Hamirani, Mr. Nizarali Jiwani and Ms. B.N. Jiwani. Our Promoters, with more than two (2) decades of business experience in paper industry, have been instrumental in growing our business operations and profitability over the last seven (7) years.

We operate through our manufacturing facility located on our own land admeasuring about 11 acres and 34 gunthas acres at Bommanahalli, in Bhadravathi taluka, Shimoga district of Karnataka for manufacturing our Products with capacity of 14,600 TPA. Our facility is located on the banks of river Tungabhadra, which facilitates adequate supply of water and the surrounding agricultural belt provides agricultural waste for use in our steam boilers. Our factory is well connected by road and is accessible to nearby towns and to Mangalore port. Through an established network of dealers and vendors, backed by experienced team of 180 employees including contract labour, we are successfully catering to the growing needs of the packaging and stationery segments of paper industry.

Our products are made out of recycled fibre. Our major raw material is waste paper, sourced largely from our Promoter Group's sourcing and segregation network, which is well established for the past 40 years. The proprietary arm, Sri Lakshman Traders (SLT) specializes in procurement of waste paper and has developed huge network across Karnataka and Tamil Nadu. This expertise acquired over the years by SLT, has significantly reduced our need for import of waste papers thereby reducing our raw material costs. In order to ensure continuity and stability in raw material procurement process, our Company has entered into a long-term agreement with SLT, which we believe will ensure regular and continuous supply of good quality raw material (waste paper) at competitive prices in future too.

We have been conscious in addressing environmental and safety concerns and have regularly introduced cleaner and environment-friendly technologies in our manufacturing unit. Our manufacturing unit is equipped with all of the requisite facilities for end-to-end environmentally compliant operations. Our Effluent Treatment Plant (ETP) is designed to treat up to 1400 m³/day of effluent to desired quality as stipulated by the Karnataka State Pollution Control Board.

During FY 2018, we have also invested part of our internal accruals in a solar plant of 2.5 MW at Ittigi, Bellary Dist., Karnataka to meet major portion of our power needs and reduce the dependence on non-renewable source of energy. We believe our investment in solar plant will lead to significant savings in our power cost from FY 2019 onwards, thereby further augmenting our profitability.

In Fiscal 2018, 2017 and 2016 our total revenue, as restated, were ₹4432.04 lakhs, ₹3776.19 lakhs and ₹3497.78 lakhs, respectively. In Fiscal 2018, 2017 and 2016 our profit after tax, as restated, was ₹709.63 lakhs, ₹368.71 lakhs and ₹323.49 lakhs respectively.

Our existing manufacturing facility is operating at maximum capacity utilization at present. Hence, as part of our expansion programme and to further diversify our product range, we propose to set-up our second production line adjacent to our existing manufacturing facility, with manufacturing capacity of 36,500 TPA for manufacture of kraft and cultural paper to be funded partly from the proceeds of the Issue. We have also additionally acquired 3.2 acres of land contiguous to our existing manufacturing facility, from our internal accruals. For further details, please refer to section titled "Objects of the Issue" beginning on page 64 of the Draft Red Herring Prospectus.

Our Competitive Strengths

We believe that the following are our primary competitive strengths:

1. ***Locational advantages of our manufacturing unit.***

Our manufacturing unit is strategically located to meet our requirements with respect to raw materials as well as to ensure timely delivery of our products to our customers. Our manufacturing units are well connected to the Mangalore port and road networks. Our Company has a competitive advantage of location with respect to sourcing of raw materials as we source waste paper (*both indigenous and imported*) from local suppliers in Karnataka and Tamil Nadu. We source paddy husk from few suppliers in the State of Karnataka which is very near to our manufacturing unit. Our manufacturing unit meets its water requirement from the Bhadra river, a perennial river flowing within close proximity from the unit.

2. ***Strong backward integration for sourcing raw materials.***

Availability of raw material in timely manner and at cost effective prices plays a significant role in working out timely delivery to our customers and controlling the manufacturing cost of our Company. The main raw materials used by our Company are waste paper, rice husk, ground-nut husk; cashew husk; dyes, chemicals; colours, paddy husk, etc. which are used as raw materials for manufacturing process, and fuel generation. While we purchase waste paper from various suppliers in Karnataka and Tamil Nadu we also source our raw materials from M/s. Shri Lakshman Traders ("*SLT*"), one of the Promoter Group entities of our Company. We have entered into a long-term Purchase Agreement dated October 1, 2018 with SLT to purchase the waste paper on arms-length basis. We will also continue to procure waste paper, boiler fuel and stores spares from across the country and some are imported as well.

3. ***High quality packaging paper at competitive prices.***

We believe the 'Bhadra' products have earned reputation for its quality in the markets in Southern India. We believe that our quality products enable us to serve a niche category of quality conscious customers looking for affordable range of packing products. Our superior quality products coupled with lower manufacturing costs owing to our strengths in raw material procurement and other locational advantages enable us to register better margins.

4. ***Strong relationships with key customers.***

We have long-standing relationships with our customers who are among file manufacturers, printing presses, notebook manufacturers, fireworks industry, confectionery and garments businesses etc. We believe our sales strategy, which includes both direct sales to our larger customers and sales to wholesalers and retailers, who then resell our products, has enabled us to reduce our sales costs and enhance customer service. In relation to our paper products, our relationships with our five largest customers, which contributed approximately 41.86% and 32.75% of our net sales for fiscal 2018 and 2017, respectively, are more than five (5) years old.

5. ***In March 2018, we have invested in a 2.5 MW solar plant***

Power is important to run the machinery to match its installed capacity and productivity for manufacturing of the products. It is also important to maintain the quality of products manufactured that there are no unnecessary shutdowns or stoppages.

Under the green belt development and green initiatives and utilizing the renewable source of energy we have invested in a 2.5MW solar power plant at Ittigi, Bellary Dist., Karnataka and this was commissioned during March 2018. Our Company has entered into an agreement with Cleanmax solar for the solar power development. We believe this investment will confer on the Company significant savings in power costs from FY 2019 onwards.

Further our Company has also invested in a dedicated feeder line with MESCOM. This line helps in improving the quality of power supplied from the grid. This reduces unscheduled power cuts and load shedding issues. In turn this brings down the stoppages and shutdown of machineries and thereby increasing productivity of the plant.

6. ***Experienced management team.***

Our management team is well experienced in the paper industry and has been in many ways responsible for the growth of our operations. In particular, our Promoters and Directors, Mr. Subbaraju Lakshman and Mr. Madesh Lakshman have about 25 years of experience in the paper industry and have been instrumental in driving our growth. We believe that our motivated team of management and key managerial personnel complement each other to enable us to deliver high levels of customer satisfaction. We believe the strength and entrepreneurial vision of our Promoters and management has been instrumental in driving our growth and implementing our strategies.

7. ***Judicious use of resources:***

Our management has been judicious in its use of resources to create value in all aspects of our operations, be it raw material sources, our manufactured products, capital assets, sales network or cash generation. We have remained practically a debt-free company with our cash generation funding all our working capital requirements, investments in capital assets including a major investment in a 2.5 MW solar power plant and acquisition of 3.2 acres of land contiguous to current site for meeting our future requirements. We believe our ability to extract the best out of resources available to us will help us in maintaining and growing our business operations consistently.

Our Strategies

Our business objective is to grow our revenues and profit. Our business strategy focuses on the following elements:

1. ***Increase our market share in the paper and paper packaging board segments.***

We seek to take advantage of our competitive strengths to further increase our market share in the paper and paper packaging board business segments. We intend to continue our focus and our marketing efforts on the sale of our paper boards and allied products. We seek to further increase our market share by setting-up our second manufacturing facility to be funded from the proceeds of the Issue. For further details, please refer to section titled "Objects of the Issue" beginning on page 64 of the Draft Red Herring Prospectus.

2. ***Maintain our focus on diversifying our product range and serving a larger segment of the industry.***

Our Company has established itself well in its present product range and our unit is operating at maximum capacity utilisation. We are now focusing on expanding our product range and catering to a larger segment of the industry by commencing manufacture of Kraft, and other low GSM paper which can cater to the FMCG segment of the market. For this purpose, we are now setting up a new manufacturing facility to be funded largely from the proceeds of the Issue. For further details, please refer to section titled "Objects of the Issue" beginning on page 64 of the Draft Red Herring Prospectus.

3. ***Exploring the advantage of marketing our proposed Product line by leveraging our existing relationship with our dealers and customers.***

Our proposed Product line is a natural extension of our existing product portfolio since we have the knowledge and expertise of manufacturing paper boards and allied products. We believe that we share reasonably good relationship with our dealers and customers from whom we get repeat orders for our existing product line. We believe that our long-standing relationship with our dealers and customers provide us with an edge over any other new player to receive orders in relation to our proposed Products.

Our Business activities

We manufacture and sell a diverse and multi-application range of paper boards and allied products and are focused in the production and marketing of paper board products for packaging and graphics segment. Our product portfolio includes duplex board, file board, chip board, grey board, colour board, etc.

Product Range

Our products and their uses are broadly summarized as below:

No.	Description of the product	Uses
1.	Uncoated duplex board	For packing garments, confectionery, fireworks, pharmaceuticals, match industry, etc.
2.	Coated duplex board	Stationery for packing confectionery, fireworks, pharmaceuticals, agarbatti, etc.
3.	File board/ colour board	Stationery (files), textile industry
4.	Grey board	For packing fireworks, confectionery, core manufacturing products, chemical drums and garments
5.	Chip board	Stationary, lifestyle products

Manufacturing facilities

We operate through our manufacturing facility located at Bhadravathi, Shimoga Dist., Karnataka for manufacturing our Products with a capacity of 14600 TPA. In addition to the above facility, we propose to set-up our second production line with manufacturing capacity of 36,500 TPA for manufacture of Kraft and Cultural Paper to be funded partly from the proceeds of the Issue. For further details, please refer to section titled "Objects of the Issue" beginning on page 64 of the Draft Red Herring Prospectus.

Location	Facility	Products Manufactured
Existing facility (Unit I)		
Bommanahalli Barandur Post, Bhadravati Taluq, Shimoga District Karnataka 577245	Manufacturing	Duplex Board (coated and uncoated), colour board, grey board, chip board
Proposed facility forming a part of the Objects of the Issue*(Unit II)		
Bommanahalli Barandur Post, Bhadravati Taluq, Shimoga District Karnataka 577245	Manufacturing	Kraft, kraft liner and low GSM papers

* For further details, please refer to section titled "Objects of the Issue" beginning on page 64 of this Draft Red Herring Prospectus.

Our Company established its existing manufacturing facility in the year 1984 near Bhadravati, Shimoga district of Karnataka. Our existing Unit I, is located on total land admeasuring 11 acres and 34 gunthas which is freehold land. Unit I of our Company has an installed capacity of 14600 TPA for manufacturing paperboard and allied products. We have also acquired 3.2 acres of land contiguous to our existing factory site out of our internal accruals. The existing land alongwith the recently acquired additional land will be sufficient to meet the land requirements of our proposed project.

The total power requirement at our Unit I is approx. 37 lakhs units p.a. of which approximately 94.60% of the power requirement is being met through our own 2.5 MW solar power plant set up in Ittigi, Bellary Dist., Karnataka and balance through dedicated feeder line from MESCOM.

Our Company has entered into an agreement with Cleanmax Solar in respect of the solar power unit. Unit I of our Company is consuming approx. 37 lakhs units p.a. of which approx. 35 lakhs unit p.a. can be met from the 2.5 MW solar plant. In addition, our Company also proposes to install roof-top solar panels for the proposed Unit II of our Company.

Our Unit I has an effluent treatment plant (ETP) that releases about 1,400 m³/day of treated effluent to the Bhadra river. The plant treats the effluent by way of an activated sludge process. The clear effluent discharged from Unit I conforms to the standards set by the Karnataka State Pollution Control Board.

Capacity utilization of our manufacturing facility

Capacity utilization of each of our manufacturing unit for fiscal 2018, fiscal 2017 and fiscal 2016, is set forth below:

Particulars	Fiscal 2018 (%)	Fiscal 2017 (%)	Fiscal 2016 (%)
Unit I	82	76	81

Proposed expansion

We propose to set-up our second manufacturing facility with an installed capacity of 36500 TPA to manufacture a new product line viz. kraft; kraft liner; cultural paper and high BF kraft to be funded from the proceeds of the Issue. For further details, please refer to section titled "Objects of the Issue" beginning on page 64 of the Draft Red Herring Prospectus.

The table below sets forth our proposed installed capacity after implementation of our expansion and development plan:

Particulars	Proposed installed capacity (TPA)
Unit II (Kraft, kraft liner and low GSM papers)	36500

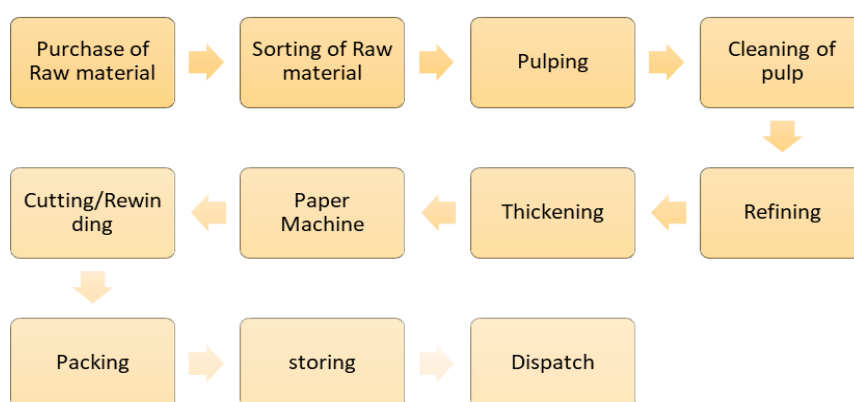
Approvals for the proposed Unit II

We are required to make applications for certain approvals, licenses, registrations and permissions for our proposed Unit II. For further details, please refer to section titled "Government and Other Approvals" beginning on page 188 of this Draft Red Herring Prospectus.

Manufacturing process

We set out below the flow charts describing manufacturing process involved in manufacturing our Products:

MANUFACTURING PROCESS FLOW DIAGRAM



Raw materials and other purchases

Our Company's purchase department is involved in the purchase of all kinds of raw material and stores spares. In a competitive selling market, purchase plays a significant role in working out the manufacturing cost. We will continue to procure waste paper, boiler fuel and stores spares from across the country and some are imported as well.

The main raw materials used by our Company are waste paper, rice husk, ground-nut husk, cashew husk, dyes, chemicals, colours, paddy husk etc. for manufacturing process and fuel generation. We purchase waste paper from the suppliers in Karnataka and Tamil Nadu. A major portion of waste paper is supplied by a promoter group entity, Sri Lakshman Traders, (SLT) with whom we have entered into a long-term Purchase Agreement dated October 1, 2018. Paddy husk is available in abundance as there is agricultural belt near Unit I of our Company.

Utilities & Infrastructure Facilities

❖ Water

Unit I of our Company meets its water requirement of approximately 240 m³/ day from river Bhadra, a perennial river flowing within a close proximity from the unit. Our Company has two (2) borewells in the premises of Unit I. The water drawn from the river is used essentially for manufacturing purposes and some of it is used for irrigating the additional land.

In respect of the proposed Unit II of our Company, we have obtained necessary approvals to meet our additional water requirements of 1400 m³/ day from river Bhadra.

❖ Power

The total power requirement at our Unit I is 37 lakhs units p.a. of which approximately 94.60% of the power requirement is met through our own 2.5 MW solar power plant set up in Ittigi, Bellary Dist., Karnataka and balance through MESCOM. We have a dedicated feeder line that provides power from MESCOM.

Our Company has entered into an agreement with Cleanmax solar in respect of the solar power plant. Unit I of our Company is consuming approx. 37 lakhs units p.a. of which approx. 35 lakhs unit p.a. can be met from the 2.5 MW solar plant.

For Unit II, our Company has estimated additional power requirement of 1500 KVA. The approval for this additional requirement will be sought at appropriate stage of project implementation. In addition, our Company also proposes to install additional 1 MW roof top solar plant for the Unit II, which will be funded from internal accruals.

❖ Manpower

We have over 180 employees including contract labour manning various operations of our Company, including purchase, production, maintenance, quality control, sales, accounts and administration. Skilled and semi-skilled manpower is available in this locality. Unskilled labour is available in abundance in this area and the Company can train them to suit the needs with the efficient training mechanisms that have been adopted in the past.

For the new project, additional technical staff would be recruited after identifying persons with appropriate qualifications and experience. Our management has necessary resources and industry contacts, to identify such individuals from the industry.

Quality Management

We endeavour to ensure that we maintain stringent quality standards at all stages of our manufacturing processes. We have endeavoured to supply quality products to our customers as per their specifications with stringent quality checks. We have an in-house laboratory to check moisture, brightness and strength of waste paper procured by our Company. We also do a quality check on the finished paper in terms of its brightness, caliper, stiffness, burst factor and GSM, etc. Further, we also check Pulp for its consistency and with different dyes to match shades. Our aim is to reduce cost and cycle times through effective and efficient use of resources. We have a team of professionals responsible for ensuring quality standards. In our manufacturing process, we monitor and test all materials for conformity, track non-conformities and make rectifications to ensure client satisfaction. We endeavour to be the customers' preferred choice in everything we do. Our customers will experience professional competence and a high level of service in our deliveries.

Health, Safety and Environment

We are committed to globally accepted best practices and compliance with applicable health, safety and environmental legislation and other requirements in our operations. In order to ensure effective implementation of our practices, we have implemented a safety, health and environment policy wherein we have committed to, *inter alia*, the maintenance of a safe workplace and providing the necessary training to employees in our workplace. We believe that we comply in all material respects with applicable occupational health and safety laws, regulations and other contractual requirements relevant to health and safety of employees at our manufacturing facilities.

Our Company is committed to provide a safe, clean and healthy environment and conduct its business and services in a manner so as to prevent harm to people and damage to environment or property. Our Company endeavours to handle the Environment, Health and Safety (EHS) issues with the same responsibility as issues concerning quality, productivity, profitability and cost-efficiency. Our Company actively manages the EHS norms as an integral part of our business, operations and practices. We continuously strive to minimize the pollution at source and that can be achieved by adopting cleaner technologies, reducing the use of natural resources and reusing and recycling wastes. We comply with all local and national environmental laws and regulations, at all the times.

Our Company endeavours to adopt necessary systems such as establishing a system, monitoring and regulating all the health and safety measures to be adopted; providing safe working environment for employees and workers; maintaining and following preventive maintenance schedule and providing information and training to the employees and workers for carrying out safe working operations and carrying out operations taking environmental safety into consideration. Our Company further maintains a safe work environment for our employees.

For our proposed manufacturing facility at Bhadravathi, Karnataka, our Company will seek the certificate of establishment from the Karnataka Pollution Control Board at appropriate time. For further details on the consents and approvals obtained by us, please refer to the section titled "Government and Other Approvals", beginning on page 188 of this Draft Red Herring Prospectus.

Effluent Treatment

We have installed an up-to-date effluent treatment plant and have reached zero discharge as prescribed by the pollution control board. Every month we submit a water analysis report to the pollution control board. In 2011, we introduced sand filter and carbon filters, and since then all ETP water is recycled for reuse. The ETP is equipped with a tank, primary clarifier, secondary clarifier, aeration tank, holding tank, carbon filters, and sand filters. About 25% of the recycled water is used directly by the stock preparation plant for pulping and dilution at various places. The remaining water is treated in aeration tanks by maintaining BOD & COD, and then the treated water passes through the sand filters and carbon filters. This water is then taken into the paper machine showers and edge trimming showers for reuse.

Distribution, Sales and Marketing

Our sales and marketing department operates out of our Registered Office in Bengaluru, Karnataka. It is responsible for the entire sales and marketing activities through an extensive distribution network through various dealers majorly across Southern India.

Competition

We compete with companies operating in the paperboard and allied products business in India. Some of our competitors may have more experience than us in the manufacturing and sale of paperboard products. In addition, a number of our competitors may have more resources than us. Further, we face competition from countries such as China, Korea, Indonesia from where lower price coated paper is imported into India. Additionally, the competition in paper industry ranges from large, well-established players to small units in the unorganized segment. Small, unorganized players mainly compete in the low value-added segments like creamwove and kraft paper whereas the high value-added segments like copier paper, coated paper and virgin packaging board are mainly controlled by the larger players.

Corporate Social Responsibility

We demonstrate our commitment towards our community by committing our resources and energies to social development and have aligned our CSR programs with Indian legal requirements. We have undertaken training and promotion of nationally recognized sports.

Insurance

We believe that we maintain all material insurance policies that are customary for companies operating in similar businesses. These include medical policies that cover most of our employees. In addition to the above, we also maintain insurance coverage against standard fire and special perils and in respect of our vehicles.

Employees

As of June 30, 2018, we had 92 full-time employees and 79 contract labour. The Memorandum of Settlement entered into by and between the management of our Company and its workmen represented by Bhadra Packaids Karmikara Sangha has expired on March 31, 2018. Our Company is in the process of negotiation with the labour union and is yet to enter into revised Memorandum of Settlement.

Intellectual Property Rights

Our Company has made an application dated September 25, 2018 for registration of our name and logo



with the Trade Marks Registry under class 16 which is pending for approval as on the date of this Draft Red Herring Prospectus.

Immovable Property

Our registered office is situated at 23/14, 2nd floor, Jalashambhavi Complex, Gandhinagar, Bangalore 560 009. Our registered office is not owned by us and has been leased by our Company from Ms. Madhura Nataraj. Our Company carries out its business operations from its manufacturing facility at Bhadravati, Karnataka which is our Unit I and is owned by our Company.

Our Company has two (2) warehouses in Bangalore for which our Company has entered into lease agreement with one of our Promoter, Mr. Subbaraju Lakshman

KEY REGULATIONS AND POLICIES

The following description is a summary of the relevant regulations and policies that are applicable to our business, as prescribed by the Government of India and other regulatory bodies. The information detailed below has been obtained from various legislations, including rules and regulations promulgated by the regulatory bodies and the bye laws of the respective local authorities that are available in the public domain. The regulations set below may not be exhaustive, are intended only to provide general information to the investors and are neither designed nor intended to substitute for professional legal advice. For details of government approvals obtained by us, please refer to section titled "Government and Other Approvals" beginning on page 188 of this Draft Red Herring Prospectus.

Except as otherwise specified in this Draft Red Herring Prospectus, taxation statutes including the Income Tax Act, 1961, Central Sales Tax Act, 1956, Central Excise Act, 1944, Service Tax under the Finance Act, 1994, applicable local sales tax statutes and other miscellaneous regulations and statutes apply to us as they do to any other Indian company. With effect from July 1, 2017, Goods and Services Tax Laws (including Central Goods and Services Tax Act, 2017, Integrated Goods and Services Tax Act, 2017, States Goods and Services Tax Act, 2017 and Union Territory Goods and Services Tax Act, 2017) are applicable to our 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. Set forth below are certain significant Indian legislations and regulations which are generally adhered to by the industry that we operate in.

Legislations related to infrastructure industry:

1. The Factories Act, 1948 (the "Factories Act")

State governments prescribe rules with respect to the prior submission of plans, their approval for the establishment of factories and the registration and licensing of factories. The Factories Act provides that the 'occupier' of a factory (*defined as the person who has ultimate control over the affairs of the factory and in the case of a company, any one of the directors*) shall ensure the health, safety and welfare of all workers while they are at work in the factory, especially in respect of safety and proper maintenance of the factory such that it does not pose health risks, the safe use, handling, storage and transport of factory articles and substances, provision of adequate instruction, training and supervision to ensure workers' health and safety, cleanliness and safe working conditions. If there is a contravention of any of the provisions of the Factories Act or the rules framed thereunder, the occupier and manager of the factory may be punished with imprisonment for a term up to two years or with a fine up to ₹1,00,000 or with both, and in case of contravention continuing after conviction, with a fine of up to ₹1,000 per day of contravention. In case of a contravention which results in an accident causing death or serious bodily injury, the fine shall not be less than ₹25,000, and ₹5,000, respectively.

2. Environmental Laws

Our operations require various environmental and other permits covering, among other things, water use and discharges, stream diversions, solid waste disposal and air and other emissions. The applicability of these laws and regulations varies from operation to operation and is also dependent on the jurisdiction in which we operate. Compliance with relevant environmental laws is the responsibility of the occupier or operator of the facilities.

Major environmental laws applicable to our operations include:

3. The Environment (Protection) Act, 1986 (the "EPA")

The EPA is an umbrella legislation in respect of the various environmental protection laws in India. The EPA vests the GoI with the power to take any measure it deems necessary or expedient for protecting and improving the quality of the environment and preventing and controlling environmental pollution. This includes rules for inter alia, laying down the quality of environment, standards for emission of discharge of environment pollutants from various sources, inspection of any premises, plant, equipment, machinery, examination of manufacturing processes and materials likely to cause pollution. Penalties for violation of the EPA include fines up to ₹1,00,000 or imprisonment of up to

five (5) years, or both. There are provisions with respect to certain compliances by persons handling hazardous substances, furnishing of information to the authorities in certain cases, establishment of environment laboratories and appointment of government analysts.

4. **The Environment Impact Assessment Notification S.O. 1533(E), 2006 (the "*EIA Notification*")**

The EIA Notification issued under the EPA and the Environment (Protection) Rules, 1986, as amended, provides that the prior approval of the MoEF, GoI, or State Environment Impact Assessment Authority, as the case may be, is required for the establishment of any new project and for the expansion or modernisation of existing projects specified in the EIA Notification. The EIA Notification states that obtaining of prior environmental clearance includes a maximum of four stages, i.e., screening, scoping, public consultation and appraisal.

An application for environmental clearance is made after the identification of prospective site(s) for the project and/or activities to which the application relates but before commencing any construction activity, or preparation of land, at the site by the applicant. Certain projects which require approval from the State Environment Impact Assessment Authority may not require an Environment Impact Assessment Report. For projects that require preparation of an Environment Impact Assessment Report public consultation involving both public hearing and written response is conducted by the State Pollution Control Board. The appropriate authority makes an appraisal of the project only after a Final EIA Report is submitted addressing the questions raised in the public consultation process.

The prior environmental clearance granted for a project or activity is valid for a period of five years in the case of all projects and activities in the paper manufacturing sector. This period of validity may be extended by the regulatory authority concerned by a maximum period of five years. Coal or lignite based thermal power plants with a capacity of 500 MW or more requires clearance from the MoEF, GoI. Coal or lignite based thermal power plants with a capacity of more than 50 MW, but less than 500 MW requires clearance from State Environment Impact Assessment Authority.

5. **The Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008 (the "*Hazardous Wastes Rules*")**

The Hazardous Wastes Rules aim to regulate the proper collection, reception, treatment, storage and disposal of hazardous waste by imposing an obligation on every occupier and operator of a facility generating hazardous waste to dispose such waste without adverse effect on the environment, including through the proper collection, treatment, storage and disposal of such waste. Every occupier and operator of a facility generating hazardous waste must obtain an approval from the relevant state Pollution Control Board. The occupier, the transporter and the operator are liable for damages caused to the environment resulting from the improper handling and disposal of hazardous waste. The operator and the occupier of a facility are liable for any fine that may be levied by the relevant State Pollution Control Boards. Penalty for the contravention of the provisions of the Hazardous Waste Rules includes imprisonment up to five years and imposition of fines as may be specified in the EPA or both.

6. **The Water (Prevention and Control of Pollution) Act, 1974 (the "*Water Act*")**

The Water Act aims to prevent and control water pollution as well as restore water quality by establishing and empowering the Central Pollution Control Board and the State Pollution Control Boards. Under the Water Act, any person establishing any industry, operation or process, any treatment or disposal system, use of any new or altered outlet for the discharge of sewage or new discharge of sewage, must obtain the consent of the relevant State Pollution Control Board, which is empowered to establish standards and conditions that are required to be complied with. In certain cases, the State Pollution Control Board may cause the local Magistrates to restrain the activities of such person who is likely to cause pollution. Penalty for the contravention of the provisions of the Water Act include imposition of fines or imprisonment or both.

The Central Pollution Control Board has powers, *inter alia*, to specify and modify standards for streams and wells, while the State Pollution Control Boards have powers, *inter alia*, to inspect any sewage or trade effluents, and to review plans, specifications or other data relating to plants set up for treatment of water, to evolve efficient methods of disposal of sewage and trade effluents on land, to advise the state government with respect to the suitability of any premises or location for carrying on

any industry likely to pollute a stream or a well, to specify standards for treatment of sewage and trade effluents, to specify effluent standards to be complied with by persons while causing discharge of sewage, to obtain information from any industry and to take emergency measures in case of pollution of any stream or well. A central water laboratory and a state water laboratory has been established under the Water Act.

7. **The Water (Prevention and Control of Pollution) Cess Act, 1977 (the "*Water Cess Act*")**

The Water Cess Act provides for levy and collection of a cess on water consumed by industries with a view to augment the resources of the Central and State Pollution Control Boards constituted under the Water Act. Under this statute, every person carrying on any industry is required to pay a cess calculated on the basis of the amount of water consumed for any of the purposes specified under the Water Cess Act at such rate not exceeding the rate specified under the Water Cess Act. A rebate of up to 25% on the cess payable is available to those persons who install any plant for the treatment of sewage or trade effluent, provided that they consume water within the quantity prescribed for that category of industries and also comply with the provision relating to restrictions on new outlets and discharges under the Water Act or any standards laid down under the EPA. For the purpose of recording the water consumption, every industry is required to affix meters as prescribed. Penalties for noncompliance with the obligation to furnish a return and evasion of cess include imprisonment of any person for a period up to six months or a fine of ₹1,000 or both and penalty for non-payment of cess within a specified time includes an amount not exceeding the amount of cess which is in arrears.

8. **The Air (Prevention and Control of Pollution) Act, 1981 (the "*Air Act*")**

Pursuant to the provisions of the Air Act, any person, establishing or operating any industrial plant within an air pollution control area, must obtain the consent of the relevant State Pollution Control Board prior to establishing or operating such industrial plant. The State Pollution Control Board is required to grant consent within a period of four months of receipt of an application but may impose conditions relating to pollution control equipment to be installed at the facilities. No person operating any industrial plant in any air pollution control area is permitted to discharge the emission of any air pollutant in excess of the standards laid down by the State Pollution Control Board. The penalties for the failure to comply with the provisions of the Air Act include imprisonment of up to six years and the payment of a fine as may be deemed appropriate. Under the Air Act, the Central Pollution Control Board has powers, inter alia, to specify standards for quality of air, while the State Pollution Control Boards have powers, inter alia, to inspect any control equipment, industrial plant or manufacturing process, to advise the state government with respect to the suitability of any premises or location for carrying on any industry and to obtain information from any industry.

9. **The Petroleum Act, 1934 read with the Petroleum Rules, 2002**

The Petroleum Act, 1934 provides that no person shall produce, refine, blend, store or transport petroleum except in accordance with the rules framed by the GoI under the Petroleum Act, 1934. Under the Petroleum Rules, no person is permitted to deliver or dispatch any petroleum to anyone in India other than the holder of a storage license issued under the Petroleum Rules or his authorized agent or a port authority or railway administration or a person who is authorized under the Petroleum Act to store petroleum without a license. Petroleum Rules also seek to regulate the importation of petroleum through licenses.

10. **Indian Boilers Act, 1923 (the "*Boilers Act*")**

The Boilers Act provides for the registration of boilers covered under it. Any owner of a boiler who uses the boiler either without any such certificate or order being in force or at a higher pressure than that allowed, may be punishable with fine. These are to be read with the Indian Boiler Regulations, 1950 and the Madhya Pradesh Boiler Rules, 1969.

11. **Petroleum Act, 1934 (the "*Petroleum Act*")**

The Petroleum Act requires the acquisition of license by the person who desires to engage in activities, such as, import, transport, storage and production with respect to petroleum and inspection of the petroleum. Penalties are imposed for contravention of the Petroleum Act in the form of criminal

penalties and confiscation of petroleum with the receptacle in which it is contained. These are to be read with the Petroleum Rules, 2002.

12. **Indian Electricity Act, 2003 (the "*Electricity Act*")**

The Electricity Act was enacted with the objective of transforming the power sector in India. The act covers major issues involving generation, distribution, transmission and trading in power. While some of the sections have already been enacted and are yielding benefits, there are a few other sections that are yet to be fully enforced till date.

Labour Related Laws:

As part of its business, our Company is required to comply with certain laws in relation to the employment of labour. The following is an indicative list of labour laws applicable to our operations:

1. The Contract Labour (Regulation and Abolition) Act, 1970;
2. The Employees' Compensation Act, 1923;
3. The Employees' Provident Funds and Miscellaneous Provisions Act, 1952;
4. The Employees' State Insurance Act, 1948;
5. The Industrial Disputes Act, 1947;
6. The Minimum Wages Act, 1948;
7. The Payment of Bonus Act, 1965;
8. The Payment of Gratuity Act, 1972;
9. The Payment of Wages Act, 1936.

Intellectual Property Laws:

1. **Trade Marks Act, 1999**

The Indian law on trademark is enshrined in the Trade Marks Act of 1999. Under the existing Act, a trademark is a mark used in relation to goods and/or services so as to indicate a connection between the goods or services being provided and the proprietor or user of the mark. A 'Mark' may consist of a word or invented word, signature, device, letter, numeral, brand, heading, label, name written in a particular style, the shape of goods other than those for which a mark is proposed to be used, or any combination thereof or a combination of colours and so forth. The trademark once it is applied for is advertised in the trademarks journal, oppositions, if any, are invited and after satisfactory adjudication of the same, is given a certificate of registration. The right to use a mark can be exercised either by the registered proprietor or a registered user. The present term of registration of a trademark is ten years, which may be renewed for similar periods on payment of prescribed renewal fees.

Other laws:

In addition to the above, our Company is also required to, *inter alia*, comply with the provisions of the Companies Act, 2013 and rules made thereunder.

HISTORY AND CERTAIN CORPORATE MATTERS

Brief history of our Company

Bhadra Paper Mills Limited was originally incorporated as a private limited company under the Companies Act, 1956 in the name of Bhadra Packaids Private Limited vide Certificate of Incorporation dated June 8, 1984 issued by the Registrar of Companies, Bangalore, Karnataka. Pursuant to a special resolution passed at the Annual General Meeting of our Company held on June 15, 2018, the name of our Company was changed to Bhadra Paper Mills Private Limited and a fresh Certificate of Incorporation dated June 28, 2018 pursuant to change of name was issued by the Registrar of Companies, Bangalore, Karnataka. Further pursuant to a special resolution passed at the Extra-Ordinary General Meeting of our Company held on August 13, 2018, our Company was converted from private limited to public limited and subsequently a fresh Certificate of Incorporation dated August 28, 2018 consequent upon conversion to Public Limited Company was issued by Registrar of Companies, Bangalore, Karnataka.

After initial few years of operations, Company faced difficulties in obtaining credit due to mounting losses and the manufacturing unit of our Company was closed for eight (8) months in the year 1992-1993 due to shortage of working capital.

As a result of such shortage of working capital, our Company was referred to the Board of Industrial and Financial Reconstruction (BIFR) by its management. On February 15, 1994 the BIFR declared our Company as a 'sick company' under the provisions of the erstwhile Sick Industrial Companies (Special Provisions) Act, 1985 (the '**SICA Act**') and appointed Karnataka State Industrial Development Corporation (KSIDC) as the Operative Agency. Since, the manufacturing unit of our Company was in good condition, takeover of our Company's business by a suitable promoter was considered a feasible option to run the business of our Company. Subsequently, our Company became subsidiary of South India Paper Mills Limited (SIPM) and consequently Memorandum of Understanding was also entered with labour union of our Company. Accordingly, rehabilitation scheme for the period of eight (8) year from April 1, 1994 to March 31, 2002 was proposed for the revival of our Company which involved an aggregate cost of ₹150 lakhs out of which equity contribution was ₹60 lakhs and a term loan from Karnataka State Industrial Development Corporation (KSIDC) / Karnataka State Financial Corporation (KSFC) to the extent of ₹90 lakhs were approved by BIFR by way of its order dated November 8, 1994. While based on the financial performance of our Company and on being satisfied, BIFR by way of its order dated December 3, 1997, our Company ceased to be a 'sick company' under the provisions of erstwhile SICA Act. The company continued to operate its business normally post it ceasing to be a "sick company".

Pursuant to the Share Purchase Cum Indemnity Agreement dated September 29, 2011 (the "**Agreement**") entered into by and between The South India Paper Mills Limited; Mr. Shiraz Hamirani; Mr. Nizarali Jiwani & Ms. B.N. Jiwani (the "**Transfers/ Selling Shareholders**") and Mr. Subbaraju Lakshman; Mr. Madesh Lakshman; Mr. Dilip Lakshman; and Mr. Yoganand Lakshman (the "**Transferees/ Buyers**"), the Transferors transferred one hundred percent (100%) equity shares in Bhadra Packaids Private Limited for an aggregate cash consideration of ₹987.23 lakhs (₹9,87,23,466). Consequently, Mr. Subbaraju Lakshman and Mr. Madesh Lakshman became the current Promoters of our Company.

Changes in registered office of our Company since incorporation

The Registered Office of our Company is situated at 23/14, 2nd Floor, Jalashambhavi Complex 1st Main, Gandhinagar Bangalore, Karnataka 560009, India. We set out below the details of changes in registered office of our Company since inception which have occurred due to administrative convenience of our Company.

Date of change	From	To
Not Ascertainable	7/5, Ground Floor, II cross Palace Cross Road, Bangalore-560020.	No. 1, 12 th Main Road, Vasanthnagar, Bangalore 560 052
November 30, 1991	No. 1, 12 th Main Road, Vasanthnagar, Bangalore-560052	Factory premises at Bommenahalli, Bhadravati Taluk
August 23, 1994	Factory premises at Bommenahalli, Bhadravati Taluk	No. 18/9, 5 th Main, Gandhinagar, Bangalore-560 009
October 14, 2011	No. 18/9, 5 th Main, Gandhinagar, Bangalore-560009	23/14, 2 nd floor, Jalashambhavi Complex, Gandhinagar, Bangalore 560 009

Main Objects

The main object of our Company as contained in its Memorandum of Association are:

- To carry on the business of manufacturers by utilising the waste materials of Industries and especially agricultural and forestry residues, which are inexhaustible and renewable source of raw materials for manufacturing useful materials, exporters, importers, buyers, sellers, distributors, agents including sole selling agents and dealers in all kinds and classes of Board, Paper and Pulp including Matrix Board, paste board, card board straw board, pulp board, leather board, mill board, corrugated board, ply/ wood board, grey board, box board, duplex and triplex board, hard board, post cards, visiting cards etc., Writing paper, absorbent paper, newsprint paper, tissue paper, cover paper, blotting paper, grease paper, wrapping paper, printing paper, maplitho paper, antique paper, ivory finish paper, coated paper, bank or bond paper, Badami, brown or bull paper, bible paper, cartridge paper, cloth lined paper, azurelaid and wove paper, creamlaid and woven paper, grease-proof paper, base paper, gummed paper, drawing paper, kraft paper, manilla paper, envelope paper, handmade paper, parch-ment paper, cigarette paper, tracing paper, vallum paper, water proof paper, carbon paper, sensitised paper, glassine paper, chemically treated paper, litmus paper, wax paper, photographic paper, glass paper, emery paper, wood pulp, rayon pulp, rag pulp, soda pulp, mechanical pulp, sulphite pulp, chemical and semi-chemical pulp, including such pulps as are manufactured from all types or raw materials as such timber, bamboos, grasses, sugar- cane, bagasse, cotton and all kinds of coated papers, with all types of materials, resins and plastics, and kinds of article and things in the manufacture of which in any form paper board, or pulp used and all kinds of wastes from paper, sugar, Iron and Steel, Rice Mill industries and also to deal in or manufacture any other articles or things of a character similar or analogous to foregoing or any of them of connected therewith.

The main objects clause and objects incidental or ancillary to the main objects as contained in the Memorandum of Association enable our Company to undertake its existing activities and the activities proposed to be carried out in relation to Objects of the Issue.

Amendments to the Memorandum of Association of our Company

The following changes have been made to the Memorandum of Association of our Company in the last ten (10) years:

No.	Date of Amendment / Shareholders Resolution	Amendment
1.	June 15, 2018	<p><u>Change in name of our Company:</u></p> <p>Clause I of the Memorandum of Association was altered to reflect the change in name of our Company from "Bhadra Packaids Private Limited" to "Bhadra Paper Mills Private Limited".</p>
2.	July 2, 2018	<p><u>Change in authorised share capital:</u></p> <p>Increase in Authorized Share Capital by way of increase in Equity Share Capital from ₹70,00,000 Equity Share Capital comprising of 7,00,000 Equity Shares of ₹10/- each and ₹60,00,000 Preference Share Capital comprising of 60,000 Preference Shares of ₹100/- each to ₹15,00,00,000 Equity Share Capital comprising of 1,50,00,000 Equity Shares of ₹10 each and ₹60,00,000 Preference Share Capital comprising of 60,000 Preference Shares of ₹100 each.</p>
3.	August 13, 2018	<p><u>Conversion from private limited to public limited:</u></p> <p>Clause I of the Memorandum of Association was altered to reflect the conversion of our Company from private limited to public limited.</p>

Shareholders of our Company

As on the date of this Draft Red Herring Prospectus, our Company has seven (7) shareholders. For further details in relation to the current shareholding pattern, please refer to section titled "Capital Structure" beginning on page 54 of this Draft Red Herring Prospectus.

Major events and milestones

The table below sets forth some of the major events in the history of our Company:

Year	Key Milestones
1984	Incorporation of our Company
1989	Erection of Plant & Machinery and commencement of commercial production of Kraft paper
1993	Our Company stopped operations around June 1993 and it was referred to BIFR in terms of Sick Industrial companies (Special Provisions) Act, 1985
1994	Our Company became subsidiary of South India Paper Mills Limited
1997	Our Company ceased to be a sick industrial company
2001	Commenced production of colour board
2004	Enhancement of installed capacity from 7200 TPA to 9500 TPA
2010	Commenced laminated board production and enhanced the installed capacity from 9500 TPA to 10,000 TPA
2011	Our Company ceased to be a subsidiary of South India Paper Mills Limited by way of acquisition of the entire shareholding leading to change in management of our Company
2017	Our Company's production capacity was enhanced production capacity to 14,600 TPA
2018	<ul style="list-style-type: none"> ▪ Conversion of our Company from private limited to public limited ▪ Installed 2.5 MW Solar power project at Ittigi, Bellary district for captive use.

Other Details Regarding our Company

For information on our activities, services, growth, technology, geographical presence, market, managerial competence, competitive conditions, our standing with reference to our prominent competitors and major customers and suppliers, please refer to sections titled "Our Business"; "Industry Overview"; "Risk Factors" and "Management's Discussion and Analysis of Financial Conditions and Results of Operations" beginning on pages 105; 93; 20; and 174; respectively of this Draft Red Herring Prospectus. For details of our management, please refer to section titled "Our Management" beginning on page 122 of this Draft Red Herring Prospectus.

Time and Cost Overrun

There have been no time/cost overruns pertaining to our business operations as on the date of this Draft Red Herring Prospectus.

Strikes or Labour Unrest

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

Defaults or Rescheduling of Borrowings with Financial Institutions/ Banks

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

Capital raising (Debt / Equity)

Except as set out in the sections titled "Capital Structure" and "Financial Indebtedness" beginning on pages 54 and 182 respectively of this Draft Red Herring Prospectus, our Company has not raised any capital in the form of Equity Shares or debentures.

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

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

Revaluation of Assets

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

Awards and Accreditations

Our Company has received ISO 9001:2015 Quality Management System bearing no. 18DQEB08.

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

Pursuant to the Share Purchase Cum Indemnity Agreement dated September 29, 2011 (the "**Agreement**") entered into by and between The South India Paper Mills Limited; Mr. Shiraz Hamirani; Mr. Nizarali Jiwani & Ms. B.N. Jiwani (the "**Transferors/ Selling Shareholders**") and Mr. Subbaraju Lakshman; Mr. Madesh Lakshman; Mr. Dilip Lakshman; and Mr. Yoganand Lakshman (the "**Transferees/ Buyers**"), the Transferors transferred one hundred percent (100%) equity shares in Bhadra Packaids Private Limited for an aggregate cash consideration of ₹987.23 lakhs (₹9,87,23,466). Consequently, Mr. Subbaraju Lakshman and Mr. Madesh Lakshman became the current Promoters of our Company.

Other Agreements

Except the agreements disclosed above under "Details regarding acquisition of business/undertakings, mergers, amalgamation, revaluation of assets, etc." beginning on page 120 and as disclosed below, our Company has not entered into any material contract other than in the ordinary course of business carried on or intended to be carried on by our Company in the two (2) years preceding this Draft Red Herring Prospectus.

Purchase Agreement dated October 1, 2018 (the "SLT Agreement") entered into between our Company and our Promoter Group Entity, M/s. Sri Lakshman Traders ("SLT")

Our Company has entered into a non-exclusive SLT Agreement with SLT for the period of five (5) years w.e.f. October 1, 2018 to September 23, 2023, for the purchase of raw materials. All the purchase transactions of our Company with SLT will be subject to arm's length pricing and subject to the right of first refusal by our Company. The SLT Agreement will automatically get renewed for further period of five (5) years on the expiry of the term of the SLT Agreement except in the case of termination of SLT Agreement, *inter alia*, by mutual consent amongst the parties.

Holding Company

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

Subsidiaries of our Company

Our Company does not have any subsidiaries as on the date of this Draft Red Herring Prospectus.

Material Transactions

Other than as disclosed under section titled "Related Party Transactions" beginning on page 139 of this Draft Red Herring Prospectus, there are no sales or purchase between our Company where such sales or purchases exceed in value in the aggregate 10% of the total sales or purchases of our Company.

Common pursuits

Except as disclosed in this section, our Promoters do not have any interest in any ventures that is involved in the same line of activity or business as that of our Company.

Collaboration Agreements

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

Shareholders Agreements

As on the date of this DRHP, there are no subsisting shareholders' agreements which our Company is aware of.

Material Agreements

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

Joint Venture Agreement

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

Other Agreements

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

Strategic Partners

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

Financial Partners

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

OUR MANAGEMENT

Board of Directors

As per the Articles of Association our Company shall not appoint less than three (3) and more than fifteen (15) Directors. Currently, our Company has six (6) Directors. Out of six (6) directors, two (2) are Executive Directors, one (1) is Non-Executive Director and three (3) are Independent Directors.

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

Name, Designation, Address, Date of Appointment/ Re-appointment, Term, Period of Directorship, Occupation, and DIN	Age (in years)	Other Directorships as on the date of this Draft Red Herring Prospectus
Mr. Subbaraju Lakshman Designation: Chairman and Whole-Time Director (w.e.f. July 15, 2018) Address: 28/ B, 2nd Cross, Nandidurg Road, Jayamahall Extension, Bangalore 560046, Karnataka, India. Date of first Appointment: September 29, 2011 Term: Five (5) years (<i>Liable to retire by rotation</i>) Nationality: Indian Occupation: Business DIN: 03632724 Date of Birth: September 23, 1945	73	<u>Public Limited Entities:</u> ❖ Nil <u>Private Limited Entities:</u> ❖ Nil <u>Section 8 Company:</u> ❖ Nil <u>Foreign Entities:</u> ❖ Nil
Mr. Madesh Lakshman Designation: Managing Director (w.e.f. July 15, 2018) Address: No. 14, Flat No.003, Inland Exotic Benson Road, Benson Town, Bangalore 560046 Karnataka, India. Date of first Appointment: September 29, 2011 Term: Five (5) years Nationality: Indian Occupation: Business DIN: 03632801 Date of Birth: December 15, 1976	42	<u>Public Limited Entities:</u> ❖ Nil <u>Private Limited Entities:</u> ❖ Nil <u>Section 8 Company:</u> ❖ Nil <u>Foreign Entities:</u> ❖ Nil
Ms. Sharitha Madesh Designation: Non-Executive Director Address: No. 14, Flat No.003, Inland Exotic Benson Road, Benson Town, Bangalore 560 046 Karnataka, India. Date of Appointment: December 17, 2013 Term: <i>Liable to retire by rotation</i> Nationality: Indian Occupation: Business DIN: 06763717 Date of Birth: May 16, 1974	44	<u>Public Limited Entities:</u> ❖ Nil <u>Private Limited Entities:</u> ❖ Nil <u>Section 8 Company:</u> ❖ Nil <u>Foreign Entities:</u> ❖ Nil

Name, Designation, Address, Date of Appointment/ Re-appointment, Term, Period of Directorship, Occupation, and DIN	Age (in years)	Other Directorships as on the date of this Draft Red Herring Prospectus
Mr. Abhilash Padmanabh Kamti Designation: Independent Director Address: M-1102 Meghana and Shalini Apartment, 2 and 3, 100 feet Ring Road, Kadirahalli Under Pass, Padmanabhanagar, Bidarahalli, Bangalore 560070 Karnataka, India. Date of Appointment: September 14, 2018 Term: Five (5) years Nationality: Indian Occupation: Service DIN: 01587117 Date of Birth: October 3, 1977	41	<u>Public Limited Entities:</u> ❖ Nil <u>Private Limited Entities:</u> ❖ Vanijya Advisory Services Private Ltd <u>Section 8 Company:</u> ❖ Nil <u>Foreign Entities:</u> ❖ Nil
Mr. Nagaraja Srivatsa Designation: Independent Director Address: E-505, Renaissance Temple Bells, 25/1, Chord Road, Opposite Iskcon Temple, Rajajinagar Industrial Suburb, Bangalore 560 022 Karnataka, India Date of Appointment: September 14, 2018 Term: Five (5) years Nationality: Indian Occupation: Service DIN: 0285712 Date of Birth: February 18, 1959	59	<u>Public Limited Entities:</u> ❖ Nil <u>Private Limited Entities:</u> ❖ Nil <u>Section 8 Company:</u> ❖ Nil <u>Foreign Entities:</u> ❖ TD Power Systems Jenerator Sanayi A S
Mr. Duraisamyraju Venkata Krishnan Designation: Independent Director Address: 99, Umasivan Nagar, Melaveli, Thanjavur Talukka Thanjavur, Srinivasapuram 613 009 Tamilnadu, India. Date of Appointment: September 14, 2018 Term: Five (5) years Nationality: Indian Occupation: Retired DIN: 0008184615 Date of Birth: December 12, 1945	73	<u>Public Limited Entities:</u> ❖ Nil <u>Private Limited Entities:</u> ❖ Nil <u>Section 8 Company:</u> ❖ Nil <u>Foreign Entities:</u> ❖ Nil

Family Relationships between the Directors

None of the directors are related to each other in terms of the definition of 'relative' under Section 2(77) of the Companies Act, except as set out below:

Name	Name	Relationship
Mr. Madesh Lakshman	Mr. Subbaraju Lakshman	Mr. Subbaraju Lakshman is the father of Mr. Madesh Lakshman
Mr. Madesh Lakshman	Ms. Sharitha Madesh	Mr. Madesh Lakshman is the husband of Ms. Sharitha Madesh

Family Relationships between the Directors and Key Managerial Personnel of our Company

There is no family relationship between the Directors and any Key Managerial Personnel of our Company.

Brief Biographies of the Directors

1. **Mr. Subbaraju Lakshman**, aged 73 years, is the Chairman & Whole Time Director and Promoter of our Company. He is matriculate. He has been on the Board of our Company since September 29, 2011. He is the sole proprietor of Sri Lakshman Traders and has more than four decades of experience in trading of waste paper. He is responsible for looking after the procurement of raw materials and stores and the overall administration of the Company.
2. **Mr. Madesh Lakshman**, aged 42 years, is the Managing Director and Promoter of our Company. He holds a degree of Bachelore of Commerce from St' Joseph's College, Bangalore. He has been on the Board of our Company since September 29, 2011. He has more than 20 years of experience in paper industry. He is involved in planning and management of the development of business of our Company. He looks after the functions of sales, production, planning, and finance and also administers the day to day operations of our Company.
3. **Ms. Sharitha Madesh**, aged 44 years, is the Non-Executive Director of our Company. She holds a degree of Bachelor of Arts from Bishop Cotton Christian Women's college, Bangalore. She has been on the Board of our Company since December 17, 2013. She has more than 15 years of experience as a HR professional.
4. **Mr. Abhilash Padmanabh**, aged 41 years, is the Independent Director of our Company. He holds degree of Master of Business Administration from University of Mysore. He has also done his Bachelor in Business Management from University of Mysore. He has been on the Board of our Company since September 2018. He has more than fifteen (15) years of experience in functions like Finance, Planning and Project Management. He was previously associated with SREI Infrastructure Finance Limited, Paramount Airways and GE Capital Finance. His experience likely to benefit the Company in the areas of finance and management of business operations.
5. **Mr. Nagaraja Srivatsa**, aged 59 years, is the Independent Director of our Company. He holds degree of Bachelor of Commerce from Bangalore University. He is also a member of Institute of Company Secretaries of India (ICSI). He has been on the Board of our Company since September 2018. He has more than twenty-five (25) years of experience in Legal and Compliance functions. His qualification and experience will help the Company in various regulatory compliances.
6. **Mr. D. Venkata Krishnan**, aged 73 years, is the Independent Director of our Company. He is matriculate and has been on the Board of our Company since September 2018. Prior to joining our Company, he has served Indian Army for the period ten (10) years and also worked with Bharat Sanchar Nigam Limited for the period of twenty-five (25) years. He is likely to contribute in general administrative functions of the Company

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

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

Director's association with the Securities Market

None of the Directors of our Company are associated with securities market.

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

None of our Directors are/ were directors of any entity whose shares were delisted from any Stock Exchange(s).

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

Remuneration to Non-Executive Directors

The Board of Directors in its meeting held on September 14, 2018 had approved sitting fees of ₹0.4 Lakhs (₹40,000) per meeting as the sitting fees payable to our Independent Directors, towards attending meetings of the Board of Directors and ₹0.2 Lakhs (₹20,000) per meeting as the sitting fees payable to our Independent Directors, towards attending meetings of the committee of the Board of Directors.

Remuneration to Executive Directors

- Mr. Subbaraju Lakshman**, is the Promoter, Chairman and Whole-Time Director of our Company. He was re-appointed as Whole-Time Director by way of a board resolution dated September 14, 2018 and a shareholder's resolution dated October 25, 2018 for a period of five (5) years commencing from September 1, 2018 till August 31, 2023. Mr. Subbaraju Lakshman's terms of appointment have been laid down under the Employment Agreement dated October 25, 2018. The significant terms of his employment under the Employment Agreement are set out below:

Particulars	Remuneration
Basic Salary	Rs. 6,00,000 per month with a 15 % increment from the 1 st of April for each year for the rest of his tenure.
Housing	Free furnished accommodation or housing rent allowance in lieu of accommodation provided by our Company. Reimbursement of expenses pertaining to electricity, gas, water, telephone and other reasonable expenses for the maintenance of the accommodation as per our Company's policy.
Conveyance	Our Company's chauffeur driven car shall be provided to him for Company business.
Medical expenses	He shall be provided with reimbursement of medical expenses of a sum not exceeding his one month's salary.
Leave and travel expenses	He shall be paid leave and travel assistance for himself and his family for a sum not exceeding his one month's salary. He shall also be reimbursed for entertainment, travelling and all other expenses incurred for the business of our Company as per the Company's policy.
Club Fees	Actual fees for one corporate club in India (<i>including admission and annual membership fees</i>).
Insurance	He shall be provided with personal accident insurance premium as per our Company's policy.

- Mr. Madesh Lakshman**, is the Promoter and Managing Director of our Company. He was re-appointed as Managing Director by way of a board resolution dated September 14, 2018 and a shareholder's resolution dated October 25, 2018 for a period of five (5) years commencing from September 1, 2018 till August 31, 2023. Mr. Madesh Lakshman's terms of appointment have been laid down under the Employment Agreement dated October 25, 2018. The significant terms of his employment under the Employment Agreement are set out below:

Particulars	Remuneration
Basic Salary	Rs. 6,00,000 per month with a 15 % increment from the 1 st of April for each year for the rest of his tenure.
Housing	Free furnished accommodation or housing rent allowance in lieu of accommodation provided by our Company. Reimbursement of expenses pertaining to electricity, gas, water, telephone and other reasonable expenses for the maintenance of the accommodation as per our Company's policy.
Conveyance	Our Company's chauffeur driven car shall be provided to him for Company business.

Particulars	Remuneration
Medical expenses	He shall be provided with reimbursement of medical expenses of a sum not exceeding his one month's salary.
Leave and travel expenses	He shall be paid leave and travel assistance for himself and his family for a sum not exceeding his one month's salary. He shall also be reimbursed for entertainment, travelling and all other expenses incurred for the business of our Company as per the Company's policy.
Club Fees	Actual fees for one corporate club in India (<i>including admission and annual membership fees</i>).
Insurance	He shall be provided with personal accident insurance premium as per our Company's policy.

Payment or benefit to Directors of our Company

The sitting fees/other remuneration of our Directors in Financial Year 2017-2018 are as follows:

- **Payment of non-salary related benefits:** Except as stated under Remuneration to Executive Directors and "Remuneration to Non-executive directors", our Company has not paid, in the last three (3) years preceding the date of this Draft Red Herring Prospectus, and nor does it intend to pay any non-salary related amount or benefits to our Directors.
- **Remuneration to Executive Directors:** Our Company has paid ₹54.00 lakhs to Mr. Subbaraju Lakshman and ₹54.00 lakhs to Mr. Madesh Lakshman in the fiscal 2018.
- **Remuneration to Non-Executive Directors:** Pursuant to the Board resolution dated September 14, 2018, our Company has fixed an amount of ₹0.4 Lakhs (₹40,000) per meeting as the sitting fees payable to our Independent Directors, towards attending meetings of the Board of Directors and ₹0.2 Lakhs (₹20,000) per meeting as the sitting fees payable to our Independent Directors, towards attending meetings of the committee of the Board of Directors. It may be noted that only Non-Executive Directors are paid sitting fees. Other than as disclosed above, our Company has not paid sitting fees to any of our other non-executive Directors. The travel expenses for attending meetings of the Board of Directors or a committee thereof, site visits and other Company related expenses are borne by our Company, from time to time.

Arrangements with major Shareholders, Customers, Suppliers or Others

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

Service Contracts

Except with our Whole-Time Director, Mr. Subbaraju Lakshman and Managing Director, Mr. Madesh Lakshman, our Company has not executed any service contracts with its directors providing for benefits upon termination of their employment. As per the employment agreement, our Whole-Time Director, Mr. Subbaraju Lakshman and Managing Director, Mr. Madesh Lakshman will be compensated for the unexpired period of contract at equal to and same terms had the contract been continued, in case of termination of their service contract before the expiry of contract period.

Shareholding of directors in our Company

Except as mentioned below, none of the Directors hold Equity Shares in our Company as on the date of this Draft Red Herring Prospectus:

Particulars	Pre-Issue		Post-Issue*	
	Number of Shares	Percentage (%) holding	Number of Shares	Percentage (%) holding
Mr. Subbaraju Lakshman	66,50,215 ⁽¹⁾	62.86	[●]	[●]
Mr. Madesh Lakshman	31,24,000 ⁽²⁾	29.53	[●]	[●]
Ms. Sharitha Madesh	178	Negligible	[●]	[●]
Mr. D. Venkata Krishnan	177	Negligible	[●]	[●]
Total	97,74,570	92.39	[●]	[●]

*Assuming full subscription to the Issue.

Notes:

- (1) *The Equity Shares have been jointly held by Mr. Subbaraju Lakshman; Mr. Madesh Lakshman; and Mr. Yoganandh Lakshman.*
- (2) *The Equity Shares have been jointly held by Mr. Madesh Lakshman and Mr. Yoganandh Lakshman.*

Shareholding of Directors in our Subsidiaries

Our Company does not have any subsidiary as on the date of this Draft Red Herring Prospectus.

Shareholding of Directors in our Associate companies

Our Company does not have any associate companies as on the date of this Draft Red Herring Prospectus.

Appointment of relatives of our Directors to any office or place of profit

None of the relatives of our Directors currently holds any office or place of profit in our Company.

Interests of our Directors

Our executive directors may also be deemed as interested in our Company to the extent of the Equity Shares held by them or any Equity Shares that may be subscribed by or allotted to them from time to time. For further details, please refer to section titled "Our Management – Shareholding of directors in our Company" and "Capital Structure" beginning on pages 126 and 54 respectively of this Draft Red Herring Prospectus. Our director may also be deemed to be interested to the extent of any dividend, if any, payable and other distributions in respect of the Equity Shares held by them.

Except as stated under sections titled "Related Party Transactions" and "History and Certain Corporate Matters" beginning on pages 139 and 117 respectively of this Draft Red Herring Prospectus, our Company has not entered into any contract, agreements or arrangements during the preceding two (2) years from the date of this Draft Red Herring Prospectus or proposes to enter into any such contract in which our directors are directly or indirectly interested and no payments has been made to him in respect of the contracts, agreements or arrangements which are proposed to be made with them.

Our independent directors may be deemed to be interested in our Company to the extent of fees payable to them for attending meetings of our Board or committees thereof and reimbursement of expenses payable pursuant to our Articles of Association. Our independent director, Mr. D. Venkata Krishnan may also be deemed as interested in our Company to the extent of the Equity Shares held by him or any Equity Shares that may be subscribed by or allotted to him from time to time. For further details, please refer to section titled "Our Management – Shareholding of directors in our Company" and "Capital Structure" beginning on pages 126 and 54 respectively of this Draft Red Herring Prospectus.

Our directors have no interest in any property acquired or proposed to be acquired by our Company as on the date of this Draft Red Herring Prospectus.

Except, Mr. Subbaraju Lakshman and Mr. Madesh Lakshman who are the Promoters of our Company, none of our other Directors have any interest in the promotion of our Company other than in ordinary course of business. Except as disclosed above, no amount or benefit has been paid or given within the two (2) preceding years or is intended to be paid or given to any of our Directors except the normal remuneration for services rendered as Directors.

None of our Directors have availed any loan from our Company. Except for M/s Sri Lakshman Traders, sole proprietorship of Mr. Subbaraju Lakshman where an advance has been disbursed towards the supply of raw materials in the normal course of business. None of the beneficiaries of loans, advances and sundry debtors are related to the Directors of our Company. Except as disclosed under section titled "Our Management – Remuneration to Executive Directors" beginning on page 125 of this Draft Red Herring Prospectus, none of our Directors is party to any bonus or profit-sharing plan of our Company. Further, other than our Managing Director and Whole-time Director, none of the officers of our Company, have entered into a service contract with our Company pursuant to which they are entitled to any benefits upon termination of employment.

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

Except as set out below, there are no changes in the Board of Directors of our Company in the last three (3) years:

No.	Name of the Director	Date of Change	Reason for change
1.	Ms. Sharitha Madesh	September 14, 2018	Change in designation from Whole-Time Director to Non-Executive Director
2.	Mr. Abhilash Padmanabh	September 14, 2018	Appointment as an Independent Director
3.	Mr. Nagaraja Srivatsa	September 14, 2018	Appointment as an Independent Director
4.	Mr. D. Venkata Krishnan	September 14, 2018	Appointment as an Independent Director
5.	Mr. Yoganandh Lakshman	September 1, 2018	Resignation as a Whole-Time Director
6.	Mr. Madesh Lakshman	July 15, 2018	Change in designation from Whole-Time Director to Managing Director

Borrowing Powers of the Board

The Articles, subject to the provisions of the Companies Act, 2013 authorize the Board to raise, borrow or secure the payment of any sum or sums of money for the purposes of our Company. The shareholders have, pursuant to a resolution passed at the Extra Ordinary General Meeting held on October 25, 2018, in accordance with the Companies Act, 2013 authorized the Board to borrow monies from time to time, the borrowings of our Company (*apart from temporary loans obtained from the Company's bankers in the ordinary course of business*) shall not exceed ₹25,000 lakhs for the time being, including the money already borrowed by our Company.

Corporate Governance

The provisions of the SEBI Listing Regulations with respect to corporate governance will be applicable to our Company immediately upon the listing of Equity Shares on the Stock Exchanges. Our Company is in compliance with the requirements of applicable regulations, specifically the SEBI Listing Regulations, the Companies Act, 2013 and the SEBI (ICDR) Regulations, in respect of corporate governance particularly in relation to constitution of the Board and committees of our Board.

The corporate governance framework is based on an effective independent Board, separation of the Board's supervisory role from the executive management team and constitution of the Board committees, each as required under law. Our Board of Directors is constituted in compliance with the Companies Act, 2013 and the SEBI Listing Regulations.

The Board of Directors functions either as a full board or through various committees constituted to oversee specific operational areas. Currently, our Company has six (6) Directors out of them one (1) an executive Chairman and Whole -Time Director, one (1) an executive Managing Director, one (1) is Non-Executive Director and three (3) are Independent Directors. In compliance with the requirements of Regulation 17 of the SEBI (LODR) Regulations, we have one (1) women director and three (3) Independent Directors on the Board, in addition to two (2) Executive Directors. In compliance with the provisions of the Companies Act, 2013 at least two-third of our Directors, other than our Independent Directors, are liable to retire by rotation.

The details of i) Audit Committee; ii) Nomination and Remuneration Committee; and iii) Stakeholders Relationship Committee committees are set out below. In addition to the committees of the Board detailed below, our Board of Directors may, from time to time constitute committees for various functions.

i) **Audit Committee:**

Our Company has constituted the Audit Committee in accordance with the Section 177 of the Companies Act and Regulation 18 of the SEBI (LODR) Regulations. Further, the Audit Committee was constituted by way of a Board resolution dated September 14, 2018. The audit committee presently consists of the following Directors of the Board:

- i) Mr. Abhilash Padmanabh, Chairman (*Independent Director*);
- ii) Mr. Nagaraja Srivatsa, Member (*Independent Director*) and
- iii) Ms. Sharitha Madesh, Member (*Non-executive Director*)

The scope of the Audit Committee shall include the following:

1. Oversight of our Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
2. Recommendation for appointment, re-appointment and replacement, remuneration and terms of appointment of auditors of our Company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;
 - b. Changes, if any, in accounting policies and practices and reasons for the same;
 - c. Major accounting entries involving estimates based on the exercise of judgment by management;
 - d. Significant adjustments made in the financial statements arising out of audit findings;
 - e. Compliance with listing and other legal requirements relating to financial statements;
 - f. Disclosure of any related party transactions; and
 - g. Modified opinion(s) in the draft audit report.
5. Reviewing, the quarterly financial statements with the management before submission to the Board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, 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 utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of our Company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of our Company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Monitoring the end use of funds raised through public offers and related matters;
13. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
14. 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;
15. Discussion with internal auditors of any significant findings and follow up there on;
16. 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;
17. Discussion with statutory auditors before the commencement of the audit, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
18. To look into the reasons for substantial defaults in the payment to the depositors, debenture

- holders, shareholders (in case of non-payment of declared dividends) and creditors;
19. To establish and review the functioning of the whistle blower mechanism;
 20. Approval of appointment of the chief financial officer (i.e., the whole-time finance director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
 21. Carrying out any other terms of reference as may be decided by the Board or specified/ provided under the Companies Act, 2013 or the SEBI Listing Regulations or by any other regulatory authority; and
 22. Review of (1) management discussion and analysis of financial condition and results of operations; (2) statement of significant related party transactions (as defined by the audit committee), submitted by management; (3) management letters / letters of internal control weaknesses issued by the statutory auditors; (4) internal audit reports relating to internal control weaknesses; (5) the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee; (6) statement of deviations including (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the SEBI Listing Regulations; (b) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) of the SEBI Listing Regulations.

ii) **Nomination and Remuneration Committee:**

Our Company has constituted in terms of Section 178 of the Companies Act and Regulation 19 of the SEBI (LODR) Regulations, Remuneration Committee as Nomination and Remuneration Committee in the meeting of the Board of Directors held on September 14, 2018. The Nomination and Remuneration Committee presently consists of the following Directors of the Board:

- i) Mr. Nagaraja Srivatsa, Chairman (*Independent Director*);
- ii) Mr. Abhilash Padmanabh, Member (*Independent Director*);
- iii) Mr. D. Venkata Krishnan, Member (*Independent Director*) and
- iv) Ms. Sharitha Madesh, Member (Non-executive Director)

The terms of reference of Nomination and Remuneration Committee are set out below:

1. Formulation of criteria for evaluation of performance of independent directors and the board of directors;
2. Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees and while formulating this policy ensure that:
 - a) Level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run our Company successfully;
 - b) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - c) Remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of our Company and its goals and ensure that the policy is disclosed in the Board's report.
3. Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance;
4. Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors; and
5. Devising a policy on diversity of the board of directors.

iii) **Stakeholders Relationship Committee:**

Our Company has constituted in terms of Section 178 of the Companies Act and Regulation 20 of the SEBI (LODR) Regulations the Stakeholders Relationship Committee by way of a Board Resolution dated September 14, 2018. The Stakeholders Relationship Committee presently consists of the following Directors of the Board:

- i) Mr. Nagaraja Srivatsa, Chairman (*Independent Director*);
- ii) Mr. Abhilash Padmanabh, Member (*Independent Director*); and
- iii) Mr. Subbaraju Lakshman, Member (*Executive Director*)

The scope of the Stakeholders Relationship Committee is set out below:

1. Resolving the grievances of the shareholders of our Company including complaints related to transfer of shares, non- receipt of annual report and non-receipt of declared dividends;
2. Investor relations and redressal of grievances of security holders of our Company in general and relating to non-receipt of dividends, interest, non- receipt of balance sheet, etc.;
3. Approve requests for security transfers and transmission and those pertaining to rematerialisation of securities / subdivision/ consolidation/ of shares, issue of renewed and duplicate share/debenture certificates, etc.; and
4. Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by such committee.

Other Committees formed by our Company

iv) **Corporate Social Responsibility (CSR) Committee:**

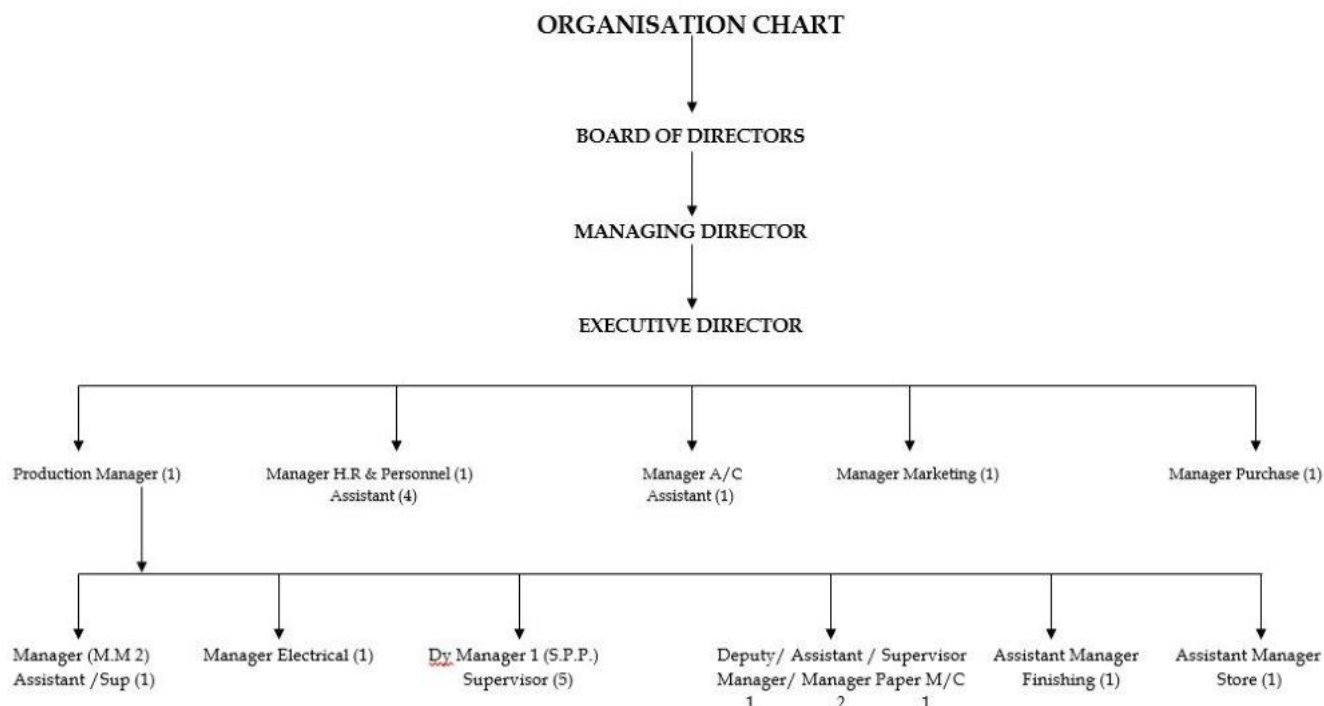
Our Company has re-constituted the CSR Committee by way of a Board Resolution dated September 14, 2018. The CSR Committee presently consists of the following Directors of the Board:

- i) Mr. D. Venkata Krishnan, Chairman; (*Independent Director*)
- ii) Mr. Subbaraju Lakshman, Member (*Executive Director*);
- iii) Mr. Madesh Lakshman, Member (*Executive Director*); and
- iv) Ms. Sharitha Madesh, Member (*Non-Executive Director*)

The scope of the CSR Committee is set out below:

1. To formulate and recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken by our Company as specified in Schedule VII of the Companies Act, 2013;
2. To recommend the amount of expenditure to be incurred on the activities;
3. To monitor the CSR Policy of our Company from time to time;
4. To monitor the CSR activities undertaken by our Company, which shall be as per the CSR Policy, as projects or programs or activities undertaken in India (either new or ongoing), excluding activities undertaken in its normal course of business;
5. To provide a report on CSR activities to the Board of our Company;
6. To be responsible for the implementation and monitoring of CSR Policy, this shall be in compliance with CSR objectives and Policy of our Company; and
7. To ensure the compliance of Section 135 read with Schedule VII of Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014 and subsequent amendments thereto.

Management Organization Chart



Profiles of our Key Managerial Personnel

In addition to our Chairman and Whole Time Director, Mr. Subbaraju Lakshman and our Managing Director, Mr. Madesh Lakshman, whose details are provided under "Brief biographies of the Directors" beginning on page 124 of this Draft Red Herring Prospectus, the details of our other Key Managerial Personnel as on the date of this Draft Red Herring Prospectus are set forth below. Except for certain statutory benefits, there are no other benefits accruing to the Key Managerial Personnel.

1. **Mr. Siva Prasad Dindakurthi**, 32 years, is the Chief Financial Officer (CFO) of our Company. He has been associated with our Company since September 1, 2018. He holds a bachelors' degree in technology from Jawaharlal Nehru Technological University, Hyderabad and a masters' degree in business administration from Bangalore University. He has nearly three (3) years of experience is responsible for looking after accounts and financial matters.
2. **Ms. Sandhya Deshpande**, 60 years, is the Company Secretary and Compliance Officer of our Company. She has been associated with our Company since September 1, 2018. She is a member of Institute of Company Secretaries of India. She has obtained the degree of bachelors' in business management from the University of Mysore and is a certified member of the Institute of Business Administration and Management, New Delhi. She has nearly 28 years of experience and is responsible for compliance with statutory and regulatory requirements and for ensuring that decisions of our Board are implemented.
3. **Mr. Shreekanth Chikkamath**, 49 years, is the Production Manager of our Company. He has been associated with our Company since May 1994. He has done his Diploma in Paper Technology from Depart of Technology, Government of Karnataka. He has nearly (twenty-five) 25 years of experience in paper industry and is responsible for supervision of paper production process in our Company.
4. **Ms. S. Sumati**, 50 years, is the Sales Manager of our Company. She has been associated with our Company since April 1, 1994. She holds a degree of bachelors' in science from the University of Bangalore. She has nearly 27 years of experience is responsible for procuring orders, collection and debtors management.

Status of Key Management Personnel in our Company

All our key managerial personnel are permanent employees of our Company.

Relationship amongst the Key Managerial Personnel of our Company

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

Shareholding of Key Management Personnel in our Company

Except for Mr. Subbaraju Lakshman and Mr. Madesh Lakshman, none of the Key Management Personnel hold Equity Shares in our Company as on the date of this Draft Red Herring Prospectus. For details in relation to their shareholding, please refer to section titled "Capital Structure" beginning on page 54 of this Draft Red Herring Prospectus.

Bonus or profit-sharing plan of the Key Managerial Personnel

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

Arrangements and understanding with major shareholders / customers / suppliers

None of our Key Managerial Personnel have been appointed as KMP pursuant to any arrangement with our major shareholders, customers, suppliers others.

Remuneration paid to KMPs

Except as mentioned below, no KMPs have received remuneration during the year ended March 31, 2018 :

Name of the KMP	Rs. in lakhs
Mr. Shreekantayya Chikkamath	4.29
Ms. S. Sumati	3.50

Interests of Key Management Personnel

Other than as disclosed under this section under "Our Management - Interest of our Directors" and "Our Management – Shareholding of Key Management Personnel" beginning on pages 127 and 133 respectively of this Draft Red Herring Prospectus, our Key Management Personnel do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business.

The Key Management Personnel may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of Equity Shares, if any, held by them.

The Key Management Personnel are not entitled to any contingent or deferred compensation.

Payment of benefits to officers of our Company (non-salary related)

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

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

Arrangement and understanding with major Shareholders/Customers/ Suppliers

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

Details of Service Contracts of the Key Managerial Personnel

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

Employee Stock Option or Employee Stock Purchase

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

Loans availed by Directors / Key Managerial Personnel of our Company

None of the Key Managerial Personnel have availed loan from our Company which is outstanding as on the date of this Draft Red Herring Prospectus.

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

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



No.	Name of the Key Managerial Personnel	Designation	Date of change	Reason for change
1.	Ms. Sandhya Deshpande	Company Secretary	September 1, 2018	Appointment
2.	Mr. Siva Prasad Dindakurthi	Chief Financial Officer (CFO)	September 1, 2018	Appointment
3.	Mr. Shreekantayya Chikkamath	Production Manager	September 1, 2018	Appointment
4.	Ms. S. Sumati	Sales Manager	September 1, 2018	Appointment

OUR PROMOTER AND PROMOTER GROUP

Our Promoter

Our current Promoters are Mr. Subbaraju Lakshman and Mr. Madesh Lakshman. As on the date of this Draft Red Herring Prospectus, our Promoters hold 97,74,215 Equity Shares, which constitutes approximately 92.39% of the issued, subscribed and paid-up Equity Share capital of our Company.

Details of Individual Promoter of our Company

	<p>Mr. Subbaraju Lakshman is the Promoter, Chairman and Whole-Time Director of our Company. For a complete profile of Mr. Subbaraju Lakshman, please refer to section titled "Our Management" beginning on page 122 of this Draft Red Herring Prospectus.</p> <p>Driving Licence Number: KA03 19850001575 Voter Identification Number: AKB1146562 Aadhar Card Number: 8886 5964 3929</p> <p>For further details in relation to other ventures of Mr. Subbaraju Lakshman, please refer to section titled "Our Group Companies" beginning on page 139 of this Draft Red Herring Prospectus.</p>
	<p>Mr. Madesh Lakshman is the Promoter and Managing Director of our Company. For a complete profile of Mr. Madesh Lakshman, please refer to section titled "Our Management" beginning on page 122 of this Draft Red Herring Prospectus.</p> <p>Driving Licence Number: KA04 19950001269 Voter Identification Number: AKB2509073 Aadhar Card Number: 9590 9904 5755</p> <p>For further details in relation to other ventures of Mr. Madesh Lakshman, please refer to section titled "Our Group Companies" beginning on page 139 of this Draft Red Herring Prospectus.</p>

Our Company confirms that it has submitted the details of the PAN, Bank Account Number and Passport Numbers of our Promoters to the Stock Exchanges at the time of filing the Draft Red Herring Prospectus.

Interests of our Promoters

Our Promoters are interested in our Company to the extent of their respective Equity shareholding in our Company and any dividend distribution that may be made by our Company or any other distribution with respect to their Equity Shares in the future. For details pertaining to our Promoter's shareholding, please refer to section titled "Capital Structure" beginning on page 54 of this Draft Red Herring Prospectus.

Our Promoters are also interested to the extent that they are Directors and Key Managerial Personnel of our Company. They are interested to the extent of any remuneration and reimbursement of expenses payable to them by virtue of being Directors and Key Managerial Personnel of our Company. For further information on remuneration to the Executive Director, please refer to section titled "Our Management" beginning on page 122 of this Draft Red Herring Prospectus.

Except as stated under section titled "Related Party Transactions" beginning on page 139 of this Draft Red Herring Prospectus, our Company has not entered into any contract, agreements or arrangements during the preceding two (2) years from the date of this Draft Red Herring Prospectus or proposes to enter into any such contract in which our Promoters are directly or indirectly interested and no payments has been made to him in respect of the contracts, agreements or arrangements which are proposed to be made with them.

One of our Promoters, Mr. Subbaraju Lakshman is interested in our Company to the extent of rentals being paid in terms of the lease agreements dated October 31, 2018 (*effective w.e.f October 1, 2018*) with respect of two (2) warehouses. For further details in relation to the warehouses, please refer to section titled "Related Party Transactions" beginning on page 140 of this Draft Red Herring Prospectus.

One of our Promoters, Mr. Subbaraju Lakshman is interested in our Company to the extent of any benefits accrued from the Purchase Agreement dated October 1, 2018 executed by and between our Company and M/s. Sri Lakshman Traders (SLT), of which Mr. Subbaraju Lakshman is a proprietor. The Agreement is for a period of five (5) years w.e.f. October 1, 2018 to September 30, 2023, for the purchase of raw materials. All the purchase transactions of our Company with SLT will be subject to arm's length pricing and subject to the right of first refusal by our Company. For further details in relation to the same, please refer to section titled "Related Party Transactions" beginning on page 140 of this Draft Red Herring Prospectus.

Except as stated otherwise in this Draft Red Herring Prospectus, our Promoters do not have any interest in any property acquired by our Company within three (3) years of the date of this Draft Red Herring Prospectus or proposed to be acquired by it or in any transaction in acquisition of land or any construction of building or supply of machinery.

Except as stated under section titled "Related Party Transactions" and "History and Certain Corporate Matters" beginning on pages 139 and 117 respectively of this Draft Red Herring Prospectus, our Promoters are not related to any sundry debtors of our Company.

Except as disclosed in this Draft Red Herring Prospectus, 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 shares or otherwise by any person for services rendered by them or by such firm or company in connection with the promotion or formation of our Company.

Common Pursuits

Our Promoters do not have any interest in any ventures that is involved in the same line of activity or business as that of our Company. Our Company is in the business of manufacturing and selling a diverse and multi-application range of paper boards and allied products and is focused on the production and marketing of paper board products for packaging and graphics segment. Our Promoter Group Entity M/s. Sri Lakshman Traders (SLT) is in the business of trading of waste paper and raw materials and is not undertaking any manufacturing and selling of the Products of the Company.

Confirmations

The Company hereby confirms that:

- ❖ Our Promoters and members of the Promoter Group have not been declared as Wilful Defaulters.
- ❖ 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 and members of the Promoter Group are not and have never been promoter, directors or person in control of any other company which is prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.

Related Party Transactions

For details of related party transactions entered into by our Promoters, Promoter Group and our Company during the last financial year, the nature of transactions and the cumulative value of transactions, please refer to section titled "Related Party Transactions" beginning on page 139 of this Draft Red Herring Prospectus.

Interest of Promoter in sales and purchases

There are no sales/purchases between our Company and any Group Company when such sales or purchases exceed in value the aggregate of 10% of the total sales or purchases of our Company or any business interest between our Company, and our Group Company as on the date of the last financial statements as our Company does not have any Group or associate Company as on the date of this Draft Red Herring Prospectus.

However, M/s Sri Lakshman Traders, a sole proprietorship concern of Mr. Subbaraju Lakshman supplies waste paper and other raw materials to the Company and have also entered into a Purchase Agreement dated October 1, 2018 (the "**SLT Agreement**"). The SLT Agreement has been entered for a period of five (5) years w.e.f. October 1, 2018 to September 30, 2023, for the purchase of waste paper and raw materials by the Company from SLT. Purchase of waste paper and other raw materials from M/s Sri Lakshman Traders exceeds 10% of the total revenue of our Company for the last three Financial Years.

Payment or benefits to the Promoters

Except as stated otherwise in under section titled "Related Party Transactions" beginning on page 139 of this Draft Red Herring Prospectus about the related party transactions entered into during the last five (5) Financial Years as per Accounting Standard 18 and in "Interest of Promoters" beginning on page 135 of this Draft Red Herring Prospectus, there has been no payment or benefit to our Promoters or Promoter Group during the two (2) years prior to the filing of this Draft Red Herring Prospectus nor is there any intention to pay or give any benefit to our Promoters or Promoter Group as on the date of this Draft Red Herring Prospectus.

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

Our Promoters have not disassociated from any of the companies or firms in the last three (3) years.

Change in the management and control of our Company

Our Promoters are not the original promoters of our Company. Our Company has been acquired by our Promoters in the financial year 2011. There has been change in the management or control of our Company pursuant to the acquisition of our Company by our Promoters.

Outstanding Litigation

Except as disclosed in the section titled "Outstanding Litigation and Material Developments" beginning on page 184 of this Draft Red Herring Prospectus there is no litigation or legal action pending or taken by a ministry, department of the Government or Statutory Authority during the last five (5) years preceding the date of this Draft Red Herring Prospectus against our Promoters.

Promoter Group of our Company
(a) Individual Promoter Group of our Promoter

Relationship with the Relative	Mr. Subbaraj Lakshman	Mr. Madesh Lakshman
Father	Mr. Thirumala Raju Subbaraju	Mr. Subbaraju Lakshman
Mother	Ms. Ramammal	Ms. L. Arun Mozhi
Brother	Mr. Sitaraman	Mr. Yoganandh Lakshman Mr. Dilip Lakshman
Sister	--	--
Spouse	Ms. L. Arun Mozhi	Ms. Sharitha Madesh
Son	Mr. Madesh Lakshman Mr. Yoganandh Lakshman Mr. Dilip Lakshman	Mr. Rohaan Madesh Mr. Ishaan Madesh
Son's Spouse	Ms. Sharitha Madesh Ms. Malvika Dhillon Ms. Ganga Dilip	--
Daughter	--	--
Spouse's Father	Mr. Pichal Raju	Mr. C. V. Diwakar
Spouse's Mother	Ms. Rajammal	Ms. Uma Diwakar
Spouse's Brother	--	--
Spouse's Sister	--	--

(b) Entities forming a part of Promoter Group

The entities that form part of our Promoter Group are as follows:

- ❖ M/s. Sri Lakshman Traders

OUR GROUP COMPANIES

As per the SEBI (ICDR) Regulations, for the purpose of identification of Group Companies, our Company has considered companies covered under the applicable accounting standard, i.e., AS-18 as per the Restated Financial Statements and other companies considered material by our Board. Pursuant to a resolution of our Board dated September 14, 2018, for the purpose of disclosure in connection with the Issue, a company shall be considered material and disclosed as a Group Company as per the Materiality Policy if our Company has entered into one or more transactions with such company/ entity in the preceding Financial Year, cumulatively exceeding 10% of the total revenue of our Company for such Financial Year.

As on the date of this Draft Red Herring Prospectus and based on the aforementioned materiality policy, our Company does not have any Group Company. However, M/s Sri Lakshman Traders, a sole proprietorship concern of Mr. Subbaraju Lakshman supplies waste paper and other raw materials to the Company and have also entered into a Purchase Agreement dated October 1, 2018 (the "**SLT Agreement**"). The SLT Agreement has been entered for a period of five (5) years w.e.f. October 1, 2018 to September 30, 2023, for the purchase of waste paper and raw materials by the Company from SLT. Purchase of waste paper and other raw materials from M/s Sri Lakshman Traders exceeds 10% of the total revenue of our Company for the last three Financial Years.

RELATED PARTY TRANSACTIONS

For details on related party transactions of the Company, please refer to Annexure-30 titled "*Restated Summary Statement of Related Party Transactions*" in the section titled "Financial Information" beginning on page 142 of this Draft Red Herring Prospectus.

DIVIDEND POLICY

The declaration and payment of dividends, if any, will be recommended by our Board of Directors and approved by our shareholders at their discretion, subject to the provisions of the Articles of Association and applicable law including the Companies Act. The dividends, if any, will depend on number of factors, including but not limited to the earnings, capital requirements and overall financial position of our Company. In addition, our ability to pay dividends may be impacted by number of other factors, including, restrictive covenants under the loan or financing documents that we may enter into in the future. Our Company has no formal dividend policy. Our Board may also, from time to time, pay interim dividends.

The dividends paid by our Company on the Equity Shares in the last three (3) fiscals 2018, 2017 and 2016 as per our Restated Financial Information are set out below:

Particulars	For the years ended March 31,		
	2018	2017	2016
Number of Shares	5,96,000	5,96,000	5,96,000
Face Value (₹)	10.00	10.00	10.00
Paid-up Value (₹)	59,60,000	59,60,000	59,60,000
Rate of Dividend* (in Percentage)	10.00	8.27	Nil
Total Dividend (₹ In Lakhs)	5.96	4.92	Nil
Corporate Dividend Tax on above (₹ In Lakhs)	1.21	1.03	Nil

SECTION V: FINANCIAL INFORMATION

FINANCIAL STATEMENTS

AUDITORS REPORT

**INDEPENDENT AUDITORS' REPORT ON RESTATED FINANCIAL INFORMATION OF
"BHADRA PAPER MILLS LIMITED"
(Formerly Known as Bhadra Paper Mills Private Limited)**

To,
The Board of Directors,
Bhadra Paper Mills Limited
23/14, 2nd Floor, Jalashambhavi Complex,
1st Main, Gandhinagar,
Bangalore 560009, India

Dear Sir,

1. We have examined the attached restated standalone summary financial information of Bhadra Paper Mills Limited (the Company) which comprise of the Restated Summary Statement of Assets and Liabilities, Restated Statement of Profit and Loss and Restated Summary of Cash Flows as at year ended on March 31, 2018, 2017, 2016 and for the 3 months period ended June 30, 2018, and the Summary of Significant Accounting Policies (collectively the **"Restated Standalone Financial Information" or "Restated Standalone Summary Financial Statements"**) as approved by the Board of Directors of the company prepared in terms of the requirements of :
 - a) Section 26 of Part I of Chapter III of the Companies Act, 2013 read with rules 4 to 6 of Companies (Prospectus and Allotment of Securities) Rules, 2014,
 - b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time in pursuance of provisions of Securities and Exchange Board of India Act, 1992 ("ICDR Regulations").
 - c) The Guidance Note on reports in Company Prospectus (Revised 2016) issued by Institute of Chartered Accountants of India (ICAI) ("Guidance Note")

The preparation of the Restated Standalone Financial Information [including the interim financial information mentioned in paragraph 4 below] is the responsibility of the Management of the Company for the purpose set out in paragraph 9 below. The Management's responsibility includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Standalone Financial Information in accordance with the accounting principles generally accepted in India, including the accounting standards as specified under section 133 of the Act' read with Rule 7 of the companies (Accounts) Rules, 2014. The Management is also responsible for identifying and ensuring that the Company complies with the applicable Rules and ICDR Regulations.
2. We have examined such Restated Standalone Financial Information taking into consideration:
 - a) The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated 14th September 2018 in connection with the proposed issue of equity shares of the Company; and
 - b) The Guidance Note on Reports in Company Prospectuses (Revised 2016) issued by ICAI ("The Guidance Note").
3. These Restated Standalone Financial Information have been compiled by the management from the Audited Financial Statements as at June 30, 2018, March 31, 2018, 2017 and 2016 which have been approved by Board of directors at their meetings held on 25th October 2018, 13th June 2018, 15th September 2017 and 7th September 2016 respectively.

Audit for the financial year ended 31st March, 2016, 31st March, 2017, 31st March, 2018 and 30th June,

2018 was conducted by us and accordingly reliance has been placed on the financial information examined by them for the said years / periods. The financial report included for these years i.e. April-June 2018, 2017-18, 2016-17 and 2015-16 are based solely on the report prepared by us.

We held a valid peer review certificate when the audit of FY 2017-18 and the stub period ended June 30 2018 was conducted and accordingly no re-audit of financial statements of these periods is required with reference to requirements of Schedule VI Part A of SEBI (ICDR) Regulations 2018 [clause 11 A(i)(e)] In terms of Schedule VI Part A of SEBI (ICDR) Regulations 2018 [clause 11 A(i) of SEBI (ICDR) Regulations, 2018] and other provisions relating to accounts of Bhadra Paper Mills Limited, We, M/s. Mohan & Sridhar, Chartered Accountants, have been subjected to the peer review process of the Institute of Chartered Accountants of India (ICAI) and hold a valid certificate issued by the 'Peer Review Board' of the ICAI.

4. Our Report is based on the Audited Financial Statements for the period ended as on June 30, 2018, and Financial Year ended as on March 31, 2018, 2017 and 2016. Hence, examination of Interim Financial Statements was not required as all the statements considered by us were approved by the Board of Directors and Audited by us as mentioned in Para 3 above. Hence, our opinion on interim financial information is not required.
5. In accordance with the requirement of Section 26 of Part I of Chapter III of the Act read with, Rules 4 to 6 of Companies (Prospectus and Allotment of Securities) Rules, 2014, the ICDR Regulations and the Guidance Note, we report that:
 - a) The Restated Summary Statement of Assets and Liabilities of the Company, including as at 31st March 2016, 31st March 2017, 31st March 2018 and 30th June 2018 was examined and reported upon by us, have been arrived at after making adjustments and regrouping/reclassifications as in our opinion were appropriate and more fully described in **"Notes on Restatements made in the Restated Accounts"**.
 - b) The Restated Summary Statement of Profit and Loss of the Company, including for the 31st March 2016, 31st March 2017, 31st March 2018 and 30th June 2018 was examined by us, and as set out in Annexure to this report, have been arrived at after making adjustments and regrouping/reclassifications as in our opinion were appropriate and more fully described in Annexure – **"Notes on Restatements made in the Restated Accounts"**.
 - c) The Restated Summary Statement of Cash Flows of the Company, including for the years ending 31st March 2016, 31st March 2017, 31st March 2018 and 30th June 2018 was examined by us, and as set out in Annexure to this report, have been arrived at after making adjustments and regrouping/reclassifications as in our opinion were appropriate and more fully described in Annexure – **"Notes on Restatements made in the Restated Accounts"**.
 - d) Based on the above, we further report that the Restated Standalone Financial Information:
 - i. Have been made after incorporating adjustments for the changes in accounting policies retrospectively in respective financial years to reflect the same accounting treatment as per changed accounting policy for all the reporting periods;
 - ii. Have been made after incorporating adjustments for the material amounts in the respective financial years to which they relate; and
 - iii. Do not contain any extra-ordinary items that need to be disclosed separately [other than those presented in the Restated Standalone Financial Information] and do not contain any qualification requiring adjustments.
 - iv. There are no qualifications in statutory audit report of previous years and hence no adjustments are required in Restated Financial Statements on this account.
 - v. There was no change in the accounting policies which needs to be adjusted in the Restated Financial Statements.

- vi. There are no revaluation reserves which are required to be disclosed separately in the Restated Financial Statements.
 - vii. There are no prior period expenses that are required to be adjusted in the respective financial years/periods to which they relate to.
6. We have also examined the following Restated Financial Information of the Company set out in Annexures prepared by the Management and approved by the Board of Directors for the period ended June 30, 2018 and year ended March 31, 2018, 2017 and 2016. This information has been included based upon the reports prepared by us.

Financial Information as per Audited Financial Statements:

We have examined:

- a) **Annexure 1 - 4** - Statement of Restated Financial Statements, as at March 31, 2016, 2017, 2018 & June 30, 2018.
- b) **Annexure 5** - Statement of Details of Share Capital, as Restated, as at March 31, 2016, 2017, 2018 & June 30, 2018.
- c) **Annexure 6** - Statement of Details of Reserves & Surplus, as Restated, as at March 31, 2016, 2017, 2018 & June 30, 2018.
- d) **Annexure 7** - Statement of Details of Long Term Borrowings, as Restated as at March 31, 2016, 2017, 2018 & June 30, 2018.
- e) **Annexure 8** - Statement of Details of Deferred Tax Liabilities, as Restated as at March 31, 2016, 2017, 2018 & June 30, 2018.
- f) **Annexure 9** - Statement of Details of Other Long-Term Liabilities, as Restated as at March 31, 2016, 2017, 2018 & June 30, 2018.
- g) **Annexure 10** - Statement of Details of Trade Payables, as Restated as at March 31, 2016, 2017, 2018 & June 30, 2018.
- h) **Annexure 11** - Statement of Details of Other Current Liabilities, as Restated as at year ended on March 31, 2016, 2017, 2018 & June 30, 2018.
- i) **Annexure 12** - Statement of Details of Statement of Short Term Provisions, as Restated as at March 31, 2016, 2017, 2018 & June 30, 2018.
- j) **Annexure 13** - Statement of Details of Fixed Assets, as Restated as at March 31, 2016, 2017, 2018 & June 30, 2018.
- k) **Annexure 14** - Statement of Details of Non-Current Investments, as Restated as at March 31, 2016, 2017, 2018 & June 30, 2018.
- l) **Annexure 15** - Statement of Details of Long Term Loans and Advances, as Restated as at March 31, 2016, 2017, 2018 & June 30, 2018.
- m) **Annexure 16** - Statement of Details of Current Investments, as Restated as at March 31, 2016, 2017, 2018 & June 30, 2018.
- n) **Annexure 17** - Statement of Details of Inventories of the Company, as Restated as at March 31, 2016, 2017, 2018 & June 30, 2018.
- o) **Annexure 18** - Statement of Details of Trade Receivables, as Restated as at March 31, 2016, 2017, 2018 & June 30, 2018.
- p) **Annexure 19** - Statement of Details of Cash and Cash Equivalents of the Company, as Restated as at March 31, 2016, 2017, 2018 & June 30, 2018.
- q) **Annexure 20** - Statement of Short- Term Loans and Advances, as Restated as at March 31, 2016, 2017, 2018 & June 30, 2018.
- r) **Annexure 21** - Statement of Details of Other Current Assets, as Restated as at March 31, 2016, 2017, 2018 & June 30, 2018.
- s) **Annexure 22** - Statement of Details of Revenues from Operations of the Company for the year ended on March 31, 2016, 2017, 2018 & period ended June 30, 2018.
- t) **Annexure 23** - Statement of Details of Other Income of the Company for the year ended on March 31, 2016, 2017, 2018 & period ended June 30, 2018.

- u) **Annexure 24** - Statement of Details of Cost of Material Consumed of the Company for the year ended on March 31, 2016, 2017, 2018 & period ended June 30, 2018.
- v) **Annexure 25** - Statement of Details of Changes in Inventories of the Company for the year ended on March 31, 2016, 2017, 2018 & period ended June 30, 2018.
- w) **Annexure 26** - Statement of Details of Employee Benefit Expenses of the Company for the year ended on March 31, 2016, 2017, 2018 & period ended June 30, 2018.
- x) **Annexure 27** - Statement of Details of Finance Cost of the Company for the year ended on March 31, 2016, 2017, 2018 & period ended June 30, 2018.
- y) **Annexure 28** - Statement of Details of Depreciation of the Company for the year ended on March 31, 2016, 2017, 2018 & period ended June 30, 2018.
- z) **Annexure 29** - Statement of Details of Other Expenses of the Company for the year ended on March 31, 2016, 2017, 2018 & period ended June 30, 2018.
- aa) **Annexure 30** - Summary Statement of Related Party Transactions.
- bb) **Annexure 31** - Summary Statement of Contingent Liability.
- cc) **Annexure 32** - Summary Statement of Details of Specified Bank Notes held and transacted during Demonetization.
- dd) **Annexure 33** - Summary Statement of Capital Commitments.
- ee) **Annexure 34** - Summary Statement of Capitalization, as Restated.
- ff) **Annexure 35** - Summary Statement of Tax Shelters.
- gg) **Annexure 36** - Other Financial Information, as Restated as at March 31, 2016, 2017, 2018 & June 30, 2018.

According to the information and explanation given to us and also as per the reliance placed on the reports prepared by us, in our opinion, the "Restated Financial Statements" and "Other Financial Information" mentioned above contained in *Annexure 1 to 36* accompanying this report, read with Summary of Significant Accounting Policies disclosed in *Annexure 4*, are prepared after making adjustments and regrouping as considered appropriate and have been prepared in accordance with Section 26 of Part I of Chapter III of the Companies Act, 2013 read with Rules 4 to 6 of Companies (Prospectus and Allotment of Securities) Rules, 2014, ICDR Regulations and the Guidance note.

- 7. This report should not in any way be construed as a reissuance or re-dating of any of the previous audit report issued by us, nor should this report be construed as a new opinion on any of the financial statements referred to herein.
- 8. We have no responsibility to update our report for events and circumstances occurring after the date of the report.
- 9. Our report is intended solely for the use of the management for inclusion in the Offer Document to be filled with National Stock Exchange of India Limited (SME Platform – EMERGE) / Securities and Exchange Board of India, Mumbai, Maharashtra in connection with the proposed issue of Equity Shares of the Company. Our report should not be used, referred to or distributed for any other purpose except with our prior consent in writing.

For MOHAN & SRIDHAR
Chartered Accountants
Firm Registration No.- 002097S

M G Mohan Kumar
Partner
Membership No. 023496

Place: Bangalore
Date: October 25, 2018

ANNEXURE – 1
STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(₹ in Lakhs)

Particulars	June 30, 2018	March 31, 2018	March 31, 2017	March 31, 2016
<u>EQUITY & LIABILITIES</u>				
<u>Shareholders' Funds</u>				
Share Capital	59.60	59.60	59.60	59.60
Reserve & Surplus	3,311.01	3,098.58	2,388.95	2,026.20
Total (A)	3,370.61	3,158.18	2,448.55	2,085.80
<u>Non-Current Liabilities</u>				
Share Application Money	-	-	-	-
Long-Term Borrowings	26.04	30.79	10.02	21.72
Deferred Tax Liabilities (Net)	167.19	148.08	52.24	67.09
Other Long-Term Liabilities	44.60	44.60	44.71	44.71
Total (B)	237.83	223.47	106.97	133.52
<u>Current Liabilities</u>				
Short Term Borrowings	-	-	-	-
Trade Payables	412.31	487.78	231.76	123.65
Other Current Liabilities	139.53	160.15	139.15	171.60
Short Term Provisions	90.21	66.21	29.23	35.39
Total (C)	642.05	714.14	400.14	330.64
Total (D=A+B+C)	4,250.49	4,095.79	2,955.66	2,549.96
<u>ASSETS</u>				
<u>Non - Current Assets</u>				
<u>Fixed Assets</u>				
a. Tangible Assets	1,763.51	1,633.93	425.18	334.93
b. Intangible Assets	0.76	0.92	0.43	0.72
c. Capital Work-in-Progress	83.86	46.09	10.26	47.05
Deferred Tax Asset (Net)	-	-	-	-
Long Term Loans & Advances	200.36	154.22	67.24	70.57
Non-Current Investments	854.63	957.15	851.81	436.23
Other Non-Current Assets	-	-	-	-
Total (E)	2,903.12	2,792.31	1,354.92	889.50
<u>Current Assets</u>				
Current Investments	0.91	0.91	10.77	14.48
Inventories	537.73	472.45	373.60	315.94
Trade Receivables	525.31	488.19	291.26	427.91
Cash & Bank Balances	155.01	220.14	714.49	665.08
Short Term Loans & Advances	125.63	119.00	205.47	230.28
Other Current Assets	2.78	2.79	5.15	6.77
Total (F)	1,347.37	1303.48	1,600.74	1,660.46
Total (G=E+F)	4,250.49	4,095.79	2,955.66	2,549.96

For MOHAN AND SRIDHAR
 Chartered Accountants
 Firm Registration No. 002097S

For & on behalf of The Board of Directors

M G Mohan Kumar
 Partner
 Membership No. 023496
 Place: Bengaluru
 Date: October 25, 2018

Lakshman Madesh
 Director
 DIN: 03632724

Subbaraju Lakshman
 Director
 DIN: 03632801

ANNEXURE – 2

STATEMENT OF PROFIT AND LOSS, AS RESTATED

(₹ in Lakhs, except per share data)

Particulars	June 30, 2018	March 31, 2018	March 31, 2017	March 31, 2016
Income				
(I) Revenue from Operations	1,115.80	4,142.29	3,661.17	3,410.70
(II) Other Income	5.45	289.75	115.02	87.08
(III) Total Revenue (I+II)	1,121.25	4,432.04	3,776.19	3,497.78
Expenditure				
Cost of Material Consumed	701.45	2,876.34	2,465.14	2,391.27
Change in inventories of Finished Goods, Stock-in-Trade & Scrap	(24.79)	(50.82)	40.95	(67.66)
Employees Benefit Expenses	100.85	417.40	412.18	411.17
Finance Cost	2.55	9.68	6.97	7.12
Depreciation & Amortization	19.43	38.09	35.23	47.54
Other Expenses	79.69	231.66	288.75	225.59
(IV) Total Expenditure	879.18	3,522.35	3,249.22	3,015.03
(V) Profit before Exceptional & extraordinary items and tax (III - IV)	242.07	909.69	526.97	482.75
(VI) Exceptional Item	-	-	-	-
(VII) Profit before Extraordinary items and tax (V - VI)	242.07	909.69	526.97	482.75
(VIII) Extra Ordinary Items	-	-	-	-
(IX) Profit before tax (VII - VIII)	242.07	909.69	526.97	482.75
(X) Tax Expense				
Current Tax	49.89	185.38	173.11	164.1
Deferred Tax	19.11	95.83	(14.85)	(04.84)
Income Tax of Earlier Years	-	0.08	-	-
Mat Credit Entitlement	(45.26)	(81.23)	-	-
(XI) Profit (Loss) for the period from continuing operations (IX - X)	218.33	709.63	368.71	323.49
(XII) Profit / (Loss) from discontinuing operations	-	-	-	-
(XIII) Tax Expense of Discontinuing operations	-	-	-	-
(XIV) Profit / (Loss) from discontinuing operations (after tax) (XII - XIII)	-	-	-	-
(XV) Profit (Loss) for the period (XI + XIV)	218.33	709.63	368.71	323.49
(XVI) Earnings per Equity Share in Rupees				
1. Basic & Diluted	36.63	119.06	61.86	54.28

For MOHAN AND SRIDHAR
 Chartered Accountants
 Firm Registration No. 002097S

For & on behalf of The Board of Directors

M G Mohan Kumar
 Partner
 Membership No. 023496
 Place: Bengaluru
 Date: October 25, 2018

Lakshman Madesh
 Director
 DIN: 03632724

Subbaraju Lakshman
 Director
 DIN: 03632801

ANNEXURE – 3
STATEMENT OF CASH FLOW, AS RESTATED

(₹ in Lakhs)

Particulars	June 30, 2018	March 31, 2018	March 31, 2017	March 31, 2016
<u>A. Cash Flow from Operating Activities</u>				
Net profit before taxes	242.07	909.69	526.97	482.75
<u>Adjustment for:</u>				
Add: Depreciation	19.43	38.09	35.23	47.54
Add: Interest & Finance Charges	2.55	9.68	6.97	7.12
Less: Dividend Income	0.03	0.84	0.45	0.06
Less: Profit on Sale of Fixed Assets	-	0.09	-	1.10
Less: Gain on Sale of Investment	0.99	190.54	35.70	10.56
Less: Interest Income	0.86	51.7	72.49	73.13
<i>Operating Profit/ (Loss) before Working capital changes</i>	262.16	714.29	460.53	452.56
<u>Changes in Working Capital -</u>				
<i>Increase / Decrease in Current Assets</i>				
Decrease (Increase) in Investments	-	09.86	(52.30)	13.86
Decrease (Increase) in Inventories	(65.29)	(98.85)	(57.66)	(36.89)
Decrease (Increase) in Trade & Other Receivables	(37.11)	(196.93)	136.65	100.94
Decrease (Increase) in Short Term Loans & Advances	(6.63)	86.47	80.83	(194.84)
Decrease (Increase) in Other Current Assets	00.01	02.36	01.62	07.17
<i>Increase / Decrease in Current Liability</i>				
Increase (Decrease) in Short Term Borrowings	-	-	-	(3.35)
Increase (Decrease) in Trade Payables	(75.46)	256.02	108.1	(25.23)
Increase (Decrease) in Other Current Liabilities	(20.62)	21.00	(32.45)	58.99
Increase (Decrease) in Short Term Provisions	4.20	(12.87)	(6.16)	20.47
Net Changes in Working Capital	(200.90)	67.06	178.63	(58.88)
Increase (Decrease) in Non-Current Liabilities	(4.75)	(0.11)	-	15.00
(Increase) Decrease in Non-Current Assets	(0.89)	(5.75)	3.33	(4.34)
<u>Cash Generated from Operations</u>	55.62	775.49	642.49	404.34
<u>Direct Taxes Paid</u>	30.09	135.61	173.11	164.10
Net Cash Flow from/(used in) Operating Activities (A)	25.53	639.88	469.38	240.24
Capital Expenditure on Fixed Assets, including capital advances	(186.62)	(1,283.17)	(88.40)	(56.30)
Movement in Investment(net)	103.52	85.20	(379.88)	(183.60)
Proceeds from Sale of Fixed Assets	-	0.10	-	1.10
Dividend Income	0.03	0.84	0.45	0.06
Interest Income	0.86	51.70	72.49	73.13
Net Cash Flow from/ (used in) Investing Activities (B)	(82.21)	(1,145.33)	(395.34)	(165.61)
Interest & Finance Charges	(2.55)	(9.68)	(6.97)	(7.12)
Dividend and Dividend Distribution Tax	(5.90)	-	(5.96)	7.15
Increase (Decrease) in Long Term Borrowings	-	20.78	(11.70)	(2.72)
Net Cash Flow from Financing Activities (C)	(8.45)	11.10	(24.63)	(02.69)
Net Increase / (Decrease) in Cash & Cash Equivalents	(65.13)	(494.35)	49.41	71.95
Cash and cash equivalents at the beginning of the	220.14	714.49	665.08	593.13

Particulars	June 30, 2018	March 31, 2018	March 31, 2017	March 31, 2016
A. Cash Flow from Operating Activities				
year / Period				
Cash and cash equivalents at the end of the year/ Period**	155.01	220.14	714.49	665.08
** Comprises:				
a. Cash on Hand	1.44	0.99	1.54	2.71
b. Balances with banks				
In Current Accounts	34.88	55.15	24.53	26.10
In Deposit Accounts	118.69	164.00	688.42	636.27
TOTAL	155.01	220.14	714.49	665.08

For MOHAN AND SRIDHAR
 Chartered Accountants
 Firm Registration No. 002097S

For & on behalf of The Board of Directors

M G Mohan Kumar
 Partner
 Membership No. 023496

Lakshman Madesh
 Director
 DIN: 03632724

Subbaraju Lakshman
 Director
 DIN: 03632801

Place: Bengaluru
 Date: October 25, 2018

ANNEXURE - 4**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNT FOR PREPARATION OF RESTATED FINANCIAL STATEMENT****A. SIGNIFICANT ACCOUNTING POLICIES:****1. Basis of Preparation of Financial Statements**

- i. The Restated Financial Information for the year ended March 31 2016, 2017, 2018 & 3 months period ended June 30, 2018 has been extracted by the management of the Company from the Audited Financial Statements of the company for the year ended March 31 2016, 2017, 2018 & 3 months period ended June 30, 2018.
- ii. The financial statements have been prepared under the historical cost convention on an accrual basis, in accordance with Generally Accepted Accounting Principles in India (Indian GAAP). The said financial statements comply with the relevant provisions of the Companies Act, 2013 (the Act) and the mandatory Accounting Standards as prescribed under section 133 of the Companies Act, 2013 (the Act) read with Rule 7 of the Companies (Accounts) Rules, 2014. The Accounting Policies have been constantly applied except where a newly-issued accounting standard is initially adopted or a revision to an adjusting accounting standard requires a change in the accounting policy with hereto in use.
- iii. The company generally follows the mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis.

2. Use of Estimates

The preparation of Restated Financial Statements is in conformity with the Indian GAAP requires the management of the Company to make estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. Actual results could differ from these estimates. Difference between the actual results and estimates are recognized in the period in which the results are known/ materialized. Management believes that the estimates used in preparation of financial statements are prudent and reasonable.

3. Inventories

Inventories are valued at cost and the Net Realizable Value, whichever is less. Cost is determined by using the Weighted Average formula. Cost comprises all costs of purchase, cost of conversion and cost incurred to bring inventories to their present location and condition other than those subsequently recoverable by the Company from tax authorities.

4. Cash Flow Statements

Cash flows are reported using the Indirect method, whereby profit/(loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

5. Government grants and subsidies

Government grants and subsidies are recognized when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants / subsidy will be received. Government grants whose primary condition is that the Company should purchase, construct or otherwise acquire capital assets are presented by deducting them from the carrying value of the assets. The grant is recognized as income over the life of a depreciable asset by way of a reduced depreciation charge.

Other government grants and subsidies are recognized as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis.

6. Fixed Assets

- i. Tangible Fixed Assets: Fixed assets are carried at cost less accumulated depreciation and impairment losses, if any. The cost of Fixed Assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use.
- ii. Capital work-in-progress: Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.
- iii. Intangible Assets: Intangible Assets are stated at cost of acquisition net of recoverable taxes less accumulated amortization / depletion.

7. Depreciation

- i. Depreciation on Tangible Fixed assets other than Computers, Office Equipment's and Vehicles are provided under the Straight Line Method based on useful life of the assets as prescribed in Schedule II of the Companies Act, 2013 after considering Residual Value of NIL.
- ii. Depreciation on Computers, Office Equipment's and Vehicles are provided under the Written Down Value Method based on useful life of the assets as prescribed in Schedule II of the Companies Act, 2013, after considering Residual value of the Rs. 1.
- iii. Computer Software is amortized on Written Down Value method @ 40% per annum.
- iv. Deprecation on additions to fixed assets during the year has been provided on prorata basis from the date of such additions. No Depreciation has been provided for the year, in which assets are sold or discarded.

8. Revenue Recognition

- i. Revenue is recognized only when it is probable that economic benefits will flow to the company and revenue can be reliably measured.
- ii. Sales of Goods are recognized, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the dispatch of goods to customer.
- iii. Other Revenues are recognized and expenses are accounted on their accrual with necessary provisions for all known liabilities and losses.
- iv. Interest income is recognized on time proportion basis taking into account the amount outstanding and rate applicable.
- v. Income from Sale of Power is recognized as and when power is generated and supplied.

9. Investments

Current investments are carried at lower of cost and quoted/ fair value, computed category wise.

Non-Current Investments are stated at cost. Provision for diminution in the value of Non-Current Investments is made only if such a decline is other than temporary. Any reduction in carrying amount or any reversals of such reductions are charged or credited to the Statement of Profit and Loss.

10. Employee Benefits

As per Accounting Standard 15 "Employee Benefit", the disclosures of Employee benefits as defined in the Accounting Standard are made.

i. **Short Term Employee Benefits:**

Short term employee benefits like salary, wages, performance bonus etc. are recognized and charged to profit and loss account, when the employees rendered the services.

ii. **Defined Contribution Plans:**

Contribution to define Contribution Schemes Such as Provident fund accounted on the basis of the contributions required to be made under the Employees Provident Fund and Miscellaneous Provisions Act, 1952 and are charged off to the Profit and Loss Account during the year in which employee rendered the related service.

iii. **Defined Benefits Plans:**

The Company also provides employee benefit in the form of gratuity. Contributions to gratuity are covered by a policy with the Life Insurance Corporation of India and premium as ascertained by them at the balance sheet date on actuarial basis is charged to the Statement of Profit and Loss.

11. Impairment of Assets

As on Balance Sheet date, the Company reviews the carrying amount of Fixed Assets to determine whether there are any indications that those assets have suffered "Impairment Loss". Impairment loss, if any, is provided to the extent, the carrying amount of assets exceeds their recoverable amount. Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from continuing use of an asset and from its disposal at the end of its useful life.

12. Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that takes necessarily substantial period of time to get ready for its intended use. All other borrowing costs are charged to Profit and Loss Account.

13. Taxation

- i. **Current tax** is measured after taking into consideration the deductions and exemptions admissible under the provision of Income Tax Act, 1961 and in accordance with Accounting Standard 22 on "Accounting for Taxes on Income", issued by ICAI. Provisions for current income tax are presented in the balance sheet after setting off advance taxes paid and Tax deducted at source receivables.
- ii. **Deferred Tax** is recognized, subject to the consideration of prudence as per the Accounting Standard 22 – Accounting for Taxes on Income issued by the Institute of Chartered Accountants of India, on the timing differences. Timing differences are the differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax asset is recognized and carried forward only to the extent that there is virtual certainty that the asset will be realized in future. Deferred Tax is recognized at the base tax rate not considering the surcharge and education cess if any.
- iii. **Minimum Alternate Tax (MAT)**, if any, is paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset as there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognized as an asset in the Balance Sheet as it is probable that future economic benefit associated with it will flow to the Company. The MAT credit so determined is carried forward to set off with the tax liability in the year in which the company is liable to pay tax as per normal provisions of the Income tax Act, 1961.

14. Leases**i. Finance Lease**

Leases which effectively transfer to the company all the risks and benefits incidental to ownership of the leased item, are classified as Finance Lease. Lease rentals are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income life of the assets at the prescribed rates, as and when applicable.

ii. Operating Lease

Lease where the lesser effectively retains substantially all risks and benefits of the asset are classified as Operating lease. Operating lease payments are recognized as an expense in the Profit & Loss account on a Straight Line Basis over the Lease term, as and when applicable.

15. Earnings per Share

In determining the Earnings Per share, the company considers the Net Profit after tax includes any post tax effect of any extraordinary / exceptional item. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period.

The number of shares used in computing Diluted earnings per share comprises the weighted average number of shares considered for computing Basic Earnings per share and also the weighted number of equity shares that would have been issued on conversion of all potentially dilutive shares, as and when required.

In the event of issue of bonus shares, or share split the number of equity shares outstanding is increased without an increase in the resources. The number of Equity shares outstanding before the event is adjusted for the proportionate change in the number of equity shares outstanding as if the event had occurred at the beginning of the earliest period reported.

16. Contingent Liabilities & Provisions

Provisions are recognized only when there is a present obligation as a result of past events and when a reliable estimate of the amount of obligation can be made.

Contingent Liability is disclosed for:

- i. Possible obligation which will be confirmed only by future events not wholly within the control of the company or
- ii. Present obligations arising from the past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.
- iii. Contingent Assets are not recognized in the financial statements since this may result in the recognition of income that may never be realized.

17. Foreign Exchange Transactions

- i. Transactions denominated in foreign currencies are recorded at the exchange rate, prevailing on the date of the transaction or that approximates the actual rate at the date of the transaction.
- ii. Monetary items denominated in foreign currencies at the yearend are restated at year end rates. In case of items which are covered by forward exchange contracts, the difference between the yearend rate and rate on the date of the contract is recognized as exchange difference.
- iii. Non-monetary foreign currency items are carried at cost.
- iv. In respect of branches, which are integral foreign operations, all transactions are translated at rates prevailing on the date of transaction or that approximates the actual rate at the date of transaction. Branch monetary assets and liabilities are restated at the yearend rates.
- v. Any income or expense on account of exchange difference either on settlement or on translation is recognized in the Statement of Profit and loss except in case of long term liabilities, where they relate to

acquisition of fixed assets, in which case they are adjusted to the carrying cost of such assets and those covered by forward contract rates where gains/losses arising from such restatement are recognized over the period of such contract.

B. CHANGES IN ACCOUNTING POLICIES IN THE YEARS/PERIODS COVERED IN THE RESTATED FINANCIALS.

There has been no change in accounting policy for the years/periods covered in the Restated Financials. Figures have not been restated, however, figures have been regrouped for the purpose of presentation and the same does not have any effect on the Restated Financial Statement.

C. NOTES ON RESTATED FINANCIAL STATEMENTS

NOTES ON RESTATEMENTS MADE IN THE RESTATED FINANCIALS

(₹ in Lakhs)

<u>Financial Year / Period ended</u>	<u>June 30, 2018</u>	<u>March 31, 2018</u>	<u>March 31, 2017</u>	<u>March 31, 2016</u>
Profit After Tax (PAT) as per Audited Statement of Account	218.33	709.63	368.71	323.49
Other Adjustments*	-	-	-	-
Profit after tax as per Restated Profit & Loss	218.33	709.63	368.71	323.49

* Restatement of financial statements is required for making necessary adjustments mainly for prior period expenses, change in accounting policies, provisions, deferred tax asset/liability etc. In this case, there are no adjustments required to be made under such heads, hence, audited PAT and Restated PAT are same.

D. OTHER NOTES

1. General

The Company has been incorporated as “Bhadra Packaids Private Limited” in Bangalore, Karnataka under the provisions of the Companies Act, 1956 vide Certificate of Incorporation dated June 8, 1984. The name of the Company has been changed from “Bhadra Packaids Private Limited” to “Bhadra Paper Mill Private Limited” consequent to change of name vide fresh certificate of incorporation dated June 28, 2018. The constitution of the Company has been changed to a public limited company vide fresh certificate of incorporation dated August 28 2018, by the name of Bhadra Paper Mills Limited.

2. Contingent liabilities

As explained to us by the management of the company, there are no contingent liabilities.

3. Dues to Micro enterprises and Small enterprises:

Under the Micro, Small and Medium Enterprise Development Act, 2006 certain disclosure is required to be made related to micro, small and medium enterprise. The company has disclosed the same.

4. Segment Reporting

The company operates only in one reportable business segment namely production and sale of products commercially known as Duplex Board. Hence there are no reportable segments under Accounting Standard -17. The conditions prevailing in India being uniform no separate geographical disclosures are considered necessary.

5. In the opinion of the Board, subject to the debts considered doubtful, Current Assets and Loans and Advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet.

6. Earnings per Share

The details of Earnings Per Share as per AS-20 are provided in Annexure 36.

7. Related Party Transactions

The details of Related Party Transactions as per AS-18 are provided in Annexure 30.

8. Dividend

The Company has declared a Dividend of Rs. 5.96 Lakhs in 2016-17 and the same has been paid in the subsequent year.

9. The figures in the Restated Financials are stated in Lacs and rounded off to two decimals and minor rounding off difference is ignored.

ANNEXURE – 5

STATEMENT OF SHARE CAPITAL, AS RESTATED

(₹ in Lakhs)

Particulars	June 30, 2018	March 31, 2018	March 31, 2017	March 31, 2016
<u>Authorized Share Capital:</u>				
No. Of Equity Shares (Face value of Rs.10 Each)	7.00	7.00	7.00	7.00
Equity Share Capital	70.00	70.00	70.00	70.00
No. Of Preference Shares (Face value of Rs.100 Each)	0.60	0.60	0.60	0.60
Preference Share Capital	60.00	60.00	60.00	60.00
TOTAL SHARE CAPITAL	130.00	130.00	130.00	130.00
<u>Issued, Subscribed and Paid Up Capital:</u>				
No. Of Equity Shares (Paid up value of Rs.10 Each)	5.96	5.96	5.96	5.96
Equity Share Capital	59.60	59.60	59.60	59.60
No. Of Preference Shares (Face value of Rs.100 Each)	-	-	-	-
Preference Share Capital	-	-	-	-
TOTAL SHARE CAPITAL	59.60	59.60	59.60	59.60

Reconciliation of shares outstanding at the beginning and at the end of the period

(₹ in Lakhs)

Particulars	June 30, 2018	March 31, 2018	March 31, 2017	March 31, 2016
At the Beginning of Period	5.96	5.96	5.96	5.96
Issued During the year	-	-	-	-
Redeemed or bought back	-	-	-	-
OUTSTANDING AT THE END OF PERIOD	5.96	5.96	5.96	5.96

For the period of 3 years immediately preceding the date at which the balance sheet is prepared

Particulars	June 30, 2018	March 31, 2018	March 31, 2017	March 31, 2016
Aggregate no. and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash	-	-	-	-
Aggregate no. and class of shares allotted as fully paid up by way of bonus shares	-	-	-	-
Aggregate no. and class of shares bought back	-	-	-	-

List of shareholders holding more than 5% shares in the Company

Particulars	June 30, 2018		March 31, 2018		March 31, 2017		March 31, 2016	
	No.	%	No.	%	No.	%	No.	%
Subbaraju Lakshman, Madesh Lakshman and Yoganandh Lakshman	3,74,700	62.87	3,74,700	62.87	3,74,700	62.87	3,74,700	62.87
Madesh Lakshman and Yoganand Lakshman	1,76,000	29.53	1,76,000	29.53	1,76,000	29.53	1,76,000	29.53
Dilip Lakshman and Yoganand Lakshman	45,300	7.60	45,300	7.60	45,300	7.60	45,300	7.60

List of shareholders post bonus issue

Particulars	June 30, 2018 after considering bonus issue*		March 31, 2018		March 31, 2017		March 31, 2016	
	No.	%	No.	%	No.	%	No.	%
Subbaraju Lakshman, Madesh Lakshman and Yoganandh Lakshman	66,50,215	62.86	3,74,700	62.87	3,74,700	62.87	3,74,700	62.87
Madesh Lakshman and Yoganand Lakshman	31,24,000	29.53	1,76,000	29.53	1,76,000	29.53	1,76,000	29.53
Dilip Lakshman and Yoganand Lakshman	8,04,075	7.60	45,300	7.60	45,300	7.60	45,300	7.60
Sharitha Madesh	178	0.002	-	--	-	-	-	-
Arun L Mozhi	178	0.002	-	-	-	-	-	-
D Venkata Krishnan	177	0.002	-	-	-	-	-	-
Yoganandh Lakshman	177	0.002	-	-	-	-	-	-
Total	1.05.79.000	100	5.96.000	100	5.96.000	100	5.96.000	100

* 99,83,000 Equity shares of face value Rs. 10 each were issued as fully paid bonus shares on July 30, 2018 to members of the Company in the proportion of 16.75 equity shares for every 1 equity share held by them. The figures are restated as on June 30, 2018 consequent to allotment of Bonus shares.

ANNEXURE – 6
STATEMENT OF DETAILS OF RESERVES & SURPLUS, AS RESTATED

(₹ in Lakhs)

Particulars	June 30, 2018	March 31, 2018	March 31, 2017	March 31, 2016
<u>Surplus / (Deficit) in Statement of Profit & Loss</u>				
Profit / (Loss) Brought Forward	1,403.02	693.39	330.64	-
Add: Profit / (Loss) for the Year	218.33	709.63	368.71	323.49
Add: Mat Credit Entitlement	-	-	-	-
Add: Reversal of Proposed Dividend (Including Tax)	-	-	-	7.15
Less: Proposed Dividends (Including Tax)	5.90	-	5.96	-
Less: Dividend paid on Redemption of Preference Shares (Including Tax)	-	-	-	-
Less: Transfer to Other Reserves	-	-	-	-
Profit / (Loss) Carried Forward (A)	1,615.45	1,403.02	693.39	330.64
<u>General Reserve</u>				
Balance Brought Forward	1647.56	1,607.99	1,607.99	1,607.99
Add: Transfer during the Year	-	39.57	-	-
Balance Carried Forward (B)	1,647.56	1,647.56	1,607.99	1,607.99
<u>Capital Redemption Reserve</u>				
Balance Brought Forward	48.00	48.00	48.00	48.00
Add: Transfer during the Year	-	-	-	-
Balance Carried Forward (C)	48.00	48.00	48.00	48.00
<u>Other Reserves</u>				
Balance Brought Forward	-	39.57	39.57	39.57
Add: Transfer during the Year	-	(39.57)	-	-
Balance Carried Forward (D)	-	-	39.57	39.57
RESERVES & SURPLUS (A+B+C+D)	3,311.01	3,098.58	2,388.95	2,026.20

ANNEXURE – 7
STATEMENT OF DETAILS OF LONG TERM BORROWINGS, AS RESTATED

(₹ in Lakhs)

Particulars	June 30, 2018	March 31, 2018	March 31, 2017	March 31, 2016
<u>Secured:</u>				
Term Loan from Banks and Financial Institutions [Refer Note 7(A)]	26.04	30.79	4.77	16.47
Development Loan from State Government	-	-	5.25	5.25
TOTAL	26.04	30.79	10.02	21.72

ANNEXURE – 7 (A)
DETAILS OF LONG TERM LOANS FROM BANKS AND FINANCIAL INSTITUTION

(₹ in Lakhs)

Particulars	June 30, 2018	March 31, 2018	March 31, 2017	March 31, 2016
<u>FROM BANK</u>				
<u>Term Loan 1</u>				
Date of Borrowal	-	-	-	March 21, 2014
Original Sanctioned Amount	-	-	-	6.40
Date of Maturity	-	-	-	April 21, 2017
Rate of Interest per annum	-	-	-	10.80%
Nature of Security	-	-	-	Hypothecation of Vehicles
<u>Term Loan 2</u>				
Date of Borrowal	-	-	March 27, 2015	March 27, 2015
Original Sanctioned Amount	-	-	7.50	7.50
Date of Maturity	-	-	March 27, 2018	March 27, 2018
Rate of Interest per annum	-	-	10.65%	10.65%
Nature of Security	-	-	Hypothecation of Vehicle	Hypothecation of Vehicle
<u>Term Loan 3</u>				
Date of Borrowal	-	-	March 27, 2015	March 27, 2015
Original Sanctioned Amount	-	-	13.00	13.00
Date of Maturity	-	-	March 27, 2018	March 27, 2018
Rate of Interest per annum	-	-	11.80%	11.80%
Nature of Security	-	-	Hypothecation of Vehicle	Hypothecation of Vehicle

Particulars	June 30, 2018	March 31, 2018	March 31, 2017	March 31, 2016
<u>Term Loan 4</u>				
Date of Borrowal	-	-	June 20, 2014	June 20, 2014
Original Sanctioned Amount	-	-	05.30	05.30
Date of Maturity	-	-	June 20, 2017	June 20, 2017
Rate of Interest per annum	-	-	10.65%	10.65%
Nature of Security	-	-	Hypothecation of Vehicle	Hypothecation of Vehicle
<u>Term Loan 5</u>				
Date of Borrowal	August 24, 2015	August 24, 2015	August 24, 2015	August 24, 2015
Original Sanctioned Amount	12.00	12.00	12.00	12.00
Date of Maturity	July 31, 2020	July 31, 2020	July 31, 2020	July 31, 2020
Rate of Interest per annum	11.35%	11.35%	11.35%	11.35%
Nature of Security	Hypothecation of Vehicle	Hypothecation of Vehicle	Hypothecation of Vehicle	Hypothecation of Vehicle
<u>Term Loan 6</u>				
Date of Borrowal	February 8, 2017	February 8, 2017	-	-
Date of First Disbursement	July 18, 2017	July 18, 2017	-	-
Original Sanctioned Amount	87.00	87.00	-	-
Loan Disbursement Amount	45.15	45.15	-	-
Date of Maturity	September 30, 2022	September 30, 2022	-	-
Rate of Interest per annum	10.10%	10.10%	-	-
Nature of Security	Hypothecation of Combipac Thermax Coal fired Steam Boiler	Hypothecation of Combipac Thermax Coal fired Steam Boiler	-	-
<u>FROM OTHER FINANCIAL INSTITUTIONS</u>				
Date of Borrowal	April 30, 2017	April 30, 2017	-	-
Original Sanctioned Amount	8.00	8.00	-	-
Date of Maturity	May 5, 2020	May 5, 2020	-	-
Rate of Interest per annum	8.79%	8.79%	-	-
Nature of Security	Hypothecation of Vehicle	Hypothecation of Vehicle	-	-

ANNEXURE – 8

STATEMENT OF DETAILS OF DEFERRED TAX LIABILITY, AS RESTATED

(₹ in Lakhs)

Particulars	June 30, 2018	March 31, 2018	March 31, 2017	March 31, 2016
Balance Brought Forward	148.08	52.24	67.09	71.93
Add/(Less): Charged during the year	19.11	95.83	(14.85)	(4.84)
BALANCE CARRIED FORWARD	167.19	148.08	52.24	67.09

ANNEXURE – 9

STATEMENT OF DETAILS OF OTHER LONG-TERM LIABILITY, AS RESTATED

(₹ in Lakhs)

Particulars	June 30, 2018	March 31, 2018	March 31, 2017	March 31, 2016
Trade Deposits	44.60	44.60	44.71	44.71
TOTAL	44.60	44.60	44.71	44.71

ANNEXURE – 10

STATEMENT OF DETAILS OF TRADE PAYABLES, AS RESTATED

(₹ in Lakhs)

Particulars	June 30, 2018	March 31, 2018	March 31, 2017	March 31, 2016
Trade payables towards Micro, Small and Medium Enterprises	17.50	06.21	10.30	-
<u>Trade payables due to other than Micro, Small and Medium Enterprises</u>				
Related Parties	58.73	80.05	-	2.28
Others	336.08	401.52	221.46	121.37
TOTAL	412.31	487.78	231.76	123.65

ANNEXURE – 11

STATEMENT OF DETAILS OF OTHER CURRENT LIABILITIES, AS RESTATED

(₹ in Lakhs)

Particulars	June 30, 2018	March 31, 2018	March 31, 2017	March 31, 2016
<u>Other Current Liabilities</u>				
Advance from Customers	23.26	21.67	21.51	12.59
Statutory Dues	9.93	20.40	11.32	25.50
Interest Accrued and due on Loan	-	-	9.30	9.30
Current Maturity of Long Term Debt	19.76	20.28	10.31	13.12
Other Current Liabilities	86.58	97.80	86.71	111.09
TOTAL	139.53	160.15	139.15	171.60

ANNEXURE – 12
STATEMENT OF DETAILS OF SHORT TERM PROVISIONS, AS RESTATED

(₹ in Lakhs)

Particulars	June 30, 2018	March 31, 2018	March 31, 2017	March 31, 2016
Provision for Employee Benefits	20.56	16.36	23.27	35.39
Provision for Dividend	-	-	5.96	-
Provision for Income Tax	69.65	49.85	-	-
TOTAL	90.21	66.21	29.23	35.39

ANNEXURE – 13
STATEMENT OF FIXED ASSETS, AS RESTATED
A. TANGIBLE ASSETS

(₹ in Lakhs)

Particulars	June 30, 2018	March 31, 2018	March 31, 2017	March 31, 2016
[A] BUILDING				
Opening Balance	214.52	196.20	155.10	145.38
Add: Addition during the year	-	18.32	41.10	9.72
Less: Reduction during the year	-	-	-	-
Less: Accumulated Depreciation	85.71	84.39	79.51	74.97
Balance Carried Forward	128.81	130.13	116.69	80.13
[B] PLANT & MACHINERY				
Opening Balance	1,048.16	1,026.30	950.21	946.48
Add: Addition during the year	-	21.86	76.09	3.74
Less: Reduction during the year	-	-	-	-
Less: Accumulated Depreciation	757.61	753.39	736.49	721.89
Balance Carried Forward	290.55	294.77	289.81	228.33
[C] LAND				
Opening Balance	8.81	8.81	8.81	8.81
Add: Addition during the year	146.92	-	-	-
Less: Reduction during the year	-	-	-	-
Less: Accumulated Depreciation	-	-	-	-
Balance Carried Forward	155.73	8.81	8.81	8.81
[D] OFFICE EQUIPMENT				
Opening Balance	38.92	33.00	27.55	24.27
Add: Addition during the year	1.54	5.92	5.45	3.27
Less: Reduction during the year	-	-	-	-
Less: Accumulated Depreciation	35.96	35.06	29.96	25.05
Balance Carried Forward	4.50	3.86	3.04	2.49

Particulars	June 30, 2018	March 31, 2018	March 31, 2017	March 31, 2016
[E] FURNITURE				
Opening Balance	7.36	5.71	3.15	3.15
Add: Addition during the year	0.40	1.65	2.56	-
Less: Reduction during the year	-	-	-	-
Less: Accumulated Depreciation	3.29	3.14	2.65	2.21
Balance Carried Forward	4.47	04.22	03.06	0.94
[F] VEHICLE				
Opening Balance	64.97	54.66	54.66	47.05
Add: Addition during the year	-	10.64	-	10.85
Less: Reduction during the year	-	00.33	-	3.24
Less: Accumulated Depreciation	61.38	60.57	50.99	40.78
Balance Carried Forward	3.59	4.40	3.67	13.88
[G] MESS EQUIPMENT				
Opening Balance	0.26	0.26	0.26	0.26
Add: Addition during the year	-	-	-	-
Less: Reduction during the year	-	-	-	-
Less: Accumulated Depreciation	0.18	0.17	0.16	0.15
Balance Carried Forward	0.08	0.09	0.10	0.11
[H] COMPUTERS				
Opening Balance	3.64	3.50	3.50	2.83
Add: Addition during the year	-	00.14	-	0.67
Less: Reduction during the year	-	-	-	-
Less: Accumulated Depreciation	3.57	3.55	3.50	3.26
Balance Carried Forward	0.07	0.09	0.00	0.24
[I] SOLAR PLANT				
Opening Balance	1,188.08	-	-	-
Add: Addition during the year	-	1,188.08	-	-
Less: Reduction during the year	-	-	-	-
Less: Accumulated Depreciation	12.37	0.52	-	-
Balance Carried Forward	1,175.71	1,187.56	-	-
GROSS BLOCK	2,723.58	2,574.72	1,328.44	1,203.24
TOTAL ACCUMULATED DEPRECIATION	(960.07)	(940.79)	(903.26)	(868.31)
NET BLOCK	1763.51	1,633.93	425.18	334.93

B. INTANGIBLE ASSETS

(₹ in Lakhs)

Particulars	June 30, 2018	March 31, 2018	March 31, 2017	March 31, 2016
[A] <u>Computer Software</u>				
Opening Balance	3.23	2.50	2.50	2.50
Add: Addition during the year	-	0.73	-	-
Add: Addition during the year due to revaluation	-	-	-	-
Less: Reduction during the year	-	-	-	-
Less: Accumulated Depreciation	2.47	2.31	2.07	1.78
Balance Carried Forward	0.76	0.92	0.43	0.72
GROSS BLOCK	3.23	3.23	2.50	2.50
TOTAL ACCUMULATED DEPRECIATION	2.47	2.31	2.07	1.78
NET BLOCK	0.76	0.92	0.43	0.72

C. CAPITAL WORK-IN-PROGRESS

(₹ in Lakhs)

Particulars	June 30, 2018	March 31, 2018	March 31, 2017	March 31, 2016
Balance Brought Forward	46.09	10.26	47.05	19.01
Add: Additions during the year	37.77	46.09	24.18	28.04
Less: Deletions during the year / Transfer to Fixed Assets	-	(10.26)	(60.98)	-
Balance Carried Forward	83.86	46.09	10.26	47.05

ANNEXURE – 14
STATEMENT OF DETAILS OF NON-CURRENT INVESTMENTS, AS RESTATED

(₹ in Lakhs)

Particulars	June 30, 2018	March 31, 2018	March 31, 2017	March 31, 2016
Aggregate Value of Quoted Investments	854.6 3	957.15	851.81	436.23
TOTAL	854.6 3	957.15	851.81	436.23
Aggregate Market Value of Quoted & Listed Investments	823.7 6	1,003.7 8	1,000.54	460.73

ANNEXURE – 15

STATEMENT OF DETAILS OF LONG TERM LOANS AND ADVANCES, AS RESTATED

(₹ in Lakhs)

Particulars	June 30, 2018	March 31, 2018	March 31, 2017	March 31, 2016
Unsecured Loans & Advances Considered Good				
Security Deposits	71.01	70.57	56.57	54.14
<u>Other Loans & Advances</u>				
Balance with Government Authority	129.35	83.65	10.67	16.43
TOTAL	200.36	154.22	67.24	70.57

ANNEXURE – 16

STATEMENT OF DETAILS OF CURRENT INVESTMENT, AS RESTATED

(₹ in Lakhs)

Particulars	June 30, 2018	March 31, 2018	March 31, 2017	March 31, 2016
Investment in Commodities- Quoted	0.91	0.91	10.77	14.48
TOTAL	0.91	0.91	10.77	14.48

ANNEXURE – 17

STATEMENT OF DETAILS OF INVENTORIES, AS RESTATED

(₹ in Lakhs)

Particulars	June 30, 2018	March 31, 2018	March 31, 2017	March 31, 2016
Raw Materials	302.73	257.67	216.31	134.69
Work In Progress	43.91	47.56	16.53	15.66
Finished Goods	118.19	89.75	69.96	111.77
Others	72.91	77.47	70.80	53.82
TOTAL	537.74	472.45	373.60	315.94

ANNEXURE – 18

STATEMENT OF DETAILS OF TRADE RECEIVABLES, AS RESTATED

(₹ in Lakhs)

Particulars	June 30, 2018	March 31, 2018	March 31, 2017	March 31, 2016
(A) Unsecured, Considered good outstanding for a period less than six months				
Others	401.95	415.91	222.63	351.16
(B) Unsecured, Considered good outstanding for a period more than six months				
Others	123.36	72.28	68.63	76.75
TOTAL	525.31	488.19	291.26	427.91

ANNEXURE – 19
STATEMENT OF DETAILS OF CASH AND CASH EQUIVALENTS, AS RESTATED

(₹ in Lakhs)

Particulars	June 30, 2018	March 31, 2018	March 31, 2017	March 31, 2016
<u>Cash-in-Hand and Remittance in transit</u>	1.44	0.99	1.54	2.71
<u>Balance with Banks:</u>				
<u>Scheduled Banks:</u>				
Current Accounts	34.88	55.15	24.53	26.10
Deposit Accounts	118.69	164.00	688.42	636.27
TOTAL	155.01	220.14	714.49	665.08

ANNEXURE – 20
STATEMENT OF DETAILS OF SHORT TERM LOANS & ADVANCES, AS RESTATED

(₹ in Lakhs)

Particulars	June 30, 2018	March 31, 2018	March 31, 2017	March 31, 2016
Advance to Suppliers	37.49	28.20	45.31	23.96
Trade Advance to Related Party	-	-	74.32	195.58
Advance to Employees	5.89	7.67	9.33	6.77
Balance with Government Authorities	0.65	25.89	7.86	2.85
Others	81.60	57.24	68.65	1.12
TOTAL	125.63	119.00	205.47	230.28

ANNEXURE – 21
STATEMENT OF DETAILS OF OTHER CURRENT ASSETS, AS RESTATED

(₹ in Lakhs)

Particulars	June 30, 2018	March 31, 2018	March 31, 2017	March 31, 2016
Interest Accrued on Deposits	-	-	3.35	0.33
Prepaid Expenses	2.78	2.79	1.80	1.16
Other Receivables	-	-	-	5.28
TOTAL	2.78	2.79	5.15	06.77

ANNEXURE – 22

STATEMENT OF DETAILS OF REVENUE FROM OPERATIONS, AS RESTATED

(₹ in Lakhs)

Particulars	June 30, 2018	March 31, 2018	March 31, 2017	March 31, 2016
<u>Sales of Manufactured Goods</u>				
Sale of Goods*	1,115.80	4,140.87	3,659.73	3,407.45
Other Operating Income	-	1.42	1.44	3.25
Total Sales (A)	1,115.80	4,142.29	3,661.17	3,410.70
<u>Sales of Traded Goods (B)</u>	-	-	-	-
<u>Sales of Services (C)</u>	-	-	-	-
TOTAL [A+B+C]	1,115.80	4,142.29	3,661.17	3,410.70

*Note: Sale of Goods is Net off Excise Duty, Goods & Services Tax and Discount given.

ANNEXURE – 23

STATEMENT OF DETAILS OF OTHER INCOME, AS RESTATED

(₹ in Lakhs)

Particulars	June 30, 2018	March 31, 2018	March 31, 2017	March 31, 2016
Interest Income	0.86	51.70	72.49	73.14
Other Non-Operative Income	4.59	238.05	42.53	13.94
TOTAL	5.45	289.75	115.02	87.08

ANNEXURE – 24

STATEMENT OF DETAILS OF COST OF MATERIAL CONSUMED, AS RESTATED

(₹ in Lakhs)

Particulars	June 30, 2018	March 31, 2018	March 31, 2017	March 31, 2016
Material Consumption	508.32	1,939.90	1,695.88	1,688.45
Packing & Forwarding Charges	33.80	131.64	110.18	106.90
Power & Fuel	124.24	695.35	556.78	505.78
Repairs to Plant & Machinery	32.46	107.20	101.18	89.97
Others	2.63	2.25	1.12	0.17
TOTAL	701.45	2,876.34	2,465.14	2,391.27

ANNEXURE – 25

STATEMENT OF DETAILS OF CHANGES IN INVENTORY, AS RESTATED

(₹ in Lakhs)

Particulars	June 30, 2018	March 31, 2018	March 31, 2017	March 31, 2016
<u>Inventories at the end of the year</u>				
Material-In-Progress	43.91	47.56	16.53	15.66
Finished Goods	118.19	89.75	69.95	111.77
[A]	162.10	137.31	86.48	127.43
<u>Inventories at the beginning of the year</u>				
Material-In-Progress	47.56	16.53	15.66	3.82
Finished Goods	89.75	69.96	111.77	55.94
[B]	137.31	86.48	127.43	59.77
NET (INCREASE)/DECREASE [B-A]	(24.79)	(50.82)	40.95	(67.66)

ANNEXURE – 26

STATEMENT OF DETAILS OF EMPLOYEE BENEFIT EXPENSES, AS RESTATED

(₹ in Lakhs)

Particulars	June 30, 2018	March 31, 2018	March 31, 2017	March 31, 2016
<u>Payments to & Provisions for Employees</u>				
Salaries, Wages & Bonus	49.53	207.30	213.19	209.38
Contribution to Provident & Other Funds	5.89	23.08	21.48	20.91
Other Benefits	39.00	31.02	21.51	24.88
Salary to Managing Director & Directors	06.43	156.00	156.00	156.00
TOTAL	100.85	417.40	412.18	411.17

ANNEXURE – 27

STATEMENT OF DETAILS OF FINANCE COST, AS RESTATED

(₹ in Lakhs)

Particulars	June 30, 2018	March 31, 2018	March 31, 2017	March 31, 2016
<u>Interest Expenses on</u>				
<u>Loan from Bank</u>				
Term Loans	01.08	04.10	02.52	03.54
Others	01.47	05.58	04.45	03.58
TOTAL	02.55	09.68	06.97	07.12

ANNEXURE – 28

STATEMENT OF DETAILS OF DEPRECIATION, AS RESTATED

(₹ in Lakhs)

Particulars	June 30, 2018	March 31, 2018	March 31, 2017	March 31, 2016
<u>Depreciation on</u>				
Depreciation on Tangible Assets	19.27	37.84	34.94	47.06
Depreciation on Intangible Assets	00.16	00.25	00.29	00.48
TOTAL	19.43	38.09	35.23	47.54

ANNEXURE – 29

STATEMENT OF DETAILS OF OTHER EXPENSES, AS RESTATED

(₹ in Lakhs)

Particulars	June 30, 2018	March 31, 2018	March 31, 2017	March 31, 2016
Selling and Distribution Expenses				
Sales Commission	6.56	12.14	32.70	25.85
Sales Discount	23.95	74.97	87.08	68.27
TOTAL [A]	30.51	87.11	119.78	94.12
OTHER EXPENSES				
Repairs & Maintenance of:				
a. Buildings	1.40	6.93	4.69	3.03
b. Others	2.93	10.41	6.93	5.74
Rent	0.79	3.21	2.56	2.35
Rate & Taxes	1.87	4.83	2.19	6.92
Insurance (Net)	3.92	7.82	6.86	5.23
Telephone Expenses	0.55	3.18	2.33	2.47
Donations	-	0.57	0.55	0.35
Professional Fees	4.99	10.51	31.42	9.53
Travelling Expenses	10.86	17.85	30.81	29.66
Loss on Sale of Assets	-	2.25	3.70	3.43
Miscellaneous Expenses	21.87	74.49	74.93	60.76
TOTAL [B]	49.18	142.05	166.97	129.47
Payment to Auditor comprises of:				
As Auditor	-	1.55	1.25	1.26
For Taxation & Other Matters	-	0.95	0.75	0.74
TOTAL [C]	-	2.50	2.00	2.00
[A+B+C]	79.69	231.66	288.75	225.59

ANNEXURE - 30

STATEMENT OF DETAILS OF RELATED PARTY TRANSACTIONS

1. List of Related Parties:

As per Accounting Standard 18 on related party disclosure issue by the Institute of Chartered Accountants of India, the Company's related parties are disclosed below:

A. Enterprises that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the reporting enterprise:

June 30, 2018	March 31, 2018	March 31, 2017	March 31, 2016
Nil	Nil	Nil	Nil

B. Associates and joint ventures of the reporting enterprise and the investing party or venturer in respect of which the reporting enterprise is an associate or a joint venture:

June 30, 2018	March 31, 2018	March 31, 2017	March 31, 2016
Nil	Nil	Nil	Nil

C. Individuals owning, directly or indirectly, an interest in the voting power of the reporting enterprise that gives them control or significant influence over the enterprise, and relatives of any such individual:

June 30, 2018	March 31, 2018	March 31, 2017	March 31, 2016
(i) Promoters/ Directors			
Mrs. Saritha Madesh	Mrs. Saritha Madesh	Mrs. Saritha Madesh	Mrs. Saritha Madesh
Mr. Yoganand Lakshman	Mr. Yoganand Lakshman	Mr. Yoganand Lakshman	Mr. Yoganand Lakshman
(ii) Directors & Shareholders			
Mr. Subbaraju Lakshman	Mr. Subbaraju Lakshman	Mr. Subbaraju Lakshman	Mr. Subbaraju Lakshman
Mr. Madesh Lakshman	Mr. Madesh Lakshman	Mr. Madesh Lakshman	Mr. Madesh Lakshman
(iii) Relative of Promoters/ Directors			
Mr. Dilip Lakshman	Mr. Dilip Lakshman	Mr. Dilip Lakshman	Mr. Dilip Lakshman

D. Key Managerial Personal (KMP) and Relatives of KMP

June 30, 2018	March 31, 2018	March 31, 2017	March 31, 2016
(i) Key Managerial Personal			
Nil	Nil	Nil	Nil
(ii) Relative of Key Managerial Personal			
Nil	Nil	Nil	Nil

E. Enterprises over which any person described in (C) or (D) is able to exercise significant influence:

(This includes enterprises owned by directors or major shareholders of the reporting enterprise and enterprises that have a member of key management in common with the reporting enterprise)

June 30, 2018	March 31, 2018	March 31, 2017	March 31, 2016
Sri Lakshman Traders	Sri Lakshman Traders	Sri Lakshman Traders	Sri Lakshman Traders

F. Additional Related parties as per Companies Act, 2013:

June 30, 2018	March 31, 2018	March 31, 2017	March 31, 2016
Nil	Nil	Nil	Nil

2. Details of Transactions with Related Parties are as under:

(₹ in Lakhs)

Name of Related Party	Relationship	Nature of Transaction	For the period / year ended.			
			June 30, 2018	March 31, 2018	March 31, 2017	March 31, 2016
Mrs. Saritha Madesh	Director	Directors Remuneration	06.00	24.00	24.00	24.00
		Incentives	-	2.66	-	-
		Directors Current Account	-	-	-	(0.32)
		Travelling, Conveyance & Other Expense	-	2.59	10.28	2.41
Mr. Yoganand Lakshman	Director	Directors Remuneration	6.00	24.00	24.00	24.00
		Directors Current Account	-	-	-	0.04
		Travelling, Conveyance & Other Expense	-	2.55	1.62	0.48
Mr. Subbaraju Lakshman	Directors & Shareholders	Directors Remuneration	13.50	54.00	54.00	54.00
		Directors Current Account	-	-	-	0.21
		Travelling, Conveyance & Other Expense	-	0.77	0.97	-
Mr. Madesh Lakshman	Directors & Shareholders	Directors Remuneration	13.50	54.00	54.00	54.00
		Incentives	-	0.67	-	-
		Directors Current Account	-	(0.20)	-	1.21
		Travelling, Conveyance & Other Expense	-	10.34	16.62	3.22
Mr. Dilip Lakshman	Relative of Key Managerial Personal	Professional Fees	-	6.00	6.00	6.00
Sri Lakshman Traders	Organisation in which the Director is interested	Purchase of Material	269.68	1,058.64	881.16	775.86
		Sale of goods	-	26.64	18.10	24.24
		Discount Given	0.14	0.06	0.05	0.03

3. Details of Balance Outstanding at the end of the year with Related Parties are as under:

(₹ in Lakhs)

Name of Related Party	Relationship	Nature of Transaction	For the period/year ended			
			June 30, 2018	March 31, 2018	March 31, 2017	March 31, 2016
Mrs.Saritha Madesh	Director	Directors Remuneration Payable	1.60	2.61	1.61	10.50
		Directors Current Account	(0.32)	(0.32)	(0.32)	(0.32)
Mr.Yoganand Lakshman	Director	Directors Remuneration Payable	1.40	2.64	1.64	9.26
		Directors Current Account	0.04	0.04	0.04	0.04
Mr.Subbaraju Lakshman	Directors & Shareholders	Directors Remuneration Payable	3.30	6.46	2.69	13.10
		Directors Current Account	0.21	0.21	0.21	0.21
Mr. Madesh Lakshman	Directors & Shareholders	Directors Remuneration Payable	3.30	6.46	2.23	13.10
		Directors Current Account	1.01	1.01	1.21	1.21
Mr. Dilip Lakshman	Relative of Key Managerial Personal	Professional Fees Payable	-	-	-	5.40
Sri Lakshman Traders	Organisation in which the Director is interested	Trade Receivables	0.85	0.99	2.08	0.20
		Trade Payables	58.73	80.05	-	2.28
		Trade Advance given	-	-	74.33	195.58
		Advance Received	-	-	-	0.06

ANNEXURE - 31
STATEMENT OF DETAILS OF CONTINGENT LIABILITY

(₹ in Lakhs)

Particulars	June 30, 2018	March 31, 2018	March 31, 2017	March 31, 2016
Contingent Liability	Nil	Nil	Nil	Nil
TOTAL	Nil	Nil	Nil	Nil

ANNEXURE - 32

STATEMENT OF DETAILS OF SPECIFIED BANK NOTES HELD AND TRANSACTED DURING DEMONITIZATION

Details of Specified Bank Notes (SBN) held and transacted during the period from 08th November, 2016 to 30th December, 2016 as provided in the Table below:

(₹ in Lakhs)

Particulars	SBN'S	Other Denomination Notes	TOTAL
Closing Cash in Hand as on 08.11.2016	-	0.61	0.61
(+) Permitted Receipts	-	5.92	5.92
(-) Permitted Payments	-	3.29	3.29
(-) Amount deposited in Banks	-	-	-
Closing Cash in Hand as on 30.12.2016	-	3.24	3.24

ANNEXURE - 33

STATEMENT OF DETAILS OF CAPITAL COMMITMENTS

[During the year, Bhadra Paper Mills Limited ("The Company") has set up a 2.5 MW (DC) Solar Plant at Ittigi. The Company has received a Binding Letter of Intent (LOI) from Clean Max Enviro Energy Solutions Private Limited dated 9th December, 2017. As per the said letter, the Company needs to pay an amount of Rs. 27,50,000/- (approx) towards Land. The said payment is to be made on 100% transfer of the Land in Favor of the Company(buyer). The Land will be transferred by the project SPV (fully owned by Clean Max Solar) in which the project land has been aggregated and the Solar Project is undertaken. Applicable registration charges and stamp duty shall directly be paid by The Company (buyer)].

(₹ in Lakhs)

Particulars	June 30, 2018	March 31, 2018	March 31, 2017	March 31, 2016
Estimated Cost of Land (excluding Registration Charges & Stamp Duty)	27.50	27.50	Nil	Nil
TOTAL	27.50	27.50	Nil	Nil

ANNEXURE -34

CAPITALISATION STATEMENT

(₹ in Lakhs)

Particulars	Pre-issue as at June 30, 2018	Pre-issue as at June 30, 2018*	Post Issue**
<u>Borrowing</u>			
Short - Term Debt	-	-	-
Long - Term Debt	26.04	26.04	26.04
Total Debt	26.04	26.04	26.04
<u>Shareholders' Funds</u>			
Share Capital			
- Equity	59.60	1057.90	[•]
Reserves & Surplus	3,263.01	2,264.71	[•]
Total Shareholders' Funds	3,322.61	3,322.61	[•]
Long - Term Debt / Shareholders Fund	0.01	0.01	[•]
Short - Term Debt / Shareholders Fund	-	-	[•]

* 99,83,000 Equity shares of face value Rs. 10 each were issued as fully paid bonus shares on July 30, 2018 to members of the Company in the proportion of 16.75 equity shares for every 1 equity share held by them. The figures are restated as on June 30, 2018 consequent to allotment of Bonus shares. Capitalization statement (Pre Issue) considering the effect of Bonus Issue is also incorporated above for reference.

** The corresponding post issue figures are not determinable at this stage pending the completion of public issue due to book building process and hence, have not been furnished.

ANNEXURE- 35

STATEMENT OF TAX SHELTERS, AS RESTATED

(₹ in Lakhs)

Particulars	June 30, 2018	March 31, 2018	March 31, 2017	March 31, 2016
Profit before tax as per Restated P/L	242.07	909.69	526.97	482.75
Applicable Corporate Tax Rate	27.55%	27.55%	33.06%	33.06%
Tax at Notional Rate	66.70	250.64	174.23	159.61
Adjustments				
Difference between Tax Depreciation and Book Depreciation	(90.47)	(361.89)	(05.94)	15.73
Other Items	(153.20)	(180.99)	(2.29)	(4.65)
Brought Forward Loss Set off	-	-	-	(0.72)
Net Adjustments	(243.67)	(542.88)	(8.23)	10.36
(Tax Saving to the extent of Tax at Notional Rate) / Tax Addition	(67.14)	(149.58)	(2.72)	3.43
Tax Payable [A]	-	101.07	171.51	163.04
Tax Payable on items chargeable at special rates [B]	-	3.09	1.60	1.06
Total Tax Payable [C=A+B]	-	104.15	173.11	164.09
Tax Rebates [D]	-	-	-	-
Net Tax Payable [E=C-D]	-	104.15	173.11	164.09
Tax Payable under section 115JB of Income Tax Act, 1961 (F)	49.88	185.38	107.31	98.33
Tax Payable (Higher of E & F)	49.88	185.38	173.11	164.09

ANNEXURE – 36

OTHER FINANCIAL INFORMATION

(₹ in Lakhs)

Particulars	June 30, 2018	March 31, 2018	March 31, 2017	March 31, 2016
Restated PAT (B)	218.33	709.62	368.71	323.49
Restated PAT %	19.57	17.13	10.07	9.48
Restated EBIDTA	264.05	957.46	569.17	537.41
Restated EBIDTA %	23.66	23.11	15.55	15.76
Weighted average number of shares [FV Rs. 10] (D)	5.96	5.96	5.96	5.96
No. of shares outstanding at the end [FV Rs. 10] (C)	5.96	5.96	5.96	5.96
Net Worth (A)	3,370.61	3,158.18	2,448.55	2,085.80
Earnings per Share (EPS) (B/D) (Rs.)	36.63	119.06	61.86	54.28
Return on Net Worth (B/A)	6.48%	22.47%	15.06%	15.51%
Net Asset Value per Share (A/C)	565.54	529.89	410.83	349.97

99,83,000 Equity Shares of face value Rs. 10 each were issued as fully paid bonus shares on July 30, 2018 to members of the Company in the proportion of 16.75 Equity Shares for every 1 Equity Share held by them. Consequent to the allotment of bonus shares, other financial information is represented below:

Particulars	June 30, 2018	March 31, 2018	March 31, 2017	March 31, 2016
Earnings per Share (EPS (Rs.))	2.06	6.71	3.48	3.06
Net Asset Value per Share (Rs.)	31.86	29.85	23.15	19.72

Definitions of key ratios:

- I. **Earnings per Share (Rs.)**: Net profit attributable to equity shareholders / weighted average number of equity shares. Earnings per share calculations are done in accordance with Accounting Standard 20 “Earnings Per Share” as issued by The Institute of Chartered Accountants of India. As per AS-20, the number of equity shares outstanding before the event is adjusted for the proportionate change in the number of equity shares outstanding as if the event had occurred at the beginning of the earliest period reported.
- II. **Return on Net Worth (%)**: Net Profit after tax / Net worth as at the end of the year / period
- III. **Net Asset Value (Rs.)**: Net Worth at the end of the year / Number of equity shares outstanding at the end of the year / period
- IV. **EBIDTA**: Earnings (or profit/(loss)) before interest costs, income taxes, depreciation and amortization expenses

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

Management's Discussion and Analysis of Financial Conditions and Results of Operations as reflected in the Financial Statements

a. Overview of our Business

We manufacture diverse and multi-application range of paper boards and allied products and are focused in the production and marketing of paper board products for packing, packaging and stationery segments of the paper industry. Our product portfolio includes duplex board (*coated and uncoated*), file board, chip board, grey board and colour board of various GSMs.

We operate through our integrated manufacturing facility located at Bhadravathi, Karnataka for manufacturing our products with installed capacity of 14,600 TPA.

Our Products

We set out the detailed description of our product range and their uses as below:

No.	Description of the product	Application industry
	Uncoated duplex board	Garments, confectionery, fireworks, pharmaceuticals, matches etc.
	Coated duplex board	Stationery, confectionery, fireworks, pharmaceuticals, agarbatti, etc.
	File board/ colour board	Stationery (files), textile industry
	Grey board	Fireworks, confectionery, core manufacturing products, chemical drums and garments
	Chip board	Stationery, lifestyle products

b. Factors that may affect Results of Operations

Points mentioned in the Risk Factors given in this Offer Document and other important factors could cause actual results to differ materially from the expectations including among others:

- Conditions affecting end user industries;**
 We are manufacturing duplex boards, grey boards and chipboards which are mainly utilised for manufacturing of packaging materials. These materials are utilised by many industries namely FMCG, Education, Pharmaceutical, Textiles etc. Accordingly, sales of our products are directly dependent on the performance of these Industries. The end user Industries and geographic markets which our products are targeted at may be impacted by global economic or industry conditions, including seasonal trends, compliance with evolving regulatory requirement, government initiatives, trade agreements and other factors. Any significant downturns in such industries may affect our revenues.
- Factors affecting industrial activity;**
 Our manufacturing facility is situated at a geographical location which makes available certain benefits to us in monetary and non-monetary forms. Our factory is situated in Shimoga District, close to river Bhadravathi which provides easy accessibility to water. Our location is surrounded by agricultural belt which provides us low cost labour with longer retention rate and easy access to agro based waste such as paddy husk, coffee husk which can be used as fuel in steam boilers. Any change in the factors such as industrial policies, environmental policies, tariffs, excise duties, locational advantages, fiscal incentives, duty exemptions etc. may affect the activities and competitive scenario thereby affecting our results of operations.
- General economic and business conditions;**
 As a company operating in India, we are affected by the general economic conditions in the country. The Indian economy has grown over the past several years. This improved performance was propelled by the growth in industrial activity due to liberal policies adopted by the Government of India promoting small and medium

enterprises and increasing their contribution to GDP. The growth prospects of the business of our Company and our ability to implement the strategies will also be influenced by the macro economic growth.

- **Our ability to successfully implement our strategy and growth and expansion plans;**

Our growth plans are extensive and would put significant demands on our management team and other resources. Any delay in implementation of our strategy and growth and expansion plans could impact our Company's roll out schedules and cause cost and time over runs affecting our operations.

- **Changes in laws and regulations that apply to the industry;**

There are various laws and regulations applicable to our industry that we have to comply/ follow. These rules and regulations that we are bound to be compliant with tend to change over period of time. Failure to comply with changing laws and regulations or to obtain or renew the necessary permits and approvals may adversely affect our business.

- **Changes in fiscal, economic or political conditions in India;**

External factors such as terrorist attacks, acts of war or geopolitical and social turmoil in India or certain parts of the world could constrain our ability to do business, increase the costs and negatively affect our financial performance.

- **Changes in the foreign exchange control regulations, tariffs, interest rates and tax laws in India.**

Any change in the foreign exchange control regulation, interest rates and tax laws in India affects liquidity in the market which in turn affects the purchasing power of the economy.

- **Impact of changes in global demand-supply**

Due to domestic scarcity of wood and waste paper, waste paper is procured through imports as well as domestically. Pricing is primarily influenced by the balance between supply and demand, as affected by global macro-economic conditions, changes in consumption and capacity, level of customer and producer inventories and fluctuations in exchange rate. Recently, China had put import restrictions on the waste paper that did not meet environmental protection requirements of China. As a function of demand and supply, measures taken by China enhanced the global availability and thus a fall in price was noted. However, as imports are bounded by the foreign currency fluctuation, appreciation/depreciation of Indian Rupee may affect our result of operations.

c. Outlook

The Company is committed to putting in continuous efforts for providing quality products with focus on innovation using best practices, adopt appropriate sales & marketing strategies and invest in people development through regular training and skill-upgradation programmes. Fundamental growth drivers of Indian Economy continue to exist. The overall scenario for economy is showing positive trends and we believe it will help our Industry to grow at a faster rate. We are confident of achieving consistently good performance by using better technologies and introducing better and improved products and augmenting our sales and marketing efforts, while improvising on internal systems and controls to keep costs under tight leash.

d. Overview of Our Results of Operations

The following table sets forth select financial data from our restated statements of profit and loss for the quarter ended June 30, 2018 and the financial years ended March 31, 2018, 2017 and 2016;

(₹ in Lakhs)

Particulars	30 th June, 2018	% of Total Income	31 st March 2018	% of Total Income	31 st March 2017	% of Total Income	31 st March 2016	% of Total Income
Income								
Revenue from Operations	1,115.80	99.51%	4,142.29	93.46%	3,661.17	96.95%	3,410.70	97.51%
Other Income	5.45	0.49%	289.75	6.54%	115.02	3.05%	87.08	2.49%
Total	1,121.25	100.00%	4,432.04	100.00%	3,776.19	100.00%	3,497.78	100.00%
Expenditure								
Manufacturing Expense	701.45	62.56%	2,876.34	64.90%	2,465.14	65.28%	2,391.27	68.37%
Change in inventories of Finished Goods, Stock-in-Trade & Scrap	-24.79	-2.21%	-50.82	-1.15%	40.95	1.08%	-67.66	-1.93%
Employees Costs	100.85	8.99%	417.4	9.42%	412.18	10.92%	411.17	11.76%
Other Expenses	79.69	7.11%	231.66	5.23%	288.75	7.65%	225.59	6.45%
Total	857.20	76.45%	3,474.58	78.39%	3,207.02	84.93%	2,960.37	84.64%
Profit before Depreciation, Interest and Tax (Operating)	258.60	23.18%	667.71	16.12%	454.15	12.40%	450.33	13.20%
Profit before Depreciation, Interest and Tax (Total)	264.05	23.55%	957.46	21.60%	569.17	15.07%	537.41	15.36%
Depreciation	19.43	1.73%	38.09	0.86%	35.23	0.93%	47.54	1.36%
Profit before Interest & Tax	244.62	21.82%	919.37	20.74%	533.94	14.14%	489.87	14.01%
Interest & Finance Charges	2.55	0.23%	9.68	0.22%	6.97	0.18%	7.12	0.20%
Exceptional Items	-	-	-	-	-	-	-	-
Net Profit before Tax	242.07	21.59%	909.69	20.53%	526.97	13.96%	482.75	13.80%
Less: Provision for Taxes:								
Current Tax	49.89	4.45%	185.38	4.18%	173.11	4.58%	164.1	4.69%
Deferred Tax	19.11	1.70%	95.83	2.16%	-14.85	-0.39%	-4.84	-0.14%
Income Tax of Earlier Years	-	-	0.08	0.00%	-	-	-	-
Mat Credit Entitlement	-45.26	-	-81.23	-1.83%	-	-	-	-
Net Profit After Tax & Before Extraordinary Items	218.33	19.47%	709.63	16.01%	368.71	9.76%	323.49	9.25%
Extra Ordinary Items	-	-	-	-	-	-	-	-
Net Profit	218.33	19.47%	709.63	16.01%	368.71	9.76%	323.49	9.25%

Year on Year change

(₹ in Lakhs)

Growth	31st March 2018	31st March 2017	31st March 2016
Total Income	4,432.04	3,776.19	3,497.78
Increase	17.37%	7.96%	0.20%
EBIDTA	957.46	569.17	537.41
Increase	68.22%	5.91%	2.57%
PBT	909.69	526.97	482.75
Increase	72.63%	9.16%	1.45%
PAT	709.63	368.71	323.49
Increase	92.46%	13.98%	1.30%
Net Worth	3158.18	2448.55	2085.8
Increase	28.98%	17.39%	18.84%

Comparison of performance for FY 2018 with FY 2017**Total Income**

Revenue from Operations During the FY 2017-18, our revenue from Operations increased to Rs. 4,142.29 Lakhs from Rs. 3,661.17 Lakhs in FY 2016-17 i.e. an increase of approximately 13% on YoY basis. This was on account of marginal increase in output as well as increase in sales price achieved in FY 2017-18 over FY 2016-17.

Other Income: Other Income during FY 2017-18 increased to Rs. 289.75 Lakhs from Rs. 115.02 Lakhs in FY 2016-17 accounting for a rise of 152% on YoY basis, such rise is attributable to sale of investments during FY 2017-18 mainly to fund the 2.5 MW solar power facility.

Expenditure

Manufacturing Expenses: Our manufacturing expenses comprises of cost of raw materials, packaging and forwarding charges, power cost, fuel cost, freight charges and job work charges. The cost components of manufacturing expenses have remained in line with the historic cost. there is a rise in manufacturing expenses of approximately 13% in FY 2017-18 on YoY basis which is in line with the increase in revenue from operations for the similar period.

Employee Cost Our employee expenses have increased marginally to Rs. 417.42 Lakhs in FY 2017-18 from Rs. 412.18 Lakhs in FY 2016-17 which is attributable to normal increments.

Other Expenses Our other expenses are mainly pertaining to the indirect costs associated with the manufacturing activity. Major cost components covered under other expenses are Sales Commission and Sales Discount being offered to our customers. For FY 2017-18, there was a reduction in the sales commission and discounts being offered to our customers which led to decrease in other expenses by approximately 20% on YoY basis. Total other expenses incurred in FY 2017-18 have decreased to Rs. 231.66 Lakhs from Rs. 288.75 Lakhs in FY 2016-17.

Depreciation During FY 2017-18, there have been major additions in Fixed Assets of the Company to the tune of approximately Rs. 1,246 Lakhs of which Rs. 1,188 lakhs pertained to commissioning of 2.5 MW solar power plant in March 2018. As this capex was incurred during the end of financial year, there is no significant rise in the depreciation for FY 2017-18. This addition has led to an increase in the depreciation from Rs. 35.23 Lakhs in FY 2016-17 to Rs.38.09 Lakhs in FY 2017-18.

Finance Cost The overall finance charges during the FY 2017-18 have increased to Rs.9.68 Lakhs from Rs. 6.97 Lakhs in FY 2016-17. During the year under review, we have borrowed funds to the extent of Rs. 45 Lakhs as term loan towards setting up of coal-fired boiler.

Profit after Tax (PAT)

The PAT for Financial Year 2017-18 has increased to Rs. 709.63 Lakhs from Rs. 368.71 Lakhs, an increase of approximately 92% over the previous year. This increase is attributable to increase in revenue by about 13%, increase in operating margin from 12.4% to 16.12% and increase in other income by about 151%.

Comparison of performance for FY 2017 with FY 2016**Total Income**

Revenue from Operations: Revenue from operations has remained broadly consistent for FY 2016 and FY 2017. During the FY 2016-17, our revenue from operations increased to Rs. 3,661.17 Lakhs from Rs. 3,410.70 Lakhs in FY 2015-16 i.e. an increase of approximately 7% on YoY basis. This was mainly on account of increased income from sale of manufactured goods.

Other Income: Other Income during FY 2016-17 increased to Rs. 115.02 Lakhs from Rs. 87.08 Lakhs in FY 2015-16 accounting for a growth of 32% on YoY basis. This was mainly on account of sale of investments.

Expenditure

Manufacturing Expenses: Our manufacturing expenses has increased to Rs. 2,465.14 Lakhs in FY 2016-17 from Rs. 2,391.27 lakhs in FY 2015-16 resulting in an increase of approximately 3% over previous period. However, manufacturing expenses has remained in the range of approximately 65% of turnover, inline with the historical cost composition.

Employee Cost: Our employee expenses have increased marginally to Rs. 412.18 Lakhs in FY 2016-17 from Rs. 411.17 Lakhs in FY 2015-16.

Other Expenses: The cost incurred under this head in FY 2016-17 have increased to Rs. 288.75 Lakhs from Rs. 225.59 Lakhs in FY 2015-16. Major increase in the expenses is attributable to Sales Commission & Discounts and professional / consultancy charges resulting in increase of about 28% on YoY basis.

Depreciation During FY 2016-17, there has been additions of approx. Rs. 75 Lakhs in Plant & Machinery, and approximately Rs. 50 lakhs to Building and Office equipment of the Company. With depreciation method pegged to the residual life of the assets in accordance with Companies Act, 2013, the depreciation for FY 2016-17 comes to Rs. 35.23 lakhs as against Rs. 47.54 Lakhs in FY 2015-16

Finance Cost The overall finance charges during the FY 2016-17 have decreased slightly to Rs. 6.97 Lakhs from Rs. 7.12 Lakhs in FY 2015-16.

Profit after Tax (PAT) The PAT for Financial Year 2016-17 has increased to Rs. 362.71 Lakhs from Rs. 323.49 Lakhs in FY 2015-16, an increase of approximately 12% over the previous year. This increase is in line with the increase in the turnover.

Capital expenditure

Under the green belt development and green initiatives, and utilizing the renewable source of energy the company has invested in a 2.5 MW solar power plant at Ittigi in Bellary district of Karnataka and this was commissioned during March 2018. The total power requirement at our existing manufacturing facility is approx. 37 lakhs units p.a. of which approximately 94.60% of the power requirement is met through this solar power plant set up in Ittigi in Bellary district in Karnataka and balance through purchase of power from MESCOM, BESCOM and KPTCL

Further our Company has also invested in a dedicated feeder line with MESCOM. This line helps in improving the quality of power supplied from the grid. This reduces unscheduled power cuts and load shedding issues. In turn this brings down the stoppages and shutdown of machineries and thereby increasing productivity of the plant.

We propose to set-up our second (2nd) manufacturing facility with an installed capacity of 36500 TPA to manufacture a new product line viz. kraft liner; high BF kraft; and fluting media kraft to be funded from the proceeds of the Issue. In addition, our Company also proposes to set up roof top solar power plant of 1 MW capacity for meeting the power requirements of the new project.

Indebtedness

Set forth below is a brief summary of our aggregate outstanding borrowings (*both fund-based and non-fund based*) as on June 30, 2018.

(₹ in Lakhs)		
Category of borrowing	Sanctioned amount (Fund and Non-fund based)	Outstanding amount as on June 30, 2018
<i>Our Company</i>		
Fund Based	87.00	38.35
Non-Fund Based	Nil	Nil
Any other loan (vehicle loans):	20	7.45

For more details on the financial indebtedness, please refer to the section titled “Financial Indebtedness” beginning on page 183 of this Draft Red Herring Prospectus.

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

Any slowdown in the growth of Indian economy or future volatility in global commodity/ paper products prices, could affect the business, including the future financial performance, shareholders' funds and the price of the Equity Shares.

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 this DRHP, please refer to the sections titled "Risk Factors", "Our Business" and "Management's Discussion and Analysis of Financial Conditions and Results of Operations" on pages 20, 105 and 174 of this Draft Red Herring Prospectus, to our knowledge there are no known trends or uncertainties that may have material adverse impact on the income, costs and profits of the 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

Increase in the cost of the raw materials which we use for manufacturing the paper products, will affect the profitability of the company. We also offer Sales Commission and Discounts on our products, change in business strategy or removal of such discounts may adversely affect our sales. We have also commissioned an in house solar power plant to meet our power requirements, setting up of same provides us fiscal benefits in terms of income tax. Any change in Government policies related to solar power plant may affect our margins leading to lower profitability, However, this can be offset to some extent through production cost rationalization and introduction of value added products for higher sales realization.

The extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased sales prices

The increase in turnover for the FY ended March 31, 2018 as when compared to FY 2017 is on account of increase in the demand/new client acquisition/ Pricing.

Total turnover of each major industry segment in which the Company operates

We are operating in the manufacturing and selling of paper products catering to various industries. Other than manufacturing of paper boards, there is no other major industry segment in which we operate. Our business is limited to a single reportable segment.

Status of any publicly announced new product

We have not publicly announced any new products or expect to announce any new products other than those mentioned under sections titled "Our Business" and "Objects of the Issue" on pages 105 and 64 of this Draft Red Herring Prospectus.

The extent to which the business is Seasonal

The nature of our business is not seasonal.

Competitive conditions

We compete with companies operating in the paperboard and allied products business in India. Some of our competitors may have more experience than us in the manufacturing and sale of paperboard products. In addition, a number of our competitors may have more resources than us. Further, we face competition from

countries such as China, Korea, Indonesia from where lower price coated paper is imported into India. Additionally, the competition in paper industry ranges from large, well-established players to small units in the unorganized segment. Small, unorganized players mainly compete in the low value-added segments like creamwove and kraft paper whereas the high value-added segments like copier paper, coated paper and virgin packaging board are mainly controlled by the larger players. We believe our main competitors are The West Coast Paper Mills Limited, Sripathi Paper and Boards Private Limited, Gramox Paper and Boards Limited and ITC Bhadrachalam Paper Boards Limited.

Significant dependence on a single or few suppliers or customers

Our top ten customers contributed to approximately 83.75% of the total revenue from operations for 3 months period ended June 30, 2018 and 87.81% for the financial year ended March 31, 2018

Our top ten suppliers contributed to approximately 65.69% of the total purchases for 3 months period ended June 30, 2018 and 66.25% for the financial year ended March 31, 2018.

Significant developments after June 30, 2018 that may affect our result of operations

Except as set out in this DRHP and as disclosed herein, in the opinion of the Board of Directors of our Company and to our knowledge, no circumstances have arisen since the date of the last financial statements as disclosed in the DRHP which materially or adversely affect or are likely to affect, our operations or profitability, or the value of our assets or our liability to pay our material liabilities within next 12 months.

FINANCIAL INDEBTEDNESS

Our Company avail loans in the ordinary course of business for the purposes of working capital requirements. Our Company has obtained the necessary consents for the purposes of this Issue viz. NoC from its Principal Bankers for the proposed Issue.

Pursuant to a special resolution of our Shareholders passed at the extraordinary general meeting held on October 25, 2018, our Board has been authorized to borrow, from time to time, such sums of money as our Board may deem fit for the purpose of the business of our Company, whether secured or unsecured, notwithstanding that the monies to be borrowed, together with the monies already borrowed by our Company (*apart from temporary loans obtained or to be obtained from our Company's bankers in the ordinary course of business*), would exceed the aggregate of the paid-up capital and free reserves of our Company provided that the total amount which may be borrowed by our Board, and outstanding at any time, shall not exceed ₹ 25,000 lakhs for the time being, including the money already borrowed by our Company.

As on the date of filing of this Draft Red Herring Prospectus, the overall borrowings of our Company do not exceed the overall limit as specified under Section 180(1)(c) of the Companies Act, 2013.

Facilities availed by us

Set forth below is a brief summary of our aggregate outstanding borrowings (*both fund-based and non-fund based*) as on June 30, 2018.

(₹ in Lakhs)		
Category of borrowing	Sanctioned amount (Fund and Non-fund based)	Outstanding amount as on June 30, 2018
<i>Our Company</i>		
Fund Based	87.00	38.35
Non-Fund Based	Nil	Nil
Any other loan (vehicle loans):	20	7.45

Principal terms of the borrowings availed by us:

Some of the principal terms of the borrowings availed by us are set out below:

- **Interest:** The interest levied on term loan varies from lender to lender and is usually a certain percentage of spread over and above the base rate or MCLR of the relevant lender.
- **Tenor:** The tenor of our term loan ranges from twelve (12) months to sixty-three (63) months.
- **Security:** In terms of our borrowing where security has been created by way of Hypothecation of New Combipac Thermax coal fired Steam Boiler Model CPfD 60, its installation, architectural designing, Bunker, fabrication, erection.

There may be additional requirements for creation of security under the various borrowing arrangements entered into by us.

- **Re-payment:** The tenor of the term loan ranges from 12 months to 63 months (*includes moratorium period of 3 months*).
- **Events of Default:** Borrowing arrangements entered into by our Company, as the case may be, contain standard events of default, including:
 - ✓ Non-observance of the borrower covenants/ terms and conditions of the sanction;
 - ✓ Non-compliance of general conditions;
 - ✓ Non-payment of any installment of term loan or interest as and when the same becomes due and payable.
 - ✓ Non-submission statements;
 - ✓ Bankruptcy, winding up or insolvency event; and
 - ✓ Mis- utilization of loan facility.

This is an indicative list and there may be additional terms and conditions that may amount to an event of default under the various borrowing arrangements entered into by us. Our Company is required to ensure that the aforementioned events of default and other events of default, as specified under the various binding documents and agreements entered into by our Company, as the case may be, for the purpose of availing of loans, are not triggered.

- **Pre-payment conditions:** Pre-payment charges of 2% on the date of prepayment on the quantum of prepaid amount..
- **Declaration of dividend:** The borrowing arrangements entered into by our Company generally impose restrictions on declaration of dividend for a year except out of the profits relating to that year, without the prior written permission of the lender.
- **Restrictive Covenants:** Our financing arrangements does not entail conditions and covenants restricting any corporate action.

For further details in relation to the financial indebtedness of our Company, please refer to section titled "Financial Statements" beginning on page 142 of this Draft Red Herring Prospectus.

SECTION VI: LEGAL AND OTHER INFORMATION**OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS**

Except as stated in this section, there are no (i) outstanding criminal proceedings; (ii) actions taken by statutory or regulatory authorities; (iii) tax proceedings; (iv) material litigation, in each case, involving our Company, or our Directors; (v) any litigation involving our Company, our Directors or any other person whose outcome could have a material adverse effect on the position of our Company; (vi) inquiries, inspections or investigations initiated or conducted under the Companies Act against our Company in the preceding five (5) years from the date of this Draft Red Herring Prospectus; (vii) pending proceedings initiated against our Company for economic offences; (viii) material frauds committed against our Company in the preceding five (5) years from the date of this Draft Red Herring Prospectus; (ix) defaults for non-payment of statutory dues; (x) fines imposed or compounding of offences against our Company in the preceding five (5) years from the date of this Draft Red Herring Prospectus; (xi) matters involving our Company pertaining to violations of securities law; and (xii) outstanding dues to material creditors and small scale undertakings.

Our Board, in its meeting held on September 14, 2018 has adopted a policy for identification of our Group Companies, material creditors and material legal proceedings ("Materiality Policy") for the purposes of disclosure in its offer documents in accordance with the SEBI (ICDR) Regulations. In terms of the Materiality Policy, all pending litigations involving our Company and our Directors, other than criminal proceedings, statutory or regulatory actions, as 'material' if the monetary amount of claim by or against the entity or person in any such pending matter does not exceed one per cent of the net worth of our Company as per the Restated Financial Information for Fiscal 2018. Further, pre-litigation notices received by our Company and Directors (excluding those notices issued by statutory, regulatory or tax authorities), unless otherwise decided by the Board, are not evaluated for materiality until such time that such parties are impleaded as defendants in litigation proceedings before any judicial forum. Accordingly, we have only disclosed all outstanding litigations involving our Company. 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 a bearing on the operations or performance of our Company.

However, we have disclosed all the pending litigations, statutory or regulatory actions and taxation matters involving our Company, Directors, Promoters and Group Companies in this Draft Red Herring Prospectus.

I. LITIGATION INVOLVING OUR COMPANY**A. Criminal cases filed against our Company**

As on the date of this Draft Red Herring Prospectus, there are no criminal proceedings initiated against our Company.

B. Criminal cases filed by our Company

1. Our Company has filed a complaint (P.C.R. 1782/2016) before the Hon'ble Chief Metropolitan Magistrate CMM Court, Bangalore under Section 138 of the Negotiable Instruments Act, 1938 against M/s S. M. N. Raju and Roshan Printers (collectively, the "**Accused**") for dishonor of a Cheques issued towards outstanding dues to the tune of ₹6.05 Lakhs (₹6,05,771) in respect of material has been supplied to the Accused by our Company. Presently, the matter is pending before the Hon'ble Chief Metropolitan Magistrate CMM Court and shall come up for hearing in due course.

C. Civil cases filed by our Company

Our Company and Ors. (collectively, the "**Petitioners**") has filed a Writ Petition (WP 24248-24259/2018) against Bangalore Electricity Supply Company Ltd and Ors. (collectively, the "**Respondents**") before the Hon'ble Karnataka High Court, Bangalore Bench ("**Court**") Article 226 of Constitution of India for Issue of writ or order or direction of certiorari to quash the order passed by Karnataka Power Transmission Corporation Limited, one of the Respondents withdrawing the benefits and incentives grated to Petitioners for generation of solar power from their respective solar power plants. The matter is currently pending before Court which has granted interim stay to the proceeding by order dated June 26, 2018 and shall come up for hearing in due course.

D. Civil cases filed against our Company

As on the date of this Draft Red Herring Prospectus, there are no Civil proceedings initiated by our Company.

E. Revenue proceedings against our Company

Direct tax proceedings

Nil

Indirect tax proceedings

Our Company has received notice from Commercial Tax Officer, Goods and Services Tax Offices-221, Bhadravathi in respect of intimation of discrepancies in the return for GST submitted for the period July-September for F.Y. 2017-18 for which reply has been submitted by our Company in respect of the notice. The amount disputed in under this proceeding is ₹6.39 Lakhs (₹6,39,295).

F. Material frauds committed against our Company

There have been no instances of material frauds committed against our Company in the preceding five (5) years from the date of this Draft Red Herring Prospectus.

G. Past cases where penalties imposed

There are no past cases in the five (5) years preceding the date of this Draft Red Herring Prospectus, where penalties were imposed on our Company by concerned authorities.

H. Past inquiries, inspections and investigations under the Companies Act

There have been no inquiries, inspections or investigations initiated or conducted under the Companies Act or any previous company law in the last five (5) years immediately preceding the year of issue of the Draft Red Herring Prospectus in the case of our Company.

I. Fines imposed or compounding of offences

There have been no prosecutions filed by our Company (*whether pending or not*) fines imposed, compounding of offences in the last five (5) years immediately preceding the year of the Draft Red Herring Prospectus.

J. Proceedings initiated against our Company for economic offences

There are no pending proceedings initiated against our Company for any economic offences as on the date of this Draft Red Herring Prospectus.

K. Defaults and non-payment of statutory dues

Our Company has no outstanding defaults in relation to statutory dues, dues payable to holders of any debentures (*including interest*) or dues in respect of deposits (*including interest*) or any defaults in repayment of loans from any bank or financial institution (*including interest*).

L. Outstanding dues to Creditors

Our Board has, pursuant to its resolution dated December 10, 2018, approved that all creditors of our Company to whom the amount due by our Company exceeds ₹41.23 lakhs, i.e. 10% of trade payables of our Company as of June 30, 2018 as per the Restated Financial Information of our Company shall be considered "material" creditors of our Company.

The outstanding dues owed to micro, small and medium enterprises and other creditors, separately, giving details of number of cases and amounts for all dues where each of the dues exceeds ₹41.23 lakhs as on June 30, 2018, is set out below:

Material Creditors	Number of cases	Amount involved (₹ in lakhs)
Micro, small and medium enterprises	0	Nil
Other creditors	3	181.20

The details pertaining to outstanding dues towards our creditors are available on the website of our Company at www.bhadrapapers.com. It is clarified that such details available on our website do not form a part of this Draft Red Herring Prospectus. Anyone placing reliance on any other source of information, including our Company's website, www.bhadrapapers.com, would be doing so at their own risk.

II. LITIGATION INVOLVING OUR PROMOTERS AND DIRECTORS

A. Outstanding criminal litigation involving our Promoters and Directors

As on the date of this Draft Red Herring Prospectus, there are no criminal proceedings initiated against or by our Promoters and Directors.

B. Outstanding civil cases involving our Promoters and Directors

- Ms. Vinita D'souza (the "**Plaintiff**") has filed a Suit (*Original Suit No. 106/2014*) against Mr. T. N. Ramesh & Ors (the "**Defendants**") before the Hon'ble Principal Civil Judge, Junior Division, Magadi under Civil Procedure Code, 1908 for declaration and injunction in respect of suit property which is under dispute. Mr. Subbaraju Lakshman, Promoter and Director of our Company, is one of the Defendants in the matter who are the bonafide purchasers of the disputed property in this proceeding and conveyance deed for this land has also been registered with Sub-Registrar, Kengeri. The matter is currently pending before Hon'ble Principal Civil Judge, Junior Division, Magadi and will come for hearing in due course.
- Mr. Subbaraju Lakshman (the "**Petitioner**") has filed a Writ Petition (*WP 24872/2018*) against Ms. Vinita D'souza (the "**Respondents**") before the Hon'ble Karnataka High Court, Bangalore Bench Article 226 of Constitution of India for Issue of order of certiorari to quash the order passed by the Hon'ble Senior Civil Judge and JMFC Magadi in a Suit (*Original Suit No. 106/2014*) filed by Respondent against Petitioner. The matter is currently pending before Hon'ble Karnataka High Court, Bangalore Bench and will come for hearing in due course.

C. Litigations involving Pending action by statutory or regulatory authorities against any of our Promoters and Directors

As on the date of this Draft Red Herring Prospectus, there are no pending actions by any statutory or regulatory authorities against our Promoters and Directors except Mr. Nagaraja Srivatsa, Independent Director of our Company as mentioned below,

The Reserve Bank of India ("**Complainant**") has filed a criminal complaint (C.C. 14080/2000) before the Hon'ble Court of VI Additional Chief Metropolitan Magistrate, Bangalore ("**Court**") under Section 58(E) r/w Sections 58B & 58C of the Reserve Bank of India Act, 1934 ("**RBI Act**") against Kirloskar Investments & Finance Limited and Ors (collectively, the "**Accused**") in respect of violations of certain provisions of the RBI Act and the directions issued thereunder. One of our Independent directors, Mr. Nagaraja Srivatsa is one of the co-Accused in the complaint. Presently, the matter is pending before the Court and shall come up for hearing in due course.

D. Revenue proceedings involving our Promoters and Directors

Direct tax proceedings

Nil

E. Other material outstanding litigation involving our Promoters and Directors

As on the date of this Draft Red Herring Prospectus, there are no material outstanding litigation initiated by or against our Promoters and Directors.

III. MATERIAL DEVELOPMENTS SINCE JUNE 30, 2018

Other than as disclosed under section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on page 174 of this Draft Red Herring Prospectus, in the opinion of the Board, there has not arisen, since the date of the last balance sheet included in this Draft Red Herring Prospectus, any circumstance that materially and adversely affects or is likely to affect the trading or profitability of our Company taken as a whole or the value of our consolidated assets or our ability to pay our liabilities over the next twelve (12) months.

GOVERNMENT AND OTHER APPROVALS

We have received the necessary consents, licenses, permissions and approvals from the Government of India and various governmental agencies required by us to undertake this Issue and for our present business and except as mentioned below, no further material approvals are required for carrying on our present business operations. Unless otherwise stated, these approvals are valid as on the date of this Draft Red Herring Prospectus.

The main objects clause of the Memorandum of Association and objects incidental to the main objects enable our Company to undertake its existing business activities.

I. Approvals for the Issue

The following approvals have been obtained or will be obtained in connection with the Issue:

- a. Our Board, pursuant to its resolution dated September 14, 2018, authorized the Issue subject to approval of the shareholders of our Company under Section 62(1)(c) of the Companies Act, 2013;
- b. The shareholders of our Company have, pursuant to their resolution passed at the extra ordinary general meeting of our Company held on October 25, 2018 under Section 62(1)(c) of the Companies Act, 2013, authorized the Issue;
- c. Our Board approved this Draft Red Herring Prospectus pursuant to its resolution dated December 28, 2018;
- d. In-principle approval from NSE Emerge dated [●].
- e. Central Depository Services (India) Limited by way of their letter dated October 5, 2018 intimated our Company about the activation of the ISIN for the purpose of availing depository services. The ISIN allotted to us is INE01QK01012.
- f. National Securities Depository Limited by way of their letter dated November 5, 2018 intimated our Company about the activation of the ISIN for the purpose of availing depository services. The ISIN allotted to us is INE01QK01012.

II. Corporate Approvals

- a. Certificate of Incorporation dated June 8, 1984 issued by Registrar of Companies, Karnataka, Bangalore.
- b. Fresh Certificate of Incorporation dated June 28, 2018 issued by the Registrar of Companies, Bangalore, Karnataka consequent upon change in the name of our Company from “Bhadra Packaids Private Limited” to “Bhadra Paper Mills Private Limited”.
- c. Fresh Certificate of Incorporation dated August 28, 2018 issued by the Registrar of Companies, Bangalore, Karnataka consequent upon conversion to public limited company.
- d. Corporate Identity Number (CIN): U85110KA1984PLC006140.

III. Tax Approvals in relation to our Company

- a. The Permanent Account Number of our Company is AAACB5718P.
- b. The Tax Deduction Account Number (TAN) of our Company is BLRB01162A.
- c. Registration certificate under The Central Goods and Services Tax Act, 2017 (GST) for the state of Karnataka bearing registration no. 27AAACB5718P1Z7.

IV. Approvals obtained in relation to business operations

Our Company requires various approvals and/or licenses to carry on our business in India. Some of these may expire in the ordinary course of business and applications for renewal of these approvals are submitted in accordance with applicable procedures and requirements.

- a. License issued by the Petroleum and Explosives Safety Organisation (PESO) bearing registration no. P/SC/KA/15/135 (P38030) under rule 148 of the Petroleum Rules, 2002 and subject to conditions for import and storage of Petroleum Class B at our factory located at Plot No. Bommenahalli, S. No. 55/B, Bhadravathi, District Shimoga, Karnataka 577 245.
- b. Certificate of Registration of various weights issued by the Department of Metrology, Karnataka bearing no. 218/94/95 under the Karnataka Legal Metrology (Enforcement) Rules, 2011 at our factory located at Plot No. Bommenahalli, S. No. 55/B, Bhadravathi, District Shimoga, Karnataka 577 245.
- c. License to run a factory (*Survey No. FPN2/SR206/86-87*)
- d. Registration Certificate of Establishment issued by Department of Labour, Karnataka Government under Karnataka Shops and Commercial Establishments Act, 1961 bearing registration no. 7/94/CE/1587A/2010.
- e. Certificate for use of Boilers (Boilers nos) bearing registration nos. MYS-1751 and MYS-1043 at our factory located at Plot No. Bommenahalli, S. No. 55/B, Bhadravathi, District Shimoga, Karnataka 577 245
- f. Approval obtained from the Karnataka State Pollution Control Board under the rule 6 (2) of the Hazardous & Other Wastes (Management and Transboundary Movement) Rules, 2016 in respect of use of hazardous or other wastes or both and subject to conditions for its generation, disposal at our premises located at 1, 42, 33, 36, & 37, Bommenahalli, Bhadravathi Taluka, District Shimoga, Karnataka 577 245.
- g. Approvals obtained from the Karnataka State Pollution Control Board under the Air (Prevention and Control of Pollution) Act, 1981 & Water (Prevention and Control of Pollution) Act, 1974 to manufacture Duplex Paper Boards of capacity 30 TPD and subject to conditions for discharge of effluents and discharge of air emissions for our factory located at 1, 42, 33, 36, & 37, Bommenahalli, Bhadravathi Taluka, District Shimoga, Karnataka 577 245.

V. Labour related approvals

- a. Certificate issued by the Department of Labour under sub-section (2) of Section 7 of the Contract Labour (Regulation and Abolition) Act, 1970 bearing registration no. RGN/CLA/SHA-103/94
- b. ESIC Code of the Company bearing no. 58-4587-81 issued by Employees' State Insurance Corporation under Employees' State Insurance Act, 1948.
- c. Certificate issued by the Employees Provident Fund Organization (EPFO) bearing Provident Fund Code. KNSHG0016174000.
- d. Certificate issued by the Employees Provident Fund Organization (EPFO) bearing registration No. MH/PUN/307242/CIRCLE-IV/1783.

VI. Approvals obtained in relation to the proposed Unit II

Consent for Expansion obtained from the Karnataka State Pollution Control Board under the Air (Prevention and Control of Pollution) Act, 1981 & Water (Prevention and Control of Pollution) Act, 1974 to manufacture Duplex Paper Boards, Cultural paper and News print at capacity 1250 TPM, 900 TPM and 1250 TPM respectively and subject to conditions for discharge of effluents and discharge of air emissions for our factory located at 1, 42, 33, 36, & 37, Bommenahalli, Bhadravathi Taluka, District Shimoga, Karnataka 577 245.

VII. Applications for the material approvals in relation to the proposed Unit II yet to made

- a. Registration and grant of License to run a factory under the Factories Act, 1948
- b. Grant of authorisation under the rule 6 (2) of the Hazardous & Other Wastes (Management and Transboundary Movement) Rules, 2016 in respect of use of hazardous or other wastes from Karnataka State Pollution Control Board.
- c. Registration Certificate for use of Boiler under the Indian Boilers Act, 1923.

VIII. Intellectual property related approvals

Our Company has made an application dated September 25, 2018 for registration of our name and logo



with the Trade Marks Registry under class 16 which is pending for approval as on the date of this Draft Red Herring Prospectus.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

Our Board has, pursuant to its resolution dated September 14, 2018, authorized the Issue, subject to the approval of the Equity Shareholders of our Company under Section 62(1)(c) of the Companies Act and our Equity Shareholders have, pursuant to a resolution dated October 25, 2018, under Section 62(1)(c) of the Companies Act, authorized the Issue. Based on the said authorisation and after evaluating the relevant factors including fund requirement for the proposed expansion Project, market condition, available cash resources and dilution, the Board approved the Company's proposed Public Issue of Equity Shares aggregating upto Rs. 5,100 Lakhs consisting of fresh issue of upto Rs. 4,700 lakhs and offer for sale of upto Rs. 400 lakhs.

In-principle Listing Approvals

Our Company has obtained approval from NSE Emerge by way of its letter dated [●] to use the name of NSE Emerge in this Issue. Document for listing of equity shares on the SME platform of the NSE Emerge. NSE Emerge is the Designated Stock Exchange.

Prohibition by SEBI, the RBI or Governmental Authorities

None of our Company, our Promoter, our Promoter Group, our Directors, and persons in control of our Company are or have ever been prohibited from accessing or operating in the capital market or restrained from buying, selling or dealing in securities under any order or direction passed by the SEBI or any other governmental authorities. Neither our Promoter, nor any of our Directors or persons in control of our Company were or are a promoter, director or person in control of any other company which is debarred from accessing the capital market under any order or directions made by the SEBI or any other governmental authorities.

None of our Directors are in any manner associated with the securities market and there is or has been no action taken by the SEBI against our Directors or any entity in which our Directors are involved in as promoter or directors.

Neither our Company, nor our Promoter, nor our Directors, nor the relatives (as per the Companies Act) of our Promoter, are or have been detained as wilful defaulters by the RBI or any other governmental authorities.

Eligibility for the Issue

Our Company is an unlisted issuer in terms of the SEBI (ICDR) Regulations and this Offer is an initial public offer in terms of the SEBI (ICDR) Regulations.

This Issue is being made in terms of Regulation 229 of Chapter IX of the SEBI (ICDR) Regulations, whereby, an issuer whose post offer face value capital does not exceed twenty-five crore rupees, shall issue shares to the public and propose to list the same on the Small and Medium Enterprise Exchange ("**SME Exchange**"), in this case being the SME Platform of NSE Emerge.

We confirm that:

- a) In accordance with Regulation 260 of the SEBI (ICDR) Regulations, this Issue has been hundred percent underwritten and that the Book Running Lead Managers to the Issue have underwritten more than 15% of the total Issue Size. For further details pertaining to the said underwriting please refer to section titled "General Information - Details of the Market Making Arrangements for this Issue" beginning on page 43 of this Draft Red Herring Prospectus.
- b) In accordance with Regulation 268(1) 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 (8) days from the date our Company becomes liable to repay it, then our Company and every officer in default shall, on and from expiry of eight (8) days, be liable to repay such application money, with interest as prescribed under SEBI (ICDR) Regulations, the Companies Act, 2013 and applicable law. Further, in accordance with Section 40 of the Companies Act, 2013, our Company and each officer in default may be punishable with fine and/or imprisonment in such a case.
- c) We have not filed any Offer Document with SEBI nor has SEBI issued any observations on our Offer Document. However, in accordance with Regulation 246 of the SEBI (ICDR) Regulations, we shall ensure that our Book Running Lead Manager submit the copy of Prospectus along with a Due Diligence Certificate including additional confirmations as required to SEBI at the time of filing the Prospectus with Stock Exchange and the Registrar of Companies.
- d) In accordance with Regulation 261 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 (3) 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 section titled "General Information - Details of the Market Making Arrangements for this Issue" beginning on page 43 of this Draft Red Herring Prospectus. We further confirm that we shall be complying with all other requirements as laid down for such issue under Chapter IX of SEBI (ICDR) Regulations, as amended from time to time and subsequent circulars and guidelines issued by SEBI and the Stock Exchange.
- e) The Company has a record of three (3) years and positive cash accruals (earnings before depreciation and tax) from operations for at least two (2) financial years preceding the application and the net worth of the Company is positive.
- f) As on the date of this Draft Red Herring Prospectus, our Company has a paid-up capital of ₹1,057.90 lakhs and the post issue capital will be of ₹ [●] lakhs.
- g) Our Company had been referred to the Board for Industrial and Financial Reconstruction (BIFR). For further details please refer to section titled "History and Certain Corporate Matters" beginning on page 117 of this Draft Red Herring Prospectus
- h) There is no winding up petition against the company, which has been admitted by the court or a liquidator has not been appointed.
- i) There has been no change in the Promoter(s) of the Company in the preceding one year from date of filing application to the Stock Exchange or listing on the SME segment.
- j) Our company shall mandatorily facilitate trading in demat securities and enter into an agreement with CDSL and NSDL.
- n) We have a website: www.bhadrapapers.com

DISCLAIMER CLAUSE OF SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE OFFER DOCUMENT TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT OFFER DOCUMENT. THE BOOK RUNNING LEAD MANAGER HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE REGULATIONS. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT OFFER DOCUMENT, THE BOOK RUNNING LEAD MANAGER(S) IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGER ARIHANT CAPITAL MARKETS LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED [●] IN THE FORMAT PRESCRIBED UNDER SCHEDULE V(A) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018

THE FILING OF THE DRAFT OFFER DOCUMENT DOES NOT, HOWEVER, ABSOLVE THE ISSUER FROM ANY LIABILITIES UNDER THE COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE BOOK RUNNING LEAD MANAGER ANY IRREGULARITIES OR LAPSES IN THE DRAFT OFFER DOCUMENT.

All legal requirements pertaining to the Issue will be complied with at the time of filing of the Red Herring Prospectus with the RoC in terms of Section 32 of the Companies Act, 2013. All legal requirements pertaining to the Issue will be complied with at the time of registration of the Prospectus with the RoC in terms of Sections 26 and 30 of the Companies Act, 2013.

Disclaimer clauses 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 our Company's instance and anyone placing reliance on any other source of information, including our Company's website <http://www.bhadrapapers.com> would be doing so at his or her own risk.

The Book Running Lead Manager accept no responsibility, save to the limited extent as provided in the Issue Agreement and the Underwriting Agreement.

All information shall be made available by our Company and the Book Running Lead Manager to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports, or elsewhere.

Investors who apply in the Issue will be required to confirm and will be deemed to have represented to our Company, the Underwriters and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company and will not issue, sell, pledge, or transfer the Equity Shares of our Company to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company. Our Company, the Underwriters and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of our Company.

The Book Running Lead Manager and their respective associates and affiliates may engage in transactions with, and perform services for, our Company and their respective group companies, affiliates or associates or third

parties in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with our Company and their respective group companies, affiliates or associates or third parties, for which they have received, and may in the future receive, compensation.

Disclaimer with respect to jurisdiction

The Issue is being made in India to persons resident in India (including Indian nationals resident in India who are not competent to contract within the Indian Contract Act, 1872, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised 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 registered under applicable trust law and who are authorised under their constitution to hold and invest in shares, permitted insurance companies, permitted provident fund and pension funds, insurance funds set up and managed by the army and navy of the Union of India and insurance funds set up and managed by the Department of Posts, India) and to FPIs, FIIs, Eligible NRIs and other eligible foreign investors (viz. FVCIs, multilateral and bilateral development financial institutions). This Draft Red Herring Prospectus does not, however, constitute an invitation to purchase shares offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of the Issue will be subject to the jurisdiction of appropriate court(s) in Jammu only.

No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Draft Red Herring Prospectus has been filed with NSE for its observations and NSE shall give its observations in due course. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States, and, unless so registered, may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws.

Accordingly, the Equity Shares are being offered and sold (a) in the United States only to persons reasonably believed to be "qualified institutional buyers" (as defined in Rule 144A under the Securities Act and referred to in this Draft Red Herring Prospectus as "U.S. QIBs" pursuant to the private placement exemption set out in Section 4(a)(2) of the Securities Act; for the avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investor defined under applicable Indian regulations and referred to in this Draft Red Herring Prospectus as "QIBs"), in transactions exempt from the registration requirements of the Securities Act and (b) outside the United States in offshore transactions in reliance on Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

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

Designated Stock Exchange

The Designated Stock Exchange for the purpose of the Issue will be NSE EMERGE.

Disclaimer Clause of NSE

As required, a copy of this Draft Red Herring Prospectus has been submitted to the NSE. The disclaimer clause as intimated by the NSE to us, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to the RoC filing.

Disclaimer Clause under Rule 144A of the U.S. Securities Act

The Equity Shares have not been and will not be registered under the U.S. Securities Act 1933, as amended (the "*Securities Act*") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S of the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares will be offered and sold (i) in the United States only to "qualified institutional buyers", as defined in Rule 144A of the Securities Act, and (ii) outside the United States in offshore transactions in reliance on Regulation S under the Securities Act and in compliance with the applicable laws of the jurisdiction where those offers and sales occur. The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Applicants may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Filing

A soft copy of Draft offer document is being submitted to SEBI as per Regulation 246(5) of SEBI ICDR Regulations. However, SEBI shall not issue any observation on the offer document in terms of Regulation 246(2) of SEBI ICDR Regulations. A copy of the Red Herring Prospectus / Prospectus along with the documents required to be filed under Section 32 of the Companies Act will be delivered to the RoC situated at E Wing, 2nd Floor, Kendriya Sadan, Kormangala, Bengaluru, Karnataka- 560034.

Further, a soft copy of the Prospectus along with the due diligence certificate including additional confirmations shall be submitted to SEBI.

Listing

In terms of Chapter IX of the SEBI (ICDR) Regulations, there is no requirement of obtaining In-Principle approval of the SME Platform of NSE. However, application shall be made to SME Platform of NSE for obtaining permission for listing of the Equity Shares being offered and sold in the Issue on its SME Platform after the allotment in the Issue. NSE Emerge and BSE is the Designated Stock Exchange, with which the Basis of Allotment will be finalized for the Issue. If the permission to deal in and for an official quotation of the Equity Shares on the SME Platform is not granted by NSE Emerge, our Company and the Selling Shareholders shall forthwith repay, without interest, all moneys received from the applicants in pursuance of the Prospectus. The allotment letters shall be issued or application money shall be refunded within fifteen (15) days from the closure of the Issue or such lesser time as may be specified by Securities and Exchange Board or else the application money shall be refunded to the applicants forthwith, failing which interest shall be due to be paid to the applicants at the rate of fifteen per cent per annum for the delayed period as prescribed under Section 40 of the Companies Act, 2013.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the SME Platform of NSE Emerge mentioned above are taken within six (6) Working Days of the Issue Closing Date.

Our Company has obtained approval from NSE Emerge by way of letter dated [●] to use the name of NSE Emerge in this Draft Red Herring Prospectus document for listing of equity shares on SME Platform of NSE Emerge.

Disclosure of Price Information of Past Issues Handled by the BRLM(s)
Table 1: Price information of past issues handled by Arihant Capital Markets Limited for three years (current financial year and two financial years preceding the current financial year)

No.	Issue name	Issue size (Rs. in lakhs)	Issue Price (Rs.)	Listing date	Opening Price on listing date	+/- % change in closing price, [+/- % change in closing benchmark]- 30 th calendar Days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90 th calendar Days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180 th calendar days from listing
1.	Nitiraj Engineers Limited	2,200.80	100	March 9, 2017	97	-9% [8%]	-21% [13%]	-24% [17%]
2	Spectrum Electrical Industries Limited	2587.00	65	October 1, 2018	66.50	-8% [-0.45%]	-	-

Source: Price Information as available on <https://www.nseindia.com/emerge/> and Issue Information from Prospectus

Note: -

- Based on date of listing.
- NSE Emerge Index has been considered as the benchmark index.
- Price information on NSE Emerge are considered for all of the above calculations.
- In case 30th /90th /180th day is not a trading day, closing price on NSE Emerge of the next trading day has been considered.
- In case 30th /90th /180th day, scrips are not traded then last trading price has been considered.

Table 2: Summary Statement Disclosure:

Financial Year	Total no. of IPOs	Total amount of funds raised (Rs.in Lakh)	No. of IPOs trading at discount- 30 th calendar days from listing			No. of IPOs trading at Premium- 30 th calendar days from listing			No. of IPOs trading at discount- 180 th calendar days from listing			No. of IPOs trading at Premium- 180 th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2016- 2017	1 *	2,200.80	-	-	1	-	-	-	-	-	1	-	-	-
2017-18	1#	2,587.00	-	-	-	-	-	-	-	-	-	-	-	-

* Equity shares of Nitiraj Engineers Limited, were listed on March 09, 2017, on SME platform of NSE- NSE EMERGE

Equity shares of Spectrum Electrical Industries Limited, were listed on October 1, 2018, on SME platform of NSE- NSE EMERGE

Track Record of past issues handled by the Lead Manager

For details regarding track record of LM to the Issue as specified in the Circular reference no. CIR/MIRSD/1/2012 dated January 10, 2012 issued by the SEBI, please refer the website of the Book Running Lead Manager at: www.arihantcapital.com

Consents

Consents in writing of (a) our Directors, our Statutory Auditors, the legal counsel, banker / lenders to our Company, the BRLMs, and the Registrar to the Issue, to act in their respective capacities, have been obtained. Further, such consents shall not be withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the RoC.

In accordance with the Companies Act, 2013 and the SEBI (ICDR) Regulations, our Statutory Auditors, M/s Mohan and Sridhar, Chartered Accountants, have given their written consent for inclusion of their reports on the Restated Financial Information dated October 25, 2018 and the Statement of tax Benefits dated December 18, 2018 in the form and context, included in this Draft Red Herring Prospectus and such consent has not been withdrawn up to the time of delivery of this Draft Red Herring Prospectus for filing with SEBI.

Expert

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

Our Company has received written consent from the Statutory Auditors namely, M/s. Mohan & Sridhar, Chartered Accountants to include their name as an 'expert' in this Draft Red Herring Prospectus (including as an "expert" as defined under section 2(38) of the Companies Act, 2013) in relation to the examination reports of the Auditors on the Restated Financial Information dated October 25, 2018, of our Company and the statement of tax benefits dated December 18, 2018 included in this Draft Red Herring Prospectus and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus. However, the term "Expert" shall not be construed to mean an "expert" as defined under the U.S. Securities Act.

Performance vis-à-vis objects – Public / rights issue of our Company and / or Group Entities and associate companies of our Company

Our Company has not undertaken any previous public or rights issue. None of our Group Entities or Erstwhile Subsidiaries have undertaken any public or rights issue in the last ten (10) years preceding the date of filing of this Draft Red Herring Prospectus.

Stock market data of Equity Shares

This being an initial public offer of our Company, the Equity Shares are not listed on any stock exchange.

Redressal of investor grievances

The Registrar Agreement provides for retention of records with the Registrar to the Issue for a period of at least three years from the last date of despatch of the letters of allotment and demat credit to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances other than the grievances by Anchor Investors in relation to the Bidding process may be addressed to the Registrar to the Issue with a copy to the relevant Designated Intermediary to whom the Bid-cum-Application Form was submitted.

The Bidder should give full details such as name of the sole or First Bidder, Bid cum Application Form number, Bidder DP ID, Client ID, PAN, date of the submission of Bid cum Application Form, address of the Bidder, number of the Equity Shares applied for and the name and address of the Designated Intermediary where the Bid-cum-Application Form was submitted by the Bidder.

Further, the Bidder shall also enclose a copy of the Acknowledgment Slip duly received from the concerned Designated Intermediary in addition to the information mentioned hereinabove.

Our Company estimates that the average time required by our Company or the Registrar to the Issue or the relevant designated Intermediary, for the redressal of routine investor grievances shall be 10 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. There are no investor complaints pending on the date of this Draft Red Herring Prospectus, and our Company has not received any investor complaint in the three years prior to the filing of the Draft Red Herring Prospectus. Our Company has constituted a Stakeholders' Relationship Committee comprising of three members. For details, please refer to section titled "Our Management" beginning on page 122 of this Draft Red Herring Prospectus.

SECTION VII: ISSUE RELATED INFORMATION

TERMS OF THE ISSUE

The Equity Shares being issued pursuant to this Issuer are subject to the provisions of the Companies Act, the SEBI (ICDR) Regulations, SCRA, SCRR, the Memorandum of Association and Articles of Association, the terms of the Red Herring Prospectus, the 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 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 the SEBI, the RBI, the Government of India, the Stock Exchanges, the RoC and/ or any other authorities while granting its approval for the Issue.

Please note that, in accordance with the SEBI Circular No. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015. All the investors applying in a public offer shall use only Application Supported by Blocked Amount (ASBA) facility for making payment.

Ranking of the Equity Shares

The Equity Shares being offered and transferred pursuant to the Issue shall be subject to the provisions of the Companies Act, the Memorandum of Association and Articles of Association and rank *pari-passu* in all respects with the other existing Equity Shares including in respect of the rights to receive dividend. In respect of the Issue, all dividends, if any, declared by our Company after the date of Allotment, will be payable to the Bidders who have been issued and allotted Equity Shares in such Issue for the entire year. The Allottees upon Allotment of Equity Shares under the Issue will be entitled to dividend and other corporate benefits, if any, declared by our Company after the date of Allotment. For further details, please refer to section titled "Main Provisions of Articles of Association" beginning on page 254 of this Draft Red Herring Prospectus.

Our Company shall pay dividends, if declared, to the Shareholders in accordance with the provisions of the Companies Act, the Memorandum and Articles of Association and provisions of the SEBI Listing Regulations and any other guidelines or directions which may be issued by the Government in this regard. Dividends, if any, declared by our Company after the date of Allotment (pursuant to the transfer of Equity Shares from the Offer for Sale), will be payable to the persons holding Equity Shares on the record date of the declaration of dividend, for the entire year, in accordance with applicable laws. For further details, in relation to dividends, see "Dividend Policy" and "Main Provisions of the Articles of Association" beginning on pages 161 and 287, respectively

The Offer

The Offer comprises a Fresh Issue and an Offer for Sale by the Selling Shareholders.

Mode of Payment of Dividend

Our Company shall pay dividends, if declared, to the shareholders of our Company in accordance with the provisions of the Companies Act, the Memorandum of Association and Articles of Association. For further details, please refer to section titled "Dividend Policy" and "Main Provisions of Articles of Association" beginning on pages 141 and 254 respectively of this Draft Red Herring Prospectus.

Face Value and Issue Price

The face value of each Equity Share is ₹10 and the Issue Price is ₹[●] 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 BRLMS and advertised in [●] edition of the English national newspaper [●], [●] edition of the Hindi national newspaper [●] and the regional newspaper [●], each with wide circulation, at least five (5) Working Days prior to the Bid/ Issue Opening Date. The Price Band, along with the relevant financial ratios calculated at the Floor Price and at the Cap Price, shall be pre-filled in the Bid-cum-Application Forms available at the websites of the Stock Exchanges.

At any given point of time, there shall be only one (1) denomination of Equity Shares.

Compliance with the SEBI (ICDR) Regulations

Our Company shall comply with all the 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, our equity shareholders shall have the following rights:

- Right to receive dividends, if declared;
- Right to attend general meetings and exercise voting rights, unless prohibited by law;
- Right to vote on a poll either in person or by proxy, in accordance with the provisions of the Companies Act;
- Right to receive offers 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 laws including any RBI rules and regulations; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the terms of the Equity Listing Agreements to be entered into by our Company with the Stock Exchange(s) and the Memorandum of Association and Articles of Association of our Company.

For a detailed description of the main provisions of the Articles of Association of our Company relating to voting rights, dividend, forfeiture and lien, transfer, transmission and/ or consolidation/ splitting, please refer to section titled "Main Provisions of Articles of Association" beginning on page 254 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 November 1, 2018 amongst NSDL, our Company and the Registrar to the Issue; and
- Agreement dated October 5, 2018 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 Shares. Allotment in this Issue will be only in electronic form and in multiples of one Equity Share subject to a minimum allotment of [●] Equity Shares.

Minimum Number of Allottees

Further in accordance with Regulation 268(1) of SEBI (ICDR) Regulations, the minimum number of allottees in this Issue shall be fifty (50) shareholders. In case the minimum number of prospective allottees is less than fifty (50), no allotment will be made pursuant to this Issue and all the monies blocked by SCSBs shall be unblocked within six (6) days of closure of Issue.

Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with the competent courts / authorities in Mumbai, India.

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

offer and sales occur.

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

Joint Holders

Where two or more persons are registered as the holders of any Equity Shares, they will be deemed to hold such Equity Shares as joint-holders with benefits of survivorship.

Nomination Facility to Investor

In accordance with Section 72 of the Companies Act, 2013 the sole or first applicant, along with other joint applicant, may nominate any one person in whom, in the event of the death of sole applicant or in case of joint applicant, death of all the Applicant, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to equity share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office of our Company 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:

- to register himself or herself as the holder of the Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety (90) days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Issue will be made only in dematerialized form, there is no need to make a separate nomination with us. Nominations registered with the 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 BRLMS, 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 (2) Working 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 BRLM through, the Registrar to the Issue, shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one (1) Working Day from the date of receipt of such notification. Our Company shall also inform the same to the Stock 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 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	On or before [●]
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Bid / Issue Closing Date	On or before [●]
Finalisation of Basis of Allotment with the Designated Stock Exchange	On or before [●]
Initiation of Refunds	On or before [●]
Credit of Equity Shares to demat accounts of Allottees	On or before [●]
Commencement of trading of the Equity Shares on the Stock Exchange	On or before [●]

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 six (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 BRLMS 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 offerings, some Bids may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation under the Issue. Bids will be accepted only on Business Days. Neither our Company nor the BRLMS is liable for any failure in uploading the Bids due to faults in any software/hardware system or otherwise.

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 ten (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 BRLM 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

The requirement for 90% minimum subscription in terms of the SEBI (ICDR) Regulations is not applicable to the Issue. In terms of Regulation 260 of the SEBI (ICDR) Regulations, the Issue is not restricted to any minimum subscription level. The Issue is 100% underwritten.

Further, in accordance with Regulation 268(1) of the SEBI (ICDR) Regulations, our Company shall ensure that the number of prospective allottees to whom the Equity Shares will be Allotted will be not less than 50.

Migration to Main Board

Our Company may migrate to the main board of BSE from SME Platform of BSE on a later date subject to the following:

- a. If the Paid-up Capital of our Company is likely to increase above Rs. 25 crores by virtue of any further issue of capital by way of rights, preferential issue, bonus issue etc (which has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the Promoters in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal and for which the company has obtained in-principal approval from the Main Board), our Company shall have to apply to NSE for listing of its shares on its Main Board subject to the fulfilment of the eligibility criteria for listing of specified securities laid down by the Main Board.

OR

- b. If the Paid-up Capital of our company is more than Rs. 10 crores but below Rs. 25 crores, our Company may still apply for migration to the Main Board and if the Company fulfils the eligible criteria for listing laid down by the Main Board (NSE) and if the same has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the Promoters in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal.

Market Making

The shares offered through this issue are proposed to be listed on the NSE Platform of SME wherein the BRLMS to the issue shall ensure compulsory Market Making through registered Market Maker of the SME Exchange for a minimum period of three (3) years from the date of listing of shares issued through this Draft Red Herring Prospectus on the NSE Platform of SME. For further details of the market making arrangement, please refer to section titled "General Information" beginning on page 43 of this Draft Red Herring Prospectus.

Arrangements for Disposal of Odd Lots

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 (1) lot, where value of such shareholding is less than the minimum contract size allowed for trading on the EMERGE Platform of NSE.

As Per the Extant Policy of the Government of India, OCBs Cannot Participate in this Issue

NRIs, FPIs/FILs and foreign venture capital investors registered with SEBI are permitted to purchase shares of an Indian company in a public Issue without the prior approval of the RBI, so long as the price of the equity shares to be issued is not less than the price at which the equity shares are issued to residents. The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the FIPB or the RBI, provided that (i) the activities of the investee company are under the automatic route under the foreign direct investment ("FDI") Policy and the non-resident shareholding is within the sectoral limits under the FDI policy; and (ii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI.

The current provisions of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2017, provides a general permission for the NRIs, FPIs and foreign venture capital investors registered with SEBI to invest in shares of Indian Companies by way of subscription in an IPO. However, such investments would be subject to other investment restrictions under the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2017, 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, every company making public offer shall issue and allot securities to successful applicants in dematerialized form only. Applicants shall not have an option of allotment of Equity Shares in physical form. The Equity Shares on Allotment will be traded only on the dematerialized segment of the SME 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, FIIs Registered with SEBI, VCFs Registered with SEBI and QFIs

It is to be understood that there is no reservation for Eligible NRIs or FIIs registered with SEBI or VCFs or QFIs. Such Eligible NRIs, QFIs, FPIs 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 Shares or Debentures and on their Consolidation or Splitting

Except for lock-in of the pre-Issue Equity Shares and Promoter's minimum contribution as detailed in section titled "Capital Structure" beginning on page 54 of this Draft Red Herring Prospectus, and except as provided in the Articles of Association, there are no restrictions on transfers and transmission of Equity Shares and on their consolidation/ splitting except as provided in the Articles of Association. Please refer to the section titled "Main Provisions of the Articles of Association" beginning on page 254 of this Draft Red Herring Prospectus.

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 (ICDR) Regulations, in one widely circulated English language national daily newspaper; one widely circulated Hindi language national daily newspaper and one regional newspaper with wide circulation where the Registered Office of our Company is situated.

The above information is given for the benefit of the Bidders. The Bidders are advised to make their own enquiries about the limits applicable to them. Our Company and the BRLM do not accept any responsibility for the completeness and accuracy of the information stated hereinabove. Our Company and the BRLM are not liable to inform the investors of any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders 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 229 of Chapter IX of the SEBI (ICDR) Regulations, whereby, an issuer whose post issue face value capital does not exceed ten crores, shall issue shares to the public and propose to list the same on the Small and Medium Enterprise Exchange ("**SME Exchange**", in this case being the SME Platform of NSE i.e. NSE EMERGE). For further details regarding the salient features and terms of such this Issue, please refer to sections titled "Terms of the Issue" and "Issue Procedure" beginning on pages 199 and 207 respectively of this Draft Red Herring Prospectus.

Public issue of upto [●] equity shares of face value of ₹10 each ("**Equity Shares**") of Bhadra Paper Mills Limited ("**Company**" or "**Issuer**") for cash at a price of ₹[●] per Equity Share (*including a share premium of ₹[●] per equity share*) ("**Offer Price**", aggregating up to ₹5,100 lakhs (the "**Issue**") consisting of fresh issue of upto [●] Equity Shares aggregating up to ₹4,700 lakhs ("**Fresh Issue**") and an offer for sale of [●] Equity Shares by Mr. Subbaraju Lakshman ("**Selling Shareholder**") aggregating up to ₹400 lakhs ("**Offer for Sale**"). The Issue comprises of upto [●] Equity Shares of face value ₹10 each for cash at a price of ₹[●] per equity share, aggregating up to ₹[●] lakhs which 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 ₹10 each for cash at a price of ₹[●] per equity share, aggregating up to ₹[●] lakhs 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 our Company.

The Issue is being made through the Book Building Process.

Particulars	Net Issue to Public*	Market Maker Reservation Portion
Number of Equity Shares available for allocation	Upto [●] Equity Shares	Upto [●] Equity Shares
Percentage of Issue Size available for allocation	[●]% of Issue Size	[●]% of Issue Size
Basis of Allotment/ Allocation if respective category is oversubscribed	Proportionate subject to minimum allotment of [●] equity shares and further allotment in multiples of [●] Equity Shares each. For further details please refer to the section titled "Issue Procedure" beginning on page 207 of this Draft Red Herring Prospectus	Firm allotment
Mode of Bid-cum-Application	All Applicants/Bidders shall make the application (<i>Online or Physical through ASBA Process</i>)	Through ASBA Process only
Minimum Bid Size	For QIB and NII Such number of Equity Shares in multiples of [●] Equity Shares such that the Application size exceeds Rs.2,00,000 For Retail Individual [●] Equity Shares	[●] Equity Shares
Maximum Bid Size	For Other than Retail Individual Investors: 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. For Retail Individuals: [●] Equity Shares	Equity Shares of Face Value of ₹10 each

Particulars	Net Issue to Public*	Market Maker Reservation Portion
Mode of Allotment	Compulsorily in Dematerialised mode	Compulsorily in Dematerialised mode
Trading Lot	[●] Equity Shares	[●] Equity Shares, however the Market Maker may accept odd lots if any in the market as required under the SEBI (ICDR) Regulations
Terms of payment	The entire Bid Amount will be payable at the time of submission of the Bid Form	

This Issue is being made in terms of Chapter IX of the SEBI (ICDR) Regulations, 2018, as amended from time to time.

**50% of the shares offered in the Net Issue to Public portion are reserved for applications whose value is below ₹2,00,000 and the balance 50% of the shares are reserved for applications whose value is above ₹2,00,000.*

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.

Withdrawal of the Issue

Our Company in consultation with the BRLM, reserve the right not to proceed with the Issue at any time 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 (2) 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 BRLM, through the Registrar to the Issue, shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one (1) 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.

If our Company withdraw the Issue after the Bid/ Issue Closing Date and thereafter determine that they will proceed with the Issue, our Company shall file a fresh Draft Red Herring Prospectus with the Stock Exchange.

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

Bid/ Issue Programme

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

Event	Indicative Date (1)
Bid/ Issue Opening Date	On or before [●]
Bid/ Issue Closing Date	On or before [●]
Finalisation of Basis of Allotment with the Designated Stock Exchange	On or before [●]
Initiation of refunds	On or before [●]
Credit of Equity Shares to demat accounts of Allottees	On or before [●]
Commencement of trading of the Equity Shares on the Stock Exchanges	On or before [●]

Applications and revisions to the same will be accepted 10.00 a.m. and 5.00 p.m. (Indian Standard Time) during the Bid/Issue Period at the Application Centres mentioned in the Bid-cum-Application Form or at the Designated Bank Branches except that on the Issue Closing Date applications will be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time). Bids will be accepted only on Working Days, i.e., all trading days of stock exchanges excluding Sundays and bank holidays.

ISSUE PROCEDURE

*All Applicants should review the General Information Document for Investing in Public Issues prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013 notified by SEBI ("General Information Document") included below under section '**PART B-General Information Document**', which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 and the SEBI ICDR Regulations as amended. The General Information Document has been updated to include reference to the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, SEBI (Listing Obligation and Disclosure Regulations), 2015. The General Information Document is also available on the websites of the Stock Exchange and the Book Running Lead Manager. Please refer to the relevant portions of the General Information Document which are applicable to this Issue.*

Please note that the information stated/covered in this section may not be complete and/or accurate and as such would be subject to modification/change. Our Company, the Selling Shareholder and the Book Running Lead Manager do not accept any responsibility for the completeness and accuracy of the information stated in this section and the General Information Document. Our Company, the Selling Shareholder and the Book Running Lead Manager would not be liable for any amendment, modification or change in applicable law, which may occur after the date of this Prospectus. Applicants are advised to make their independent investigations and ensure that their Applications do not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or as specified in this Draft Red Herring Prospectus and the Final Prospectus

This section applies to all the Applicants. Please note that all the Applicants are required to make payment of the full Application Amount along with the Application Form.

PART A

Book Building Issue Procedure

This Issue is made in compliance with the provisions of Reg. 229(2) of Chapter IX of the SEBI ICDR Regulations and through the Book Building Process wherein 50% of the net issue shall be allocated to QIBs on a proportionate basis. In terms of Reg. 253 of Chapter IX of the SEBI ICDR Regulations, 5% of the net QIB Category (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only and the remainder of the QIB Category shall be available for allocation on a proportionate basis to Mutual Funds. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Investors and not less than 35% of the Issue shall be available for allocation to Retail Individual Investors in accordance with the SEBI ICDR Regulations. Further [●] % of the Issue is reserved for allocation to the Market Maker.

Under-subscription, if any, in any category, would be allowed to be met with spill over from any other category or combination of categories, at the discretion of our Company in consultation with the BRLMs and the Designated Stock Exchange.

Subject to valid Bids received at or above the issue Price, allocation to all categories in the Net Issue, shall be made on a proportionate basis, except for retail portion where allotment to each retail bidder 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.

The Equity Shares, on Allotment, shall be traded only in the dematerialized segment of the Stock Exchange.

Investors should note that the Equity Shares will be Allotted to all successful Bidders only in dematerialized form. The Bid cum Application Forms which do not have the details of the Bidders' depository account, including DP ID, Client ID and PAN, shall be treated as incomplete and will be rejected. Bidders will not have the option of being Allotted Equity Shares in physical form.

Bid cum Application Form

Pursuant to SEBI Circular dated January 01, 2016 and bearing No. CIR/CFD/DIL/1/2016, the Application Form has been standardized. Applicants shall only use the specified Application Form for the purpose of making an Application in terms of this Draft Red Herring Prospectus. The Application Form shall contain space for indicating number of specified securities subscribed for in demat form.

Applicants shall submit an Application Form either in physical or electronic form to the SCSB's authorizing blocking funds that are available in the bank account specified in the Application Form

The prescribed color of the Application Form for various categories is as follows:

Category	Colour of the Application Form
Resident Indians and Eligible NRIs applying on a non-repatriation basis (ASBA)	White
Eligible NRIs, FVCIs, FIIs, their Sub-Accounts (other than Sub-Accounts which are foreign corporates or foreign individuals bidding under the QIB Portion), applying on a repatriation basis (ASBA)	Blue

In accordance with SEBI circular No. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 all the Applicants has to compulsorily apply through the ASBA Process

Applicants shall only use the specified Application Form for the purpose of making an Application in terms of this Draft Red Herring Prospectus. An Investor, intending to subscribe to this Issue, shall submit a completed application form to any of the following Intermediaries (collectively called "*Designated Intermediaries*")

Serial	Designated Intermediaries
1	An SCSB, with whom the bank account to be blocked, is maintained
2	A syndicate member (or sub-syndicate member)
3	A stock broker registered with a recognized stock exchange (and whose name is mentioned on the website of the stock exchange as eligible for this activity) ('Broker')
4	A depository participant ('DP') (whose name is mentioned on the website of the stock exchange as eligible)
5	A registrar to an issue and share transfer agent ('RTA') (whose name is mentioned on the website of the stock exchange as eligible for this activity)

The aforesaid intermediary shall, at the time of receipt of application, give an acknowledgement to investor, by giving the counter foil or specifying the application number to the investor, as a proof of having accepted the application form, in physical or electronic mode, respectively

The upload of the details in the electronic bidding system of the Stock Exchange will be done by:

For applications submitted by investors to SCSB	After accepting the form, SCSB shall capture and upload the relevant details in the electronic bidding system as specified by the stock exchange(s) and may begin blocking funds available in the bank account specified in the form, to the extent of the application money specified.
For applications submitted by investors to intermediaries other than SCSBs	After accepting the application form, respective intermediary shall capture and upload the relevant details in the electronic bidding system of stock exchange(s). Post uploading, they shall forward a schedule as per prescribed format along with the application forms to designated branches of the respective SCSBs for blocking of funds within one day of closure of Issue

Availability of Prospectus and Application Forms

The Application Forms and copies of the Red Herring Prospectus may be obtained from the Registered Office Memorandum Form 2A containing the salient features of the Red Herring Prospectus together with the Application Forms and copies of the Prospectus may be obtained from the Registered Office of our Company, Bok Running Lead Manager to the Issue and the Registrar to the Issue as mentioned in the Application Form.

The application forms may also be downloaded from the website of National Stock Exchange of India Limited i.e. www.nseindia.com.

Who can Bid?

The following persons are eligible to invest in the Equity Shares under all applicable laws, regulations and guidelines:

- a. Mutual Funds registered with SEBI. Bids by asset management companies or custodians of Mutual Funds - should clearly indicate the name of the concerned scheme for which the Bid is submitted;
- b. Venture Capital Funds and AIFs registered with SEBI;
- c. Foreign Venture Capital Investors registered with SEBI;
- d. FPI registered with SEBI, provided that any Foreign Institutional Investor (“FII”) who holds a valid certificate of registration 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 Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995;
- e. Public financial institutions as defined under Section 2(72) of the Companies Act 2013;
- f. Indian financial institutions, regional rural banks, co-operative banks (subject to RBI regulations and the SEBI and the SEBI (ICDR) Regulations and other laws as applicable);
- g. Scheduled commercial banks;
- h. State Industrial Development Corporations;
- i. Scientific and/or industrial research organisations in India, authorised to invest in equity shares;
- j. Insurance companies registered with IRDA;
- k. Provident funds and pension funds with a minimum corpus of Rs. 250 million and who are authorized under their constitutional documents to hold and invest in equity shares;
- l. National Investment Fund set up by resolution no. F. No. 2/3/2005-DD-II dated November 23, 2005 of the GoI published in the Gazette of India;
- m. Insurance funds set up and managed by the army, navy or air force of the Union of India or by the Department of Posts, India;
- n. NRIs on a repatriation basis or on a non-repatriation basis, subject to the applicable laws;
- o. Companies, corporate bodies and trust/societies registered under the Societies Registration Act, 1860, or under any other law relating to trusts/societies and who are authorised under the respective constitutions to hold and invest in equity shares;
- p. Indian nationals resident in India who are competent to contract under the Indian Contract Act, 1872, in single or joint names (not more than three);
- q. Bids/Applications belonging to an account for the benefit of a minor (under guardianship);
- r. Hindu Undivided Families or HUFs, in the individual name of the Karta;
- s. Limited liability partnerships registered under the Limited Liability Partnership Act, 2008;
- t. Multilateral and bilateral development financial institutions; and
- u. Any other person eligible to Bid in the Issue under applicable laws.

Also see “Part B- General Information Document for Investing in Public Issues - Category of Investors Eligible to Participate in an Issue” on page 200 of this DRHP

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

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction. Participation by the promoter, promoter group, associates and affiliates of the BRLM and the Syndicate Members

Participation by Associates/Affiliates of Book Running Lead Manager

The Book Running Lead Manager and the Syndicate Member shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the Book Running Lead Manager and Syndicate Member, if any, may subscribe to Equity Shares in the Issue, either in the QIB Portion and Non-Institutional Portion, as may be applicable to such applicants, where the allotment is on a proportionate basis. All categories of Applicants, including associates and affiliates of the Book Running Lead Manager and the Syndicate Member, shall be treated equally for the purpose of allocation to be made on a proportionate basis.

Option to Subscribe in the Issue

- a) As per Section 29(1) of the Companies Act 2013, Investors will get the allotment of Equity Shares in dematerialization form only.
- b) The Equity Shares, on allotment, shall be traded on Stock Exchange in demat segment only.
- c) In a single Application Form 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

Application by Indian Public including Eligible NRIs applying on Non-Repatriation basis

Application must be made only in the names of individuals, limited companies or Statutory Corporations / Institutions and not in the names of minors, foreign nationals, non-residents (except for those applying on non-repatriation), trusts, (unless the trust is registered under the Societies Registration Act, 1860 or any other applicable trust laws and is authorized under its constitution to hold shares and debentures in a company), Hindu Undivided Families, partnership firms or their nominees. In case of HUF's applications shall be made by the Karta of the HUF. An applicant in the Net Public Category cannot make an application for that number of Equity Shares exceeding the number of Equity Shares offered to the public. Eligible NRIs applying on a non-repatriation basis may make payments by inward remittance in foreign exchange through normal banking channels or by debits to NRE / FCNR accounts as well as NRO accounts

Applications by Eligible NRIs/RFPIs on Repatriation Basis

Application Forms have been made available for eligible NRIs at our Registered Office and at the Office of the Book Running Lead manager. Eligible NRI Applicants may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for Allotment under the reserved category. The eligible NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the Forms meant for Resident Indians and should not use the forms meant for the reserved category. Under FEMA, general permission is granted to companies vide notification no. FEMA/20/2000 RB dated 03/05/2000 to issue securities to NRIs subject to the terms and conditions stipulated therein. Companies are required to file the declaration in the prescribed form to the concerned Regional Office of RBI within 30 days from the date of issue of shares for allotment to NRIs on repatriation basis. Allotment of equity shares to Non-Resident Indians shall be subject to the prevailing Reserve Bank of India Guidelines. Sale proceeds of such investments in equity shares will be allowed to be repatriated along with the income thereon subject to permission of the RBI and subject to the Indian tax laws and regulations and any other applicable laws.

As per the current regulations, the following restrictions are applicable for investments by FPIs:

- 1) Foreign Portfolio Investor shall invest only in the following securities, namely- (a) Securities in the primary and secondary markets including shares, debentures and warrants of companies, listed or to be listed on a recognized stock exchange in India; (b) Units of schemes floated by domestic mutual funds, whether listed on a recognized stock exchange or not; (c) Units of schemes floated by a collective investment scheme; (d) Derivatives traded on a recognized stock exchange; (e) Treasury bills and dated government securities; (f) Commercial papers issued by an Indian company; (g) Rupee denominated credit enhanced bonds; (h) Security receipts issued by asset reconstruction companies; (i) Perpetual debt instruments and debt capital instruments, as specified by the Reserve Bank of India from time to time; (j) Listed and unlisted non-convertible debentures/bonds issued by an Indian company in the infrastructure sector, where "infrastructure" is defined in terms of the extant External Commercial Borrowings (ECB) guidelines; (k) Non-convertible debentures or bonds issued by Non-Banking Financial Companies categorized as "Infrastructure Finance Companies" (IFCs) by the Reserve Bank of India; (l) Rupee denominated bonds or units issued by infrastructure debt funds; (m) Indian depository receipts; and (n) Such other instruments specified by the Board from time to time.

- 2) Where a foreign institutional investor or a sub account, prior to commencement of these regulations, holds equity shares in a company whose shares are not listed on any recognized stock exchange, and continues to hold such shares after initial public offering and listing thereof, such shares shall be subject to lock-in for the same period, if any, as is applicable to shares held by a foreign direct investor placed in similar position, under the policy of the Government of India relating to foreign direct investment for the time being in force.
- 3) In respect of investments in the secondary market, the following additional conditions shall apply:
 - (a) A foreign portfolio investor shall transact in the securities in India only on the basis of taking and giving delivery of securities purchased or sold;
 - (b) Nothing contained in clause (a) shall apply to:
 - (i) Any transactions in derivatives on a recognized stock exchange;
 - (ii) Short selling transactions in accordance with the framework specified by the Board;
 - (iii) Any transaction in securities pursuant to an agreement entered into with the merchant banker in the process of market making or subscribing to unsubscribed portion of the issue in accordance with Chapter IX of the SEBI (ICDR) Regulations;
 - (iv) Any other transaction specified by the Board.
 - (c) No transaction on the stock exchange shall be carried forward;
 - (d) The transaction of business in securities by a foreign portfolio investor shall be only through stock brokers registered by the Board; provided nothing contained in this clause shall apply to:
 - (i) transactions in Government securities and such other securities falling under the purview of the Reserve Bank of India which shall be carried out in the manner specified by the Reserve Bank of India;
 - (ii) Sale of securities in response to a letter of offer sent by an acquirer in accordance with the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (iii) Sale of securities in response to an offer made by any promoter or acquirer in accordance with the Securities and Exchange Board of India (Delisting of Equity shares) Regulations;
 - (iv) Sale of securities, in accordance with the Securities and Exchange Board of India (Buyback of securities) Regulations, 1998;
 - (v) Divestment of securities in response to an offer by Indian Companies in accordance with Operative Guidelines for Disinvestment of Shares by Indian Companies in the overseas market through issue of American Depository Receipts or Global Depository Receipts as notified by the Government of India and directions issued by Reserve Bank of India from time to time;
 - (vi) Any bid for, or acquisition of, securities in response to an offer for disinvestment of shares made by the Central Government or any State Government;
 - (vii) Any transaction in securities pursuant to an agreement entered into with merchant banker in the process of market making or subscribing to unsubscribed portion of the issue in accordance with Chapter IX of the SEBI (ICDR) Regulations;
 - (viii) Any other transaction specified by the Board.
 - (e) A foreign portfolio investor shall hold, deliver or cause to be delivered securities only in dematerialized form:

Provided that any shares held in non-dematerialized form, before the commencement of these regulations, can be held in non-dematerialized form, if such shares cannot be dematerialized.

Unless otherwise approved by the Board, securities shall be registered in the name of the foreign portfolio investor as a beneficial owner for the purposes of the Depositories Act, 1996.
- 4) The purchase of equity shares of each company by a single foreign portfolio investor or an investor group shall be below ten percent of the total issued capital of the company.
- 5) The investment by the foreign portfolio investor shall also be subject to such other conditions and restrictions as may be specified by the Government of India from time to time.
- 6) In cases where the Government of India enters into agreements or treaties with other sovereign Governments and where such agreements or treaties specifically recognize certain entities to be distinct and separate, the Board may, during the validity of such agreements or treaties, recognize them as such, subject to conditions as may be specified by it.

- 7) A foreign portfolio investor may lend or borrow securities in accordance with the framework specified by the Board in this regard.

No foreign portfolio investor may issue, subscribe to or otherwise deal in offshore derivative instruments, directly or indirectly, unless the following conditions are satisfied:

- (a) Such offshore derivative instruments are issued only to persons who are regulated by an appropriate foreign regulatory authority;
- (b) Such offshore derivative instruments are issued after compliance with know your client's norms:

Provided that those unregulated broad-based funds, which are classified as Category II foreign portfolio investor by virtue of their investment manager being appropriately regulated shall not issue, subscribe or otherwise deal in offshore derivatives instruments directly or indirectly:

Provided further that no Category III foreign portfolio investor shall issue, subscribe to or otherwise deal in offshore derivatives instruments directly or indirectly

A foreign portfolio investor shall ensure that further issue or transfer of any offshore derivative instruments issued by or on behalf of it is made only to persons who are regulated by an appropriate foreign regulatory authority.

Foreign portfolio investors shall fully disclose to the Board any information concerning the terms of and parties to off-shore derivative instruments such as participatory notes, equity linked notes or any other such instruments, by whatever names they are called, entered into by it relating to any securities listed or proposed to be listed in any stock exchange in India, as and when and in such form as the Board may specify.

Any offshore derivative instruments issued under the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995 before commencement of SEBI (Foreign Portfolio Investors) Regulations, 2014 shall be deemed to have been issued under the corresponding provisions of SEBI (Foreign Portfolio Investors) Regulations, 2014.

The purchase of equity shares of each company by a single foreign portfolio investor or an investor group shall be below 10% of the total issued capital of the company.

A FII or its subaccount which holds a valid certificate of registration shall, subject to payment of conversion fees, be eligible to continue to buy, sell or otherwise deal in securities till the expiry of its registration as a foreign institutional investor or sub-account, or until he obtains a certificate of registration as foreign portfolio investor, whichever is earlier.

A qualified foreign investor may continue to buy, sell or otherwise deal in securities subject to the provisions of the SEBI (Foreign Portfolio Investors) Regulations, 2014, for a period of one year from the date of commencement of the aforesaid regulations, or until it obtains a certificate of registration as foreign portfolio investor, whichever is earlier.

Application by Mutual Funds

With respect to Applications by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged with the Application Form. Failing this, our Company reserves the right to reject any application without assigning any reason thereof.

Applications made by asset management companies or custodians of Mutual Funds shall specifically state names of the concerned schemes for which such Applications are made. As per the current regulations, the following restrictions are applicable for investments by mutual funds:

No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any single Company provided that the limit of 10% shall not be applicable for investments in case of index funds or sector or industry specific funds/Schemes. No mutual fund under all its schemes should own more than 10% of any Company's paid up share capital carrying voting rights.

In case of a Mutual Fund, a separate Application can be made in respect of a scheme of the Mutual Fund registered with SEBI and such Applications in respect of more than one scheme of the Mutual Fund will not be

treated as multiple applications provided that the Applications clearly indicate the scheme concerned for which the Application has been made.

Applications by SEBI registered Alternative Investment Fund (AIF), Venture Capital Funds and Foreign Venture Capital Investors

The SEBI (Venture Capital) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. As per the current regulations, the following restrictions are applicable for SEBI registered venture capital funds and foreign venture capital investors:

Accordingly, the holding by any individual venture capital fund registered with SEBI in one company should not exceed 25% of the corpus of the venture capital fund; a Foreign Venture Capital Investor can invest its entire funds committed for investments into India in one company. Further, Venture Capital Funds and Foreign Venture Capital Investor can invest only up to 33.33% of the funds available for investment by way of subscription to an Initial Public Offer

The SEBI (Alternative Investment Funds) Regulations, 2012 prescribes investment restrictions for various categories of AIF's.

The category I and II AIFs cannot invest more than 25% of the corpus in one Investee Company. A category III AIF cannot invest more than 10% of the corpus in one Investee Company. A venture capital fund registered as a category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than 33.33% 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 Regulations.

Our Company or the Book Running Lead Manager will not be responsible for loss, if any, incurred by the Applicant on account of conversion of foreign currency.

There is no reservation for Eligible NRIs, FPIs and FVCIs and all Applicants will be treated on the same basis for the purpose of allocation

Applications by Limited Liability Partnerships

In case of applications made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Application Form. Failing this, our Company reserves the right to reject any application, without assigning any reason thereof. Limited Liability Partnerships can participate in the Issue only through the ASBA process.

Applications by Insurance Companies

In case of applications made by insurance companies registered with the IRDA, a certified copy of certificate of registration issued by IRDA must be attached to the Application Form. Failing this, our Company reserves the right to reject any application, without assigning any reason thereof. The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2000, as amended (the "IRDA Investment Regulations"), are broadly set forth below

- 1) *Equity Shares of a Company*: the least of 10% of the investee company's subscribed capital (face value) or 10% of the respective fund in case of life insurer or 10% of investment assets in case of general insurer or reinsurer;
- 2) *The entire group of the Investee Company*: the least of 10% of the respective fund in case of a life insurer or 10% of investment assets in case of a general insurer or re-insurer (25% in case of ULIPS); and
- 3) *The industry sector in which the investee Company operates*: 10% of the insurer's total investment exposure to the industry sector (25% in case of ULIPS)

In addition, the IRDA partially amended the exposure limits applicable to investments in public limited companies in the infrastructure and housing sectors on December 26, 2008, providing, among other things, that the exposure of an insurer to an infrastructure company may be increased to not more than 20%, provided that in

case of equity investment, a dividend of not less than 4% including bonus should have been declared for at least five preceding years. This limit of 20% would be combined for debt and equity taken together, without sub ceilings

Further, investments in equity including preference shares and the convertible part of debentures shall not exceed 50% of the exposure norms specified under the IRDA Investment Regulations.

Application under Power of Attorney

In case of applications made pursuant to a power of attorney by limited companies, corporate bodies, registered societies, FIIs, Mutual Funds, insurance companies and provident funds with minimum corpus of ₹2,500 Lakhs (subject to applicable law) and pension funds with a minimum corpus of ₹2,500 Lakhs a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged with the Application Form. Failing this, our Company reserves the right to accept or reject any application in whole or in part, in either case, without assigning any reason therefore

In addition to the above, certain additional documents are required to be submitted by the following entities:

- (a) With respect to applications by VCFs, FVCIs, FIIs and Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Application Form. Failing this, our Company reserves the right to accept or reject any application, in whole or in part, in either case without as signing any reasons thereof.
- (b) With respect to applications by insurance companies registered with the Insurance Regulatory and Development Authority, in addition to the above, a certified copy of the certificate of registration issued by the Insurance Regulatory and Development Authority must be lodged with the Application Form as applicable. Failing this, our Company reserves the right to accept or reject any application, in whole or in part, in either case without assigning any reasons thereof.
- (c) With respect to applications made by Provident Fund with minimum corpus of `2,500 Lacs (subject to applicable law) and Pension Fund with a minimum corpus of `2,500 Lakhs, a certified copy of a certificate from a Chartered Accountant certifying the corpus of the Provident Fund / Pension Fund must be lodged along with the Application Form. Failing this, our Company reserves the right to accept or reject such application, in whole or in part, in either case without assigning any reasons thereof.

Our Company in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the Power of Attorney along with the Application Form, subject to such terms and conditions that our Company and the Lead Manager may deem fit.

Our Company, in its absolute discretion, reserves the right to permit the holder of the Power of Attorney to request the Registrar to the Issue that, for the purpose of mailing of the Allotment Advice /CANs/ letters notifying the unblocking of the bank accounts of ASBA applicants, the Demographic Details given on the Application Form should be used (and not those obtained from the Depository of the application). In such cases, the Registrar to the Issue shall use Demographic Details as given on the Application Form instead of those obtained from the Depositories.

The above information is given for the benefit of the Applicants. The Company and the Lead Manager are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft 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.

Applications by Banking Companies

In case of Applications made by banking companies registered with RBI, certified copies of: (i) the certificate of registration issued by RBI and (ii) the approval of such banking company's investment committee are required to be attached to the Application Form, failing which our Company and the Selling Shareholders reserve the right to reject any Application without assigning any reason.

The investment limit for banking companies as per the Banking Regulation Act, 1949 as amended is 30.00% of the paid-up share capital of the investee company or 30.00% of the banks own paid up share capital and

reserves, whichever is less (except in certain specified exceptions, such as setting up or investing in a subsidiary, which requires RBI approval). Further, the RBI Master Circular of July 01, 2015 sets forth prudential norms required to be followed for classification, valuation and operation of investment portfolio of banking companies

Applications by SCSBs

SCSBs participating in the Offer are required to comply with the terms of the SEBI circulars dated September 13, 2012 and January 02, 2013. Such SCSBs are required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for such application

Application by Provident Funds / Pension Funds

In case of applications made by Provident Fund/Pension Fund, subject to applicable laws, with minimum corpus of Rs. 2,500 Lakhs, a certified copy of certificate from a chartered accountant certifying the corpus of the Provident Fund/ Pension Fund must be attached to the Application Form. Failing this, our Company reserves the right to reject any application, without assigning any reason thereof.

Terms of Payment / Payment Instructions

The entire Issue price of ₹[●] per share is payable on application. In case of allotment of lesser number of Equity Shares than the number applied, the Registrar shall instruct the SCSBs to unblock the excess amount paid on Application to the Applicants.

- All Applicants are required to make use ASBA for applying in the Issue
- Application Amount cannot be paid in cash, through money order, cheque or through postal order or through stock invest.
- Applicants may submit the Application Form in physical mode to the Designated Intermediaries.
- Applicants must specify the Bank Account number in the Application Form. The Application Form submitted by an Applicant and which is accompanied by cash, demand draft, money order, postal order or any mode of payment other than blocked amounts in the ASBA Account maintained with an SCSB, will not be accepted.
- Applicants should ensure that the Application Form is also signed by the ASBA Account holder(s) if the Applicant is not the ASBA Account holder;
- Applicants 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 Applications can be submitted.
- Applicants applying directly through the SCSBs should ensure that the Application Form is submitted to a Designated Branch of a SCSB where the ASBA Account is maintained.
- Upon receipt of the Application Form, the Designated Branch of the SCSB may verify if sufficient funds equal to the Application Amount are available in the ASBA Account, as mentioned in the Application Form.
- If sufficient funds are available in the ASBA Account, the SCSB may block an amount equivalent to the Application Amount mentioned in the Application Form and may upload the details on the Stock Exchange Platform.
- If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB may not upload such Applications on the Stock Exchange platform and such Applications are liable to be rejected.
- Upon submission of a completed Application Form each Applicant may be deemed to have agreed to block the entire Application Amount and authorized the Designated Branch of the SCSB to block the Application Amount specified in the Application Form in the ASBA Account maintained with the SCSBs.
- The Application Amount may remain blocked in the aforesaid ASBA Account until finalisation of the Basis of Allotment and consequent transfer of the Application Amount against the Allotted Equity Shares to the Public Issue Account, or until withdrawal or failure of the Issue, or until withdrawal or rejection of the Application, as the case may be.
- SCSBs applying in the Issue must apply through an ASBA Account maintained with any other SCSB; else their Applications are liable to be rejected.

Maximum and Minimum Application Size

a) For Retail Individual Applicants

The Application must be for a minimum of [●] Equity Shares and in multiples of [●] equity shares thereafter, so as to ensure that the Application amount payable by the Applicant does not exceed Rs. 2,00,000. In case of revision of applications, the Retail Individual Applicants have to ensure that the application amount does not exceed Rs. 2,00,000.

b) For Other Applicants (Non-Institutional Applicants and QIBs)

The Application must be for a minimum of such number of Equity Shares such that the Application Amount exceeds Rs. 2,00,000 and in multiples of [●] Equity Shares thereafter. An Application cannot be submitted for more than the Issue Size. However, the maximum Application by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. Under existing SEBI Regulations, a QIB Applicant cannot withdraw its Application after the Issue Closing Date and is required to pay 100% QIB Margin upon submission of Application. In case of revision in Applications, the Non-Institutional Applicants, who are individuals, have to ensure that the Application Amount is greater than Rs. 2,00,000 for being considered for allocation in the Non-Institutional Portion.

Applicants are advised to ensure that any single Application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Draft Red Herring Prospectus

Information for the Applicants

- 1) Our Company and the Book Running Lead Managers shall declare the Issue Opening Date and Issue Closing Date in the Prospectus to be registered with the RoC and also publish the same in two national newspapers (one each in English and Hindi) and in one regional newspaper with wide circulation. This advertisement shall be in the prescribed format.
- 2) Our Company will file the Red Herring Prospectus with the RoC at least three days before the Issue Opening Date.
- 3) Any Applicant who would like to obtain the Red Herring Prospectus and/or the Application Form can obtain the same from our Registered Office.
- 4) Applicants who are interested in subscribing to the Equity Shares should approach any of the Application Collecting Intermediaries or their authorised agent(s).
- 5) Applications should be submitted in the prescribed Application Form only. Application Forms submitted to the SCSBs should bear the stamp of the respective intermediary to whom the application form is submitted. Application Forms submitted directly to the SCSBs should bear the stamp of the SCSBs and/or the Designated Branch. Application Forms submitted by Applicants whose beneficiary account is inactive shall be rejected.
- 6) The Application Form can be submitted either in physical or electronic mode, to the Application Collecting Intermediaries. Further Application Collecting Intermediary may provide the electronic mode of collecting either through an internet enabled collecting and banking facility or such other secured, electronically enabled mechanism for applying and blocking funds in the ASBA Account.
- 7) Except for applications by or on behalf of the Central or State Government and the officials appointed by the courts and by investors residing in the State of Sikkim, the Applicants, or in the case of application in joint names, the first Applicant (the first name under which the beneficiary account is held), should mention his/her PAN allotted under the Income Tax Act. In accordance with the SEBI Regulations, the PAN would be the sole identification number for participants transacting in the securities market, irrespective of the amount of transaction. Any Application Form without PAN is liable to be rejected. The demat accounts of Applicants for whom PAN details have not been verified, excluding persons resident in the State of Sikkim or persons who may be exempted from specifying their PAN for transacting in the securities market, shall be suspended for credit and no credit of Equity Shares pursuant to the Issue will be made into the accounts of such Applicants.
- 8) The Applicants may note that in case the PAN, the DP ID and Client ID mentioned in the Application Form and entered into the electronic collecting system of the Stock Exchange by the Bankers to the

Issue or the SCSBs do not match with PAN, the DP ID and Client ID available in the Depository database, the Application Form is liable to be rejected.

Instructions for completing the Application Form

The Applications should be submitted on the prescribed Application Form and in **BLOCK LETTERS** in **English** only in accordance with the instructions contained herein and in the Application Form. Applications not so made are liable to be rejected. Application Forms should bear the stamp of the drafts intermediaries otherwise it will be rejected.

SEBI, vide Circular No. CIR/CFD/14/2012 dated October 04, 2012 has introduced an additional mechanism for investors to submit Application Forms in Public Issues using the stock broker ("broker") network of Stock Exchanges, who may not be syndicate members in an issue with effect from January 01, 2013. The list of Broker Centre is available on the websites of NSE i.e. www.nseindia.com.

Applicant's Depository Account and Bank Details

Please note that, providing bank account details in the space provided in the application form is mandatory and applications that do not contain such details are liable to be rejected.

Applicants should note that on the basis of name of the Applicants, Depository Participant's name, Depository Participant Identification number and Beneficiary Account Number provided by them in the Application Form, the Registrar to the Issue will obtain from the Depository the demographic details including address, Applicants bank account details, MICR code and occupation (hereinafter referred to as 'Demographic Details'). Applicants should carefully fill in their Depository Account details in the Application Form.

These Demographic Details would be used for all correspondence with the Applicants including mailing of the CANs/ Allocation Advice. The Demographic Details given by Applicants in the Application Form would not be used for any other purpose by the Registrar to the Issue.

By signing the Application Form, the Applicant would be deemed to have authorized the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records

Basis of Allotment

Allotment will be made in consultation with the NSE. In the event of oversubscription, the allotment will be made on a proportionate basis in marketable lots as set forth here:

1. The total number of Shares to be allocated to each category as a whole shall be arrived at on a proportionate basis i.e. the total number of Shares applied for in that category multiplied by the inverse of the over subscription ratio (number of applicants in the category x number of Shares applied for).
2. The number of Shares to be allocated to the successful Applicants will be arrived at on a proportionate basis in marketable lots (i.e. Total number of Shares applied for in to the inverse of the oversubscription ratio).
3. For applications where the proportionate allotment works out to less than [●] shares the allotment will be made as follows:
 - a) Each successful applicant shall be allotted [●] Equity Shares; and
 - b) The successful applicants out of the total applicants for that category shall be determined by the draw 1 of lots in such a manner that the total number of Shares allotted in that category is equal to the number of Shares worked out as per (2) above.
4. If the proportionate allotment to an applicant works out to a number that is not a multiple of [●] Equity Shares, the applicant would be allotted Shares by rounding off to the nearest multiple of [●] Equity Shares subject to a minimum allotment of [●] equity shares.
5. If the Shares allotted on a proportionate basis to any category is more than the Shares allotted to the applicants in that category, the balance available Shares for allocation shall be first adjusted against any category, where the allotted Shares are not sufficient for proportionate allotment to the successful applicants in that category, the balance Shares, if any, remaining after such adjustment will be added to the category comprising of applicants applying for the minimum number of Shares. If as a result of the process of rounding off to the 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 Draft Red Herring Prospectus.

6. The above proportionate allotment of shares in an Issue that is oversubscribed shall be subject to the reservation for small individual applicants as described below:
- As the retail individual investor category is entitled to more than fifty percent on proportionate basis, the retail individual investors shall be allocated that higher percentage.
 - The balance net offer of shares to the public shall be made available for allotment to
 - Individual applicants other than retails individual investors and
 - Other investors, including Corporate Bodies/ Institutions irrespective of number of shares applied for.
 - The unsubscribed portion of the net offer to anyone of the categories specified in a) or b) shall/may be made available for allocation to applicants in the other category, if so required.

‘Retail Individual Investor’ means an investor who applies for shares of value of not more than Rs. 2,00,000. Investors may note that in case of over subscription allotment shall be on proportionate basis and will be finalized in consultation with NSE.

The Executive Director / Managing Director of NSE – the Designated Stock Exchange in addition to Book Running Lead Manager and Registrar to the Public Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner in accordance with the SEBI (ICDR) Regulations.

Payment by Stock Invest

In terms of the Reserve Bank of India circular No. DBOD No. FSC BC 42/ 24.47.00/ 2003-04 dated November 05, 2003; the option to use the stock invest instrument in lieu of cheques or bank drafts for payment of Application money has been withdrawn. Hence, payment through stock invest would not be accepted in this Issue

General Instructions:

Do’s:

- Check if you are eligible to apply;
- Read all the instructions carefully and complete the applicable Application Form;
- Ensure that the details about Depository Participant and Beneficiary Account are correct as Allotment of Equity Shares will be in the dematerialized form only;
- Each of the Applicants should mention their Permanent Account Number (PAN) allotted under the Income Tax Act, 1961;
- Ensure that the Demographic Details (as defined herein below) are up dated, true and correct in all respects;
- Ensure that the name(s) given in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant.
- All Applicants should submit their application through ASBA process only.
- Ensure that you have funds equal to the Application Amount in your bank account maintained with the SCSB before submitting the Application Form to the respective Designated Branch of the SCSB;
- Ensure that the Application Form is signed by the account holder in case the applicant is not the account holder. Ensure that you have mentioned the correct bank account number in the Application Form;
- Ensure that you have requested for and receive a acknowledgement\
- Investors shall note that persons banned from accessing capital market are ineligible of investing in the offer.

Don’ts:

- Do not apply for lower than the minimum Application size;
- Do not apply at a Price Different from the Price Mentioned herein or in the Application Form;
- Do not apply on another Application Form after you have submitted an Application to the Bankers of the Issue;
- Do not pay the Application Price in cash, by money order or by postal order or by stock invest;

- Do not send Application Forms by post; instead submit the same to the Selected Branches/Offices of the Banker to the Issue;
- Do not fill up the Application Form such that the Equity Shares applied for exceeds the Issue Size and/or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;
- Do not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground.

Other Instructions**Joint Applications in the case of Individuals**

Applications may be made in single or joint names (not more than three). In the case of joint Applications, all payments will be made out in favour of the Applicant whose name appears first in the Application Form or

Revision Form. All communications will be addressed to the First Applicant and will be dispatched to his or her address as per the Demographic Details received from the Depository.

Multiple Applications

An Applicant should submit only one Application (and not more than one) for the total number of Equity Shares required. Two or more Applications will be deemed to be multiple Applications if the sole or First Applicant is one and the same

In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

- (a) All applications are electronically strung on first name, address (1st line) and applicant's status. Further, these applications are electronically matched for common first name and address and if matched, these are checked manually for age, signature and father / husband's name to determine if they are multiple applications.
- (b) Applications which do not qualify as multiple applications as per above procedure are further checked for common DP ID/ beneficiary ID. In case of applications with common DP ID/ beneficiary ID, are manually checked to eliminate possibility of data entry error to determine if they are multiple applications.
- (c) Applications which do not qualify as multiple applications as per above procedure are further checked for common PAN. All such matched applications with common PAN are manually checked to eliminate possibility of data capture error to determine if they are multiple applications.

In case of a mutual fund, a separate Application can be made in respect of each scheme of the mutual fund registered with SEBI and such Applications in respect of more than one scheme of the mutual fund will not be treated as multiple Applications provided that the Applications clearly indicate the scheme concerned for which the Application has been made.

In cases where there are more than 20 valid applications having a common address, such shares will be kept in abeyance, post allotment and released on confirmation of 'Know Your Client' norms by the depositories. The Company reserves the right to reject, in our absolute discretion, all or any multiple Applications in any or all categories.

Permanent Account Number or PAN

Pursuant to the circular MRD/DoP/Circ 05/2007 dated April 27, 2007, SEBI has mandated Permanent Account Number ('PAN') to be the sole identification number for all participants transacting in the securities market, irrespective of the amount of the transaction w.e.f. July 02, 2007. Each of the Applicants should mention his / her PAN allotted under the IT Act. Applications without this information will be considered incomplete and are liable to be rejected. It is to be specifically noted that Applicants should not submit the GIR number instead of the PAN, as the Application is liable to be rejected on this ground

Right to Reject Applications

In case of QIB Applicants, the Company in consultation with the Book Running Lead Manager may reject Applications provided that the reasons for rejecting the same shall be provided to such Applicant in writing. In case of Non-Institutional Applicants, Retail Individual Applicants who applied, the Company has a right to reject Applications based on technical grounds.

Grounds for Rejections

Applicants are advised to note that Applications are liable to be rejected inter alia on the following technical grounds:

- Amount paid does not tally with the amount payable for the Equity Shares applied for;
- In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
- Application by persons not competent to contract under the Indian Contract Act, 1872 including minors, insane persons;
- PAN not mentioned in the Application Form;
- GIR number furnished instead of PAN;
- Applications for lower number of Equity Shares than specified for that category of investors;
- Applications at a price other than the Fixed Price of the Issue;
- Applications for number of Equity Shares which are not in multiples of [●]
- Category not ticked;
- Multiple Applications as defined in this Draft Red Herring Prospectus ;
- In case of Application under power of attorney or by limited companies, corporate, trust etc., where relevant documents are not submitted;
- Applications accompanied by Stock invest/ money order/ postal order/cash;
- Signature of sole Applicant is missing;
- Application Forms are not delivered by the Applicant within the time prescribed as per the Application Forms, Issue Opening Date advertisement and the Prospectus and as per the instructions in the Prospectus and the Application Forms;
- In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Applicants (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's account number;
- Applications for amounts greater than the maximum permissible amounts prescribed by the regulations;
- Applications by OCBs;
- Applications by US persons other than in reliance on Regulations or "qualified institutional buyers" as defined in Rule 144A under the Securities Act;
- Applications not duly signed by the sole Applicant;
- Applications by any persons outside India if not in compliance with applicable foreign and Indian laws;
- Applications that do not comply with the securities laws of the irrespective jurisdictions are liable to be rejected;
- Applications by persons prohibited from buying, selling or dealing in the shares directly or in directly by SEBI or any other regulatory authority;
- Applications by persons who are not eligible to acquire Equity Shares of the Company in terms of all applicable laws, rules, regulations, guidelines, and approvals;
- Applications or revisions thereof by QIB Applicants, Non-Institutional Applicants where the Application Amount is in excess of Rs. 2,00,000 received after 4.00 pm on the Issue Closing Date;

Disposal of Applications

With respect to Anchor Investors, our Company shall ensure dispatch of Allotment Advice, refund orders (except for Bidders who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account of Depository Participants of the Bidders and submit the documents pertaining to the Allocation to the Stock Exchange(s) on the Anchor Investor Bidding Date.

In case of Bidders who receive refunds through NECS, NEFT, direct credit or RTGS, the refund instructions will be given to the clearing system within 6 Working Days from the Bid/Offer Closing Date.

Impersonation

Attention of the applicants is specifically drawn to the provisions of section 38(1) of the Companies Act, 2013 which is reproduced below:

Any person who:

- (a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or
- (b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or
- (c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,

Shall be liable for action under section 447 of Companies Act, 2013 and shall be treated as Fraud.

Signing of the Underwriting Agreement and the RoC Filing

- (a) Our Company, the Selling Shareholder and the Syndicate intend to enter into an Underwriting Agreement after the finalisation of the Offer Price.
- (b) After signing the Underwriting Agreement, an updated Red Herring Prospectus will be filed with the RoC in accordance with applicable law, which then would be termed as the 'Prospectus'. The Prospectus will contain details of the Offer Price, Offer size, and underwriting arrangements and will be complete in all material respects.

Pre-Issue Advertisement

Subject to Section 30 of the Companies Act, 2013 the Company shall, after registering the Prospectus with the RoC, publish a pre-Issue advertisement, in the form prescribed by the SEBI Regulations, in one widely circulated English language national daily newspaper; one widely circulated Hindi language national daily newspaper and one regional newspaper with wide circulation. In the pre-issue advertisement, we shall state the Issue Opening Date and the Issue 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.

Issuance of Confirmation Allocation Note and Allotment in the Offer Issuance of Allotment Advice:

- (a) 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 Company 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 Offer.
- (b) The dispatch of Allotment Advice shall be deemed a valid, binding and irrevocable contract.

Issuance of Confirmation Allocation Note ("CAN") to Anchor Investors

- (a) A physical book is prepared by the Registrar on the basis of the Bid cum Application Forms received from Anchor Investors. Based on the physical book and at the discretion of the Company in consultation with the Selling Shareholder and BRLM, selected Anchor Investors will be sent a CAN and if required, a revised CAN.
- (b) In the event that the Offer Price is higher than the Anchor Investor Allocation Price: Anchor Investors will be sent a revised CAN within 1 (one) day of the Pricing Date indicating the number of Equity Shares allocated to such Anchor Investor and the pay-in date for payment of the balance amount. Anchor Investors are then required to pay any additional amounts, being the difference between the Offer Price and the Anchor Investor Allocation Price, as indicated in the revised CAN within the pay-in

date referred to in the revised CAN. Thereafter, the Allotment Advice will be issued to such Anchor Investors.

- (c) In the event the Offer Price is lower than the Anchor Investor Allocation Price: Anchor Investors who have been Allotted Equity Shares will directly receive Allotment Advice.

Designated Date and Allotment of Equity Shares

The Company will issue and dispatch letters of allotment/ securities certificates and/ or letters of regret or credit the allotted securities to the respective beneficiary accounts, if any within a period of 4 working days of the Issue Closing Date. In case the Company issues Letters of allotment, the corresponding Security Certificates will be kept ready within two months from the date of allotment thereof or such extended time as may be approved by the National Company Law Tribunal under Section 56 of the Companies Act, 2013 or other applicable provisions, if any. Allottees are requested to preserve such Letters of Allotment, which would be exchanged later for the Security Certificates. After the funds are transferred from the SCSB's to Public Issue Account on the Designated Date, the Company would ensure the credit to the successful Applicants depository account. Allotment of the Equity Shares to the Allottees shall be within one working day of the date of approval of Basis of Allotment by Designated Stock Exchange. Investors are advised to instruct their Depository Participants to accept the Equity Shares that may be allocated/ allotted to them pursuant to this issue.

Payment of Refund

In the event that the listing of the Equity Shares does not occur in the manner described in this Draft Red Herring Prospectus, the Book Running Lead Manager shall intimate Public Issue Bank and Public Issue Bank shall transfer the funds from Public Issue account to Refund Account as per the written instruction from Book Running Lead Manager and the Registrar for further payment to the beneficiary applicants.

Undertakings by our Company

The Company undertakes the following:

1. That adequate arrangements shall be made to collect all Applications Supported by Blocked Amount submitted
2. That if our Company do not proceed with the Issue after the Issue Closing Date, the reason thereof shall be given as a public notice in the newspapers to be issued by our Company within two days of the Issue Closing Date. The public notice shall be issued in the same newspapers in which the Pre- Issue advertisement was published. The stock exchange on which the Equity Shares are proposed to be listed shall also be informed promptly;
3. That if our Company withdraw the Issue after the Issue Closing Date, our Company shall be required to file a fresh offer document with the ROC/SEBI, in the event our Company subsequently decides to proceed with the Issue;
4. That the complaints received in respect of this Issue shall be attended to by us expeditiously and satisfactorily;
5. That all steps shall be taken to ensure that listing and commencement of trading of the Equity Shares at the Stock Exchange where the Equity Shares are proposed to be listed are taken within six Working Days of Issue Closing Date or such time as prescribed;
6. That Promoters' contribution shall be brought in advance before the Bid/Issue opens for public subscription and the balance, if any, shall be brought on a pro rate basis before the calls are made on the public in accordance with applicable provisions of SEBI ICDR Regulations;
7. That the funds required for making refunds/unblocking to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by our Company;
8. That where refunds (to the extent applicable) are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days from the Bid/Offer Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
9. That if Allotment is not made within the prescribed time period under applicable law, the entire subscription amount received will be 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 (ICDR) Regulations and applicable law for the delayed period;

10. That the letter of allotment/ unblocking of funds to the non-resident Indians shall be dispatched within specified time;
11. That no further issue of Equity Shares shall be made till the Equity Shares offered through this Draft Red Herring Prospectus are listed or till the application monies are refunded on account of non-listing, under subscription, etc.; and
12. That adequate arrangements shall be made to collect all Bid cum Application Forms under the ASBA process and to consider the them similar to Non-ASBA Bids while finalising the Basis of Allotment.

Utilization of Issue Proceeds

Our Board certifies that:

1. All monies received out of the Issue shall be credited/ transferred to a separate bank account other than the bank account referred to in Section 40 of the Companies Act, 2013;
2. Details of all monies utilized out of the issue referred to in point 1 above shall be disclosed and continued to be disclosed till the time any part of the issue proceeds remains unutilized under an appropriate separate head in the balance-sheet of the issuer indicating the purpose for which such monies had been utilized;
3. Details of all unutilized monies out of the Issue referred to in 1, if any shall be disclosed under the appropriate head in the balance sheet indicating the form in which such unutilized monies have been invested and
4. Our Company shall comply with the requirements of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 in relation to the disclosure and monitoring of the utilization of the proceeds of the Issue
5. Our Company shall not have recourse to the Issue Proceeds until the approval for listing and trading of the Equity Shares from the Stock Exchange where listing is sought has been received

Withdrawal of the Issue

Our Company, in consultation with the Book Running Lead Manager, reserves the right not to proceed with the Issue, in whole or any part thereof at any time after the Issue Opening Date but before the Allotment, with assigning reason thereof. The notice of withdrawal will be issued in the same newspapers where the pre-Issue advertisements have appeared within Two days of Issue Closing Date or such other time as may be prescribed by SEBI, providing reasons for such decision and. The Book Running Lead Manager, through the Registrar to the Issue, will instruct the SCSBs to unblock the ASBA Accounts within one Working Day from the day of receipt of such instruction. Our Company shall also inform the same to the Stock Exchanges on which Equity Shares are proposed to be listed. Notwithstanding the foregoing, the Issue is also subject to obtaining the following:

The final RoC approval of the Prospectus after it is filed with the concerned RoC.

The final listing and trading approvals of the Stock Exchange, which our Company shall apply for after Allotment and if our Company withdraws the Issue after the Issue Closing Date and thereafter determines that it will proceed with an initial public offering of Equity Shares, our Company shall file a fresh prospectus with stock exchange.

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 has entered into following tripartite agreements with the Depositories and the Registrar and Share Transfer Agent

- a) We have entered into tripartite agreement between NSDL, the Company and the Registrar to the Issue dated September 21, 2018
- b) We have entered into tripartite agreement between CDSL, the Company and the Registrar to the Issue dated October 5, 2018

The Company's Equity shares bear an ISIN Number INE01QK01012

An Applicant applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Application

- The Applicant must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's identification number) appearing in the Application Form or Revision Form.
- Allotment to a successful Applicant will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Applicant.
- Names in the Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.
- If incomplete or incorrect details are given under the heading 'Applicants Depository Account Details' in the Application Form or Revision Form, it is liable to be rejected.
- The Applicant is responsible for the correctness so this or her Demographic Details given in the Application Form Vis à Vis those with his or her Depository Participant.
- Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchange where our Equity Shares are proposed to be listed has electronic connectivity with CDSL and NSDL.
- The allotment and trading of the Equity Shares of the Company would be in dematerialized form only for all investors

Communications

All future communications in connection with the Applications made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Applicant, Application Form number, Applicants Depository Account Details, number of Equity Shares applied for, date of Application form, name and address of the Banker to the Issue where the Application and a copy of the acknowledgement slip. Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre-issue or post-issue related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary accounts etc.

In accordance with the SEBI Circular No. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 all the Applicants has to compulsorily apply through the ASBA Process. Our Company and the Book Running Lead Manager are not liable for any amendments, modifications, or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus . ASBA Applicants are advised to make the independent investigations and to ensure that the ASBA Application Form is correctly filled up, as described in this section.

This section is for the information of investors proposing to subscribe to the Issue through the ASBA process. Our Company and the Book Running Lead Manager are not liable for any amendments, modifications, or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus . ASBA Applicants are advised to make their independent investigations and to ensure that the ASBA Application Form is correctly filled up, as described in this section. 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 www.sebi.gov.in. For details on designated branches of SCSB collecting the Application Form, please refer the above mentioned SEBI link.

ASBA Process

A Resident Retail Individual Investor shall submit his Application through an Application Form, either in physical or electronic mode, to the SCSB with whom the bank account of the ASBA Applicant or bank account utilized by the ASBA Applicant ('ASBA Account') is maintained. The SCSB shall block an amount equal to the Application Amount in the bank account specified in the ASBA Application Form, physical or electronic, on the basis of an authorization to this effect given by the account holder at the time of submitting the Application.

The Application Amount shall remain blocked in the aforesaid ASBA Account until finalization of the Basis of Allotment in the Issue and consequent transfer of the Application Amount against the allocated shares to the ASBA Public Issue Account, or until withdrawal/failure of the Issue or until withdrawal/rejection of the Application, as the case may be.

The ASBA data shall thereafter be uploaded by the SCSB in the electronic IPO system of the Stock Exchange. Once the Basis of Allotment is finalized, the Registrar to the Issue shall send an appropriate request to the Controlling Branch of the SCSB for unblocking the relevant bank accounts and for transferring the amount

allocable to the successful Applicants to the ASBA Public Issue Account. In case of withdrawal / failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the Book Running Lead Manager.

Applicants are required to submit their Applications, either in physical or electronic mode. In case of application in physical mode, the Applicant shall submit the ASBA Application Format the Designated Branch of the SCSB. In case of application in electronic form, the ASBA Applicant shall submit the Application Form either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for applying and blocking funds in the ASBA account held with SCSB, and accordingly registering such Applications.

Who can apply?

In accordance with the SEBI (ICDR) Regulations, all the investors can apply through ASBA process and after SEBI circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 all investors must apply through the ASBA Process.

Mode of Payment

Upon submission of an Application Form with the SCSB, whether in physical or electronic mode, each ASBA Applicant shall be deemed to have agreed to block the entire Application Amount and authorized the Designated Branch of the SCSB to block the Application Amount, in the bank account maintained with the SCSB.

Application Amount paid in cash, by money order or by postal order or by stock invest, or ASBA Application Form accompanied by cash, money order, postal order or any mode of payment other than blocked amounts in the SCSB bank accounts, shall not be accepted.

After verifying that sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Application Amount mentioned in the ASBA Application Form till the Designated Date.

On the Designated Date, the SCSBs shall transfer the amounts allocable to the Applicants from the respective ASBA Account in terms of the SEBI Regulations, into the Public Issue Account. The balance amount, if any against the said Application in the ASBA Accounts shall then be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Issue.

The entire Application Amount, as per the Application Form submitted by the respective Applicants, would be required to be blocked in the respective ASBA accounts until finalization of the Basis of Allotment in the Issue and consequent transfer of the Application Amount against allocated shares to the Public Issue Account, or until withdrawal / failure of the Issue or until rejection of the Application, as the case may be.

Unblocking of ASBA Account

On the basis of instructions from the Registrar to the Issue, the SCSBs shall transfer the requisite amount against each successful ASBA Applicant to the Public Issue Account as per the provisions of section 40(3) of the Companies Act, 2013 and shall unblock excess amount, if any in the ASBA Account. However, the Application Amount may be unblocked in the ASBA Account prior to receipt of intimation from the Registrar to the Issue by the Controlling Branch of the SCSB regarding finalization of the Basis of Allotment in the Issue, in the event of withdrawal/failure of the Issue or rejection of the ASBA, as the case maybe.

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, 2018. Applicant 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 Applicant should rely on their own examination of the Issue and the Issuer, and should carefully read the Draft Prospectus before investing in the Issue.

SECTION 1: PURPOSE OF THE GENERAL INFORMATION DOCUMENT (GID)

This document is applicable to the public issues undertaken through the Fixed Price Issue. The purpose of the "General Information Document for Investing in Public Issues" is to provide general guidance to potential Applicants in IPOs, on the processes and procedures governing IPOs, undertaken in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (the "**SEBI (ICDR) Regulations**").

Applicants should note that investment in equity and equity related securities involves risk and Applicant should not invest any funds in the Issue unless they can afford to take the risk of losing their investment. The specific terms relating to securities and/ or for subscribing to securities in an Issue and the relevant information about the Issue undertaking the Issue are set out in the Prospectus filed by the Issue with the Registrar of Companies ("**RoC**"). Applicants should carefully read the entire Prospectus and the Application Form and the Abridged Prospectus of the Issue in which they are proposing to invest through the Issue. In case of any difference in interpretation or conflict and/or overlap between the disclosure included in this document and the Prospectus, the disclosures in the Prospectus shall prevail. The Prospectus of the Issue is available on the websites of stock exchanges, on the website(s) of the Lead Manager to the Issue and on the website of Securities and Exchange Board of India ("**SEBI**") at www.sebi.gov.in.

For the definitions of capitalized terms and abbreviations used herein Applicants may refer to "Glossary and Abbreviations".

SECTION 2: BRIEF INTRODUCTION TO IPOs ON Emerge Platform of NSE (SME PLATFORM)

2.1 Initial public Issue (IPO)

An IPO means an Issue of specified securities by an unlisted Issue to the public for subscription and may include an Issue for Sale of specified securities to the public by any existing holder of such securities in an unlisted Issue.

For undertaking an IPO on SME Platform, an Issue is *inter alia* required to comply with the eligibility requirements under of chapter IX of the SEBI (ICDR) Regulations, wherein as per,

- Regulation 229 (1): An issuer whose post- issue paid up capital does not exceed ten crore rupees shall issue its specified securities in accordance with provisions of this Chapter.
- Regulation 229 (2): An issuer, whose post issue face value capital, is more than ten crore rupees and upto twenty five crore rupees, may also issue specified securities in accordance with provisions of this Chapter.

For details of compliance with the eligibility requirements by the Issue Applicants may refer to the Prospectus.

The present Issue is being made under Regulation 229 (2) of Chapter IX of SEBI (ICDR) Regulations.

2.2 Other Eligibility Requirements

In addition to the eligibility requirements specified in paragraphs 2.1, an issuer proposing to undertake an IPO is required to comply with various other requirements as specified in the SEBI (ICDR) Regulations, the erstwhile 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 229 (2) of Chapter IX of SEBI (ICDR) Regulations:

- (a) In accordance with regulation 260 (1) and 260 (2) of the SEBI (ICDR) Regulations, issue has to be 100% underwritten and the Lead Manager has to underwrite at least 15% of the total issue size.
- (b) In accordance with Regulation 268 (1) 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 261 (1) of the SEBI (ICDR) Regulations, the Lead Manager 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.
- (d) The post issue paid up capital of the company (face value) shall not be more than Rs. 25 crore.
- (e) The issuer shall mandatorily facilitate trading in demat securities.
- (f) The issuer should not been referred to Board for Industrial and Financial Reconstruction.
- (g) No petition for winding up is admitted by a court or a liquidator has not been appointed of competent jurisdiction against the Company
- (h) 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
- (i) The Company should have a website. Issuer shall also comply with all the other requirements as laid down for such an Issue under Chapter IX of SEBI (ICDR) Regulations and subsequent circulars and guidelines issued by SEBI and the Stock Exchange.

Thus, our Company is eligible for the issue in accordance with regulation Regulation 229 (2) and other provisions of chapter IX of the SEBI (ICDR) Regulations as the post issue face value capital exceeds Rs. 10 crores but does not exceed Rs. 25 crores. Company also complies with the eligibility conditions laid by the Emerge Platform of NSE for listing of our Equity Shares.

2.3 Types of Public Issues – Fixed Price Issues and Book Built Issues

In accordance with the provisions of the SEBI (ICDR) Regulations, an Issue can either determine the Issue Price through the Book Building Process ("**Book Built Issue**") or undertake a Fixed Price Issue ("**Fixed Price Issue**"). An Issue may mention Floor Price or Price Band in the RHP (in case of a Book Built Issue) and a Price or Price Band in the Draft Prospectus (in case of a Fixed Price Issue) and determine the price at a later date before registering the Prospectus with the RoC.

The cap on the Price Band should be less than or equal to 120% of the Floor Price. The Issue 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 (5) Working Days before the Issue Opening Date, in case of an IPO and at least one (1) Working Day before the Issue Opening Date, in case of an FPO.

The Floor Price or the Issue price cannot be lesser than the face value of the securities. Applicants should refer to the RHP/ Prospectus or Issue advertisements to check whether the Issue is a Book Built Issue or a Fixed Price Issue.

2.4 Issue Period

The Issue may be kept open for a minimum of three (3) Working Days (for all category of Applicants)

and not more than ten (10) Working Days. Applicants are advised to refer to the Application Form/application Form and Abridged Prospectus or Prospectus for details of the Issue Period. Details of Issue Period are also available on the website of Stock Exchange(s).

2.5 Migration to Main Board

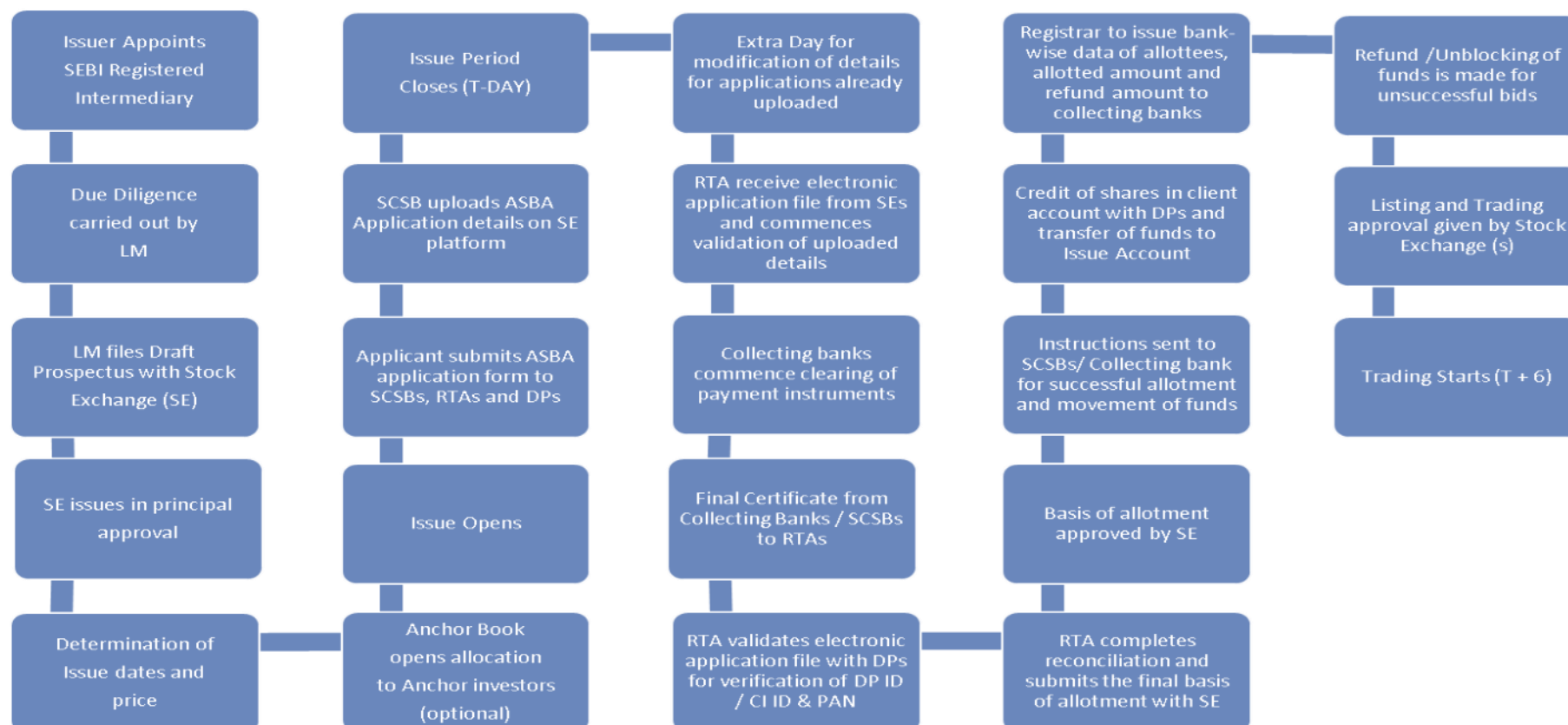
- (a) SME Issuer whose post issue face value capital is more than Rs. 10 crores and upto Rs. 25 crores, may migrate to the Main Board of stock exchanges from the SME Exchange at a later date subject to the following: Paid up Capital of the Company is likely to increase above Rs.25 crores by virtue of any further issue of capital by way of rights, preferential issue, bonus issue etc. (which has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the Promoter in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal and for which the company has obtained in-principal approval from the main board), the Company shall apply to Stock Exchange 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 post issue face value Capital of the company is more than Rs. 10 crores but less than 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 and if the Company fulfills the eligibility criteria for listing laid down by the SME Exchange.

2.6 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 OFFER

Each Applicant should check whether it is eligible to apply under applicable law. Furthermore, certain categories of Applicants, such as NRIs, FII's, FPIs and FVCIs may not be allowed to Apply in the Issue or to hold Equity Shares, in excess of certain limits specified under applicable law. Applicants are requested to refer to the Prospectus for more details.

Subject to the above, an illustrative list of Applicants is as follows:

- Indian national's resident in India who are competent to contract under the Indian Contract Act, 1872, in single or joint names (not more than three);
- Applications belonging to an account for the benefit of a minor (under guardianship);
- Hindu Undivided Families or HUFs, in the individual name of the Karta. The Applicant should specify that the application is being made in the name of the HUF in the Application Form as follows: "Name of sole or first Applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Applications by HUFs may be considered at par with Applications from individuals;
- Companies and corporate bodies registered under applicable law in India and authorised to invest in equity shares;
- QIBs;
- NRIs on a repatriation basis or on a non-repatriation basis subject to applicable law;
- Indian financial institutions, regional rural banks, co-operative banks (subject to RBI regulations and the SEBI (ICDR) Regulations and other laws, as applicable);
- FIIs and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual, bidding under the QIBs category;
- Sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals only under the Non Institutional Investors (NIIs) category;
- FPIs other than Category III foreign portfolio investors bidding under the QIBs category;
- FPIs which are Category III foreign portfolio investors, bidding under the NIIs category;
- Trusts/ societies registered under the Societies Registration Act, 1860, or under any other law relating to trusts/ societies and who are authorised under their respective constitutions to hold and invest in equity shares;
- Limited liability partnerships registered under the Limited Liability Partnership Act, 2008; and
- Any other person eligible to Apply in the Issue, under the laws, rules, regulations, guidelines and policies applicable to them and under Indian laws.

As per the existing regulations, OCBs are not allowed to participate in an Issue.

SECTION 4: APPLYING IN THE ISSUE

Fixed Price Issue: Applicants should only use the specified Application Form either bearing the stamp of Collection Bank(s) or SCSBs as available or downloaded from the websites of the Stock Exchanges. Application Forms are available with the branches of Collection Banks or Designated Branches of the SCSBs and at the registered office of the Issue. For further details regarding availability of Application Forms, Applicants may refer to the Prospectus.

Applicants should ensure that they apply in the appropriate category. The prescribed color of the Application Form for various categories of Applicants is as follows:

Category	Colour of Application Form *
Resident Indians and Eligible NRIs applying on a non-repatriation basis	White
Eligible NRIs, FVCIs, FPIs, their Sub-Accounts (other than Sub-Accounts which are foreign corporate(s) or foreign individuals applying under the QIB), applying on a repatriation basis	Blue

* Excluding electronic Application Form

Securities Issued in an IPO can only be in dematerialized form in compliance with Section 29 of the Companies Act, 2013. Applicants will not have the option of getting the allotment of specified securities in physical form. However, they may get the specified securities rematerialised subsequent to allotment.

4.1 INSTRUCTIONS FOR FILING THE APPLICATION FORM/APPLICATION FORM

Applicants may note that forms not filled completely or correctly as per instructions provided in this GID, Prospectus and the Application Form are liable to be rejected.

Instructions to fill each field of the Application Form can be found on the reverse side of the Application Form. Specific instructions for filling various fields of the Resident Application Form and Non-Resident Application Form and samples are provided below.

The samples of the Application Form for resident Applicants and the Application Form for non-resident Applicants are reproduced below:

COMMON BID CUM APPLICATION FORM	XYZ LIMITED - INITIAL PUBLIC ISSUE - R Address : Contact Details : CIN No :	FOR RESIDENT INDIANS, INCLUDING RESIDENT QIBs AND ELIGIBLE NRI, APPLYING ON A NON-REPATRIATION BASIS																																				
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COMMON BID-CUM APPLICATION FORM		XYZ LIMITED - INITIAL PUBLIC ISSUE - NR		FOR NON-RESIDENTS, INCLUDING ELIGIBLE NRIs, FPOs OR PFCs, ETC. APPLYING ON A REPATRIATION BASIS																												
Address: _____		Contact Details: _____		CIN No. _____																												
TO: THE BOARD OF DIRECTORS XYZ LIMITED		BOOK BUILD ISSUE		Bid cum Application Form No. _____																												
LOGO		ESIN: _____																														
SYNDICATE MEMBER'S STAMP & CODE		BROKER/SCSB/POSTAL STAMP & CODE		1. NAME & CONTACT DETAILS OF SOLE / FIRST BIDDER																												
NEW-BIDDER'S / NEW-AGENT'S STAMP & CODE		EXISTING BIDDER'S BRANCH STAMP & CODE		Mr. / Ms. _____																												
BANK BRANCH OFFICIAL NO.		BIDDER SERIAL NO.		Address: _____																												
				E-mail: _____																												
				Tel. No. (with STD code) / Mobile: _____																												
				2. PAN OF SOLE / FIRST BIDDER																												
3. BIDDER'S DEPOSITORY ACCOUNT DETAILS <input type="checkbox"/> NSDL <input type="checkbox"/> CDSL				4. INVESTOR STATUS																												
The NR shall open a demat ID (to be followed by a digit 'NR') or a CDSL ID (to be followed by a digit 'NR')				<input type="checkbox"/> NR1 Non-Resident Indian (Repatriation Basis) <input type="checkbox"/> FR FR in Sub-account with a Corporate/Foreign Individual <input type="checkbox"/> FUSA FR in Sub-account Corporate/Foreign <input type="checkbox"/> FVCI Foreign Venture Capital Investor <input type="checkbox"/> FPI Foreign Portfolio Investor <input type="checkbox"/> OTHER (Please Specify) _____																												
5. BID OPTIONS (ONLY RETAIL INDIVIDUAL BIDDERS CAN NOWAY 'CUT-OFF') <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2">Bid Option</th> <th rowspan="2">No. of Equity Shares Bid (in Figures) (This must be a multiple of Bid Lot as advised)</th> <th colspan="3">Price per Equity Share (Rs. 'Cut-off' price in multiples of ₹ 10 only (in Figures))</th> <th rowspan="2">Use of Proceeds</th> </tr> <tr> <th>Bid Price</th> <th>Retail Discount</th> <th>Net Price</th> </tr> </thead> <tbody> <tr> <td>Option 1</td> <td>_____</td> <td>_____</td> <td>_____</td> <td>_____</td> <td><input type="checkbox"/> Retail Individual Bidder</td> </tr> <tr> <td>Option 2</td> <td>_____</td> <td>_____</td> <td>_____</td> <td>_____</td> <td><input type="checkbox"/> Non-Institutional Bidder</td> </tr> <tr> <td>Option 3</td> <td>_____</td> <td>_____</td> <td>_____</td> <td>_____</td> <td><input type="checkbox"/> QIB</td> </tr> </tbody> </table>				Bid Option	No. of Equity Shares Bid (in Figures) (This must be a multiple of Bid Lot as advised)	Price per Equity Share (Rs. 'Cut-off' price in multiples of ₹ 10 only (in Figures))			Use of Proceeds	Bid Price	Retail Discount	Net Price	Option 1	_____	_____	_____	_____	<input type="checkbox"/> Retail Individual Bidder	Option 2	_____	_____	_____	_____	<input type="checkbox"/> Non-Institutional Bidder	Option 3	_____	_____	_____	_____	<input type="checkbox"/> QIB		
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NR SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS) _____		BIDDER: NR1 / FR / FUSA / FVCI / FPI / OTHER (Please Specify) _____																														
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Bid cum Application Form No. _____																																

4.1.1 FIELD NUMBER 1: NAME AND CONTACT DETAILS OF THE SOLE/ APPLICANT

- (a) Applicants should ensure that the name provided in this field is exactly the same as the name in which the Depository Account is held.
- (b) **Mandatory Fields:** Applicants should note that the name and address fields are compulsory and e-mail and/ or telephone number/mobile number fields are optional. Applicants should note that the contact details mentioned in the Application Form may be used to dispatch communications (including refund orders and letters notifying the unblocking of the bank accounts of ASBA Applicants) in case the communication sent to the address available with the Depositories are returned undelivered or are not available. The contact details provided in the Application Form may be used by the Issue, the members of the Syndicate, the Registered

Broker and the Registrar to the Issue only for correspondence(s) related to an Issue and for no other purposes.

- (c) **Joint Applications:** In the case of joint applications, the applications should be made in the name of the Applicant whose name appears first in the Depository account. The name so entered should be the same as it appears in the Depository records. The signature of only such first Applicant would be required in the Application Form and such first Applicant would be deemed to have signed on behalf of the joint holders. All payments may be made out in favor of the Applicant whose name appears in the Application Form or the Revision Form and all communications may be addressed to such Applicant and may be dispatched to his or her address as per the Demographic Details received from the Depositories.
- (d) **Impersonation:** Attention of the Applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

"Any person who:

- (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."

The liability prescribed under Section 447 of the Companies Act, 2013 includes imprisonment for a term which shall not be less than six (6) months extending up to ten (10) years (provided that where the fraud involves public interest, such term shall not be less than three (3) years) and fine of an amount not less than the amount involved in the fraud, extending up to three (3) times of such amount.

- (e) **Nomination Facility to Applicant:** Nomination facility is available in accordance with the provisions of Section 72 of the Companies Act, 2013. In case of allotment of the Equity Shares in dematerialized form, there is no need to make a separate nomination as the nomination registered with the Depository may prevail. For changing nominations, the Applicants should inform their respective Depository Participant.

4.1.2 FIELD NUMBER 2: PAN NUMBER OF SOLE/FIRST APPLICANT

- (a) PAN (of the sole/ first Applicant) provided in the Application Form should be exactly the same as the PAN of the person(s) in whose name the relevant beneficiary account is held as per the Depositories' records.
- (b) PAN is the sole identification number for participants transacting in the securities market irrespective of the amount of transaction except for Applications on behalf of the Central or State Government, Applications by officials appointed by the courts and Applications by Applicants residing in Sikkim ("**PAN Exempted Applicants**"). Consequently, all Applicants, other than the PAN Exempted Applicants, are required to disclose their PAN in the Application Form, irrespective of the Application Amount. A Application Form without PAN, except in case of Exempted Applicants, is liable to be rejected. Applications by the Applicants whose PAN is not available as per the Demographic Details available in their Depository records, are liable to be rejected.
- (c) The exemption for the PAN Exempted Applicants is subject to (a) the Demographic Details received from the respective Depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same.
- (d) Application Forms which provide the General Index Registration (GIR) Number instead of PAN may be rejected.
- (e) Applications by applicants whose demat accounts have been 'suspended for credit' are liable

to be rejected pursuant to the circular issued by SEBI on July 29, 2010, bearing number CIR/MRD/DP/22/2010. Such accounts are classified as "Inactive demat accounts" and demographic details are not provided by depositories.

4.1.3 FIELD NUMBER 3: APPLICANTS DEPOSITORY ACCOUNT DETAILS

- (a) Applicants should ensure that DP ID and the Client ID are correctly filled in the Application Form. The DP ID and Client ID provided in the Application Form should match with the DP ID and Client ID available in the Depository database, **otherwise, the Application Form is liable to be rejected.**
- (b) Applicants should ensure that the beneficiary account provided in the Application Form is active.
- (c) Applicants should note that on the basis of DP ID and Client ID as provided in the Application Form, the Applicant may be deemed to have authorized the Depositories to provide to the Registrar to the Issue, any requested Demographic Details of the Applicant as available on the records of the depositories. These Demographic Details may be used, among other things, for unblocking of ASBA Account or for other correspondence(s) related to an Issue.
- (d) Applicants are, advised to update any changes to their Demographic Details as available in the records of the Depository Participant to ensure accuracy of records. Any delay resulting from failure to update the Demographic Details would be at the Applicants' sole risk.

4.1.4 FIELD NUMBER 4: APPLICATION DETAILS

- a) The Issuer may mention Price in the Prospectus. However a prospectus registered with RoC contains one price.
- b) Maximum and Minimum Application Size

- i. For Retail Individual Applicant

The Application must be for a minimum of 2,000 Equity Shares. As the Application Price payable by the Retail Individual Applicant cannot exceed Rs.2,00,000, they can make Application for only minimum size i.e. for 2,000 Equity Shares.

- ii. For Other Application (Non-Institutional Applicants and QIBs):

The Application must be for a minimum of such number of Equity Shares such that the Application Amount exceeds Rs.200,000 and in multiples of 2,000 Equity Shares thereafter. A Application cannot be submitted for more than the Issue Size. However, the maximum Application by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. Under existing SEBI Regulations, a QIB and a NII Applicant cannot withdraw or lower its quantity or price in its application once the application is submitted and is required to pay 100% QIB Margin upon submission of Application. In case of revision in Application, the Non Institutional applicant, who are individuals, have to ensure that the Application Amount is greater than Rs.2,00,000 for being considered for allocation in the Non Institutional Portion. Applicants are advised to ensure that any single Application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in the Prospectus.

- c) Multiple Applications

Applications should submit only one Application Form. Submission of a second Application Form to either the same or to different Designated Intermediary and duplicate copies of Application Forms bearing the same application number shall be treated as multiple applications and are liable to be rejected.

- d) Applicants are requested to note the following procedures may be followed by the Registrar to the Issue to detect multiple Application :

- i. All Applications may be checked for common PAN as per the records of the Depository. For Applicants other than Mutual Funds and FPI sub-accounts, Applications bearing the same PAN may be treated as multiple Applications by a Applicants and may be rejected.
- ii. For Applications from Mutual Funds and FPI sub-accounts, submitted under the same PAN, as well as Applications on behalf of the PAN Exempted Applicant, the Application Forms may be checked for common DP ID and Client ID. Such Applications which have the same DP ID and Client ID may be treated as multiple Applications and are liable to be rejected.
- e) The following Applications may not be treated as multiple Applications:
 - i. Applications by Reserved Categories in their respective Reservation Portion as well as Applications made by them in the Issue portion in public category.
 - ii. Separate Applications by Mutual Funds in respect of more than one scheme of the Mutual Fund provided that the Applications clearly indicate the scheme for which the Applications has been made.
 - iii. Applications by Mutual Funds, and sub-accounts of FPIs (or FPIs and its sub-accounts) submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs.

4.1.5 FIELD NUMBER 5: CATEGORY OF APPLICANTS

- (a) The categories of Applicants identified as per the SEBI (ICDR) Regulations, for the purpose of Applications, allocation and allotment in the Issue are RIIs, NIIs and QIBs.
- (b) An Issuer can make reservation for certain categories of Applications as permitted under the SEBI (ICDR) Regulations. For details of any reservations made in the Issue, Applicants may refer to the Prospectus.
- (c) The SEBI (ICDR) Regulations, specify the allocation or allotment that may be made to various categories of Applicants 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 Applicants may refer to the Prospectus.

4.1.6 FIELD NUMBER 6: INVESTOR STATUS

- (a) Each Applicant should check whether it is eligible to apply under applicable law and ensure that any prospective allotment to it in the Issue is in compliance with the investment restrictions under applicable law.
- (b) Certain categories of Applicant, such as NRIs, FPIs and FVCIs may not be allowed to apply in the Issue or hold Equity Shares exceeding certain limits specified under applicable law. Applicants are requested to refer to the Prospectus for more details.
- (c) Applicants should check whether they are eligible to apply on non-repatriation basis or repatriation basis and should accordingly provide the investor status. Details regarding investor status are different in the Resident Application Form and Non-Resident Application Form.
- (d) Applicants should ensure that their investor status is updated in the Depository records.

4.1.7 FIELD 7: PAYMENT DETAILS

- (a) All Applicants are required to make payment of the full Amount (net of any Discount, as applicable) along-with the Application Form. If the Discount is applicable in the Issue, the RIIs should indicate the full amount in the Application Form and the payment shall be made for Amount net of Discount. Only in cases where the Prospectus indicates that part payment may be made, such an option can be exercised by the Applicant.
- (b) Please note that, providing bank account details in the space provided in the Application Form is mandatory and Applications that do not contain such details are liable to be rejected.

- (c) In terms of SEBI Circular No. CIR/CFD/POLICYCELL/11/2015, all potential investors shall participate in the Issue only through ASBA process providing details about the bank account which will be blocked by the SCSBs for the same.

4.1.7.1 Payment instructions for Applicants

- i. Applicants may submit the Application Form either (i) in physical mode to the Designated Branch of an SCSB where the Applicants have ASBA Account, or (ii) 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 Application Form, or (iii) in physical mode to any Designated Intermediary.
- ii. Applicants should specify the Bank Account number in the Application Form. The Application Form submitted by an Applicant and which is accompanied by cash, demand draft, money order, postal order or any mode of payment other than blocked amounts in the ASBA Account maintained with an SCSB, may not be accepted.
- iii. Applicants should ensure that the Application Form is also signed by the ASBA Account holder(s) if the Applicant is not the ASBA Account holder;
- iv. Applicants shall note that for the purpose of blocking funds under ASBA facility clearly demarcated funds shall be available in the account.
- v. From one ASBA Account, a maximum of five Application Forms can be submitted.
- vi. Applicants applying directly through the SCSBs should ensure that the Application Form is submitted to a Designated Branch of a SCSB where the ASBA Account is maintained.
- vii. Applicants applying through a Registered Broker, RTA or CDP should note that Application Forms submitted to them may not be accepted, if the SCSB where the ASBA Account, as specified in the Application Form, is maintained, has not named at least one branch at that location for the Registered Brokers, RTA or CDP, as the case may be, to deposit Application Forms.
- viii. Upon receipt of the Application Form, the Designated Branch of the SCSB may verify if sufficient funds equal to the Application Amount are available in the ASBA Account, as mentioned in the Application form.
- ix. If sufficient funds are available in the ASBA Account, the SCSB may block an amount equivalent to the Application Amount mentioned in the Application Form and may upload the details on the Stock Exchange Platform.
- x. If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB may not upload such Applications on the Stock Exchange platform and such Applications are liable to be rejected.
- xi. Upon submission of a completed Application Form each Applicant may be deemed to have agreed to block the entire Application Amount and authorized the Designated Branch of the SCSB to block the Application Amount specified in the Application Form in the ASBA Account maintained with the SCSBs.
- xii. The Application Amount may remain blocked in the aforesaid ASBA Account until finalisation of the Basis of allotment and consequent transfer of the Application Amount against the Allotted Equity Shares to the Public Issue Account, or until withdrawal or failure of the Issue, or until withdrawal or rejection of the Application, as the case may be.
- xiii. SCSBs applying in the Issue must apply through an ASBA Account maintained with any other SCSB; else their Applications are liable to be rejected.

4.1.7.2 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 application 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 Application, (ii) the amount to be transferred from the relevant bank account to the Public Issue Account, for each Application, (iii) the date by which funds referred to in (ii) above may be transferred to the Public Issue Account, and (iv) details of rejected Application, if any, to enable the SCSBs to unblock the respective bank accounts.

- (b) On the basis of instructions from the Registrar to the Issue, the SCSBs may transfer the requisite amount against each successful applicant 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 ASBA Form and for unsuccessful Application, the Registrar to the Issue may give instructions to the SCSB to unblock the Application Amount in the relevant ASBA Account within six (6) Working Days of the Issue Closing Date.

4.1.7.3 Discount (if applicable)

- (a) The Discount is stated in absolute rupee terms.
- (b) Applicants applying under RII category, Retail Individual Shareholder and employees are only eligible for discount. For Discounts offered in the Issue, Applicants may refer to the Prospectus.
- (c) The Applicants entitled to the applicable Discount in the Issue may make payment for an amount i.e. the Application Amount less Discount (if applicable).

Applicants may note that in case the net payment (post Discount) is more than two lakh Rupees, the bidding system automatically considers such Application for allocation under Non-Institutional Category. These Applications are neither eligible for Discount nor fall under RII category.

4.1.8 FIELD NUMBER 8: SIGNATURES AND OTHER AUTHORISATIONS

- (a) Only the First Applicants is required to sign the Application Form. Applicants should ensure that signatures are in one of the languages specified in the Eighth Schedule to the Constitution of India.
- (b) If the ASBA Account is held by a person or persons other than the Applicants, then the Signature of the ASBA Account holder(s) is also required.
- (c) In relation to the Application, signature has to be correctly affixed in the authorization/undertaking box in the 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 amount mentioned in the Application Form.
- (d) Applicants must note that Application Form without signature of Applicant and /or ASBA Account holder is liable to be rejected.

4.1.9 ACKNOWLEDGEMENT AND FUTURE COMMUNICATION

- (a) Applicants should ensure that they receive the acknowledgment duly signed and stamped by Designated Intermediary, as applicable, for submission of the Application Form.
- (b) All communications in connection with application made in the Issue should be addressed as under:
 - i. In case of queries related to Allotment, non-receipt of Allotment Advice, credit of allotted equity shares, the Applicants should contact the Registrar to the Issue.
 - ii. In case of ASBA application submitted to the Designated Branches of the SCSBs, the Applicants should contact the relevant Designated Branch of the SCSB.
 - iii. Applicants may contact the Company Secretary and Compliance Officer or Lead Manager in case of any other complaints in relation to the Issue.
 - iv. In case of queries relating to uploading of application by a Syndicate Member, the Applicants should contact the relevant Syndicate Member.
 - v. In case of queries relating to uploading of application by a Registered Broker, the Applicants should contact the relevant Registered Broker
 - vi. In case of application submitted to the RTA, the Applicants should contact the relevant RTA.

- vii. In case of application submitted to the DP, the Applicants 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 Applicants, Application Form number, Applicants' DP ID, Client ID, PAN, number of Equity Shares applied for, amount paid on application.
 - ii. name and address of the Designated Intermediary, where the application was submitted; or

For further details, Applicants may refer to the Prospectus and the Application Form.

4.2 INSTRUCTIONS FOR FILING THE REVISION FORM

- (a) During the Issue Period, any Applicant (other than QIBs and NIIs, who can only revise their Application amount upwards) who has registered his or her interest in the Equity Shares for a particular number of shares is free to revise number of shares applied using revision forms available separately.
- (b) RII may revise / withdraw their application till closure of the Issue period.
- (c) Revisions can be made only in the desired number of Equity Shares by using the Revision Form.
- (d) The Applicant can make this revision any number of times during the Issue Period. However, for any revision(s) in the Applicants, will have to use the services of the SCSB through which such Applicant had placed the original Application.

A sample Revision form is reproduced below:

Other than instructions already highlighted at paragraph 4.1 above, point wise instructions regarding filling up various fields of the Revision Form are provided below:

COMMON BID REVISION FORM	XYZ LIMITED - INITIAL PUBLIC ISSUE - R	FOR RESIDENT INDIANS, INCLUDING RESIDENT QIBs, AND ELIGIBLE NRI, APPLYING ON A NON-REPATRIATION BASIS
TO, THE BOARD OF DIRECTORS XYZ LIMITED	Address : Contact Details : CIN No.	Bid cum Application Form No.
LOGO	BOOK BUILT ISSUE ISIN :	

SYNDICATE MEMBER'S STAMP & CODE	BROKER/SCSB/DP/RTA STAMP & CODE	1. NAME & CONTACT DETAILS OF SOLE / FIRST BIDDER
		Mr. / Ms.
		Address :
		Tel. No. (with STD code) / Mobile : Email :
SUB-BROKER'S / SUB-AGENT'S STAMP & CODE	ESCROW BANK/SCSB BRANCH STAMP & CODE	2. PAN OF SOLE / FIRST BIDDER
	
BANK BRANCH SERIAL NO.	SCSB SERIAL NO.	3. BIDDER'S DEPOSITORY ACCOUNT DETAILS
	 NSDL CDSL
For NSDL, enter 8 digit DP ID followed by 8 digit Client ID / For CDSL, enter 16 digit Client ID		

PLEASE CHANGE MY BID									
Bid Options	No. of Equity Shares: Bid (Bid must be in multiples of Bid Lot as advertised)								
	(In Figures)								
	8	7	6	5	4	3	2	1	
Option 1									
(OR) Option 2									
(OR) Option 3									
5. TO (Revised Bid) (Only Retail Individual Bidders can Bid at "Cut-off")									
Bid Options	No. of Equity Shares: Bid (Bid must be in multiples of Bid Lot as advertised)								
	(In Figures)								
	8	7	6	5	4	3	2	1	
Option 1									
(OR) Option 2									
(OR) Option 3									

6. PAYMENT DETAILS		PAYMENT OPTION : FULL PAYMENT <input type="checkbox"/> PART PAYMENT <input type="checkbox"/>	
Additional Amount Paid (₹ in figures) :		(₹ in words) :	
ASBA Bank A/c No.			
Bank Name & Branch :			

7A. SIGNATURE OF SOLE / FIRST BIDDER	7B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(s) (AS PER BANK RECORDS)	BROKER / SCSB / DP / RTA STAMP (Acknowledging upload of Bid in Stock Exchange system)
Date :	1) 2) 3)	

LOGO	XYZ LIMITED BID REVISION FORM - INITIAL PUBLIC ISSUE - R	Acknowledgement Slip for Broker/SCSB/ DP/RTA	Bid cum Application Form No.
DPID / CIN		PAN of Sole / First Bidder	
Additional Amount Paid (₹)		Bank & Branch	Stamp & Signature of SCSB Branch
ASBA Bank A/c No.			
Received from Mr./Ms.			
Telephone / Mobile :		Email :	

XYZ LIMITED - BID REVISION FORM - INITIAL PUBLIC ISSUE - R				
Option 1	Option 2	Option 3	Stamp & Signature of Broker / SCSB / DP / RTA	Name of Sole / First Bidder
No. of Equity Shares				
Bid Price				
Additional Amount Paid (₹)			Acknowledgement Slip for Bidder	
ASBA Bank A/c No.			Bid cum Application Form No.	
Bank & Branch :				

Instructions to fill each field of the Revision Form can be found on the reverse side of the Revision Form. Other than instructions already highlighted at paragraph 4.1 above, point wise instructions regarding filling up various fields of the Revision Form are provided below:

4.2.1 FIELDS 1, 2 AND 3: NAME AND CONTACT DETAILS OF SOLE/FIRST APPLICANT , PAN OF SOLE/FIRST APPLICANT & DEPOSITORY ACCOUNT DETAILS OF THE APPLICANT

Applicants should refer to instructions contained in paragraphs 4.1.1, 4.1.2 and 4.1.3.

4.2.2 FIELD 4 & 5: APPLICATION REVISION ‘FROM’ AND ‘TO’

- (a) Apart from mentioning the revised number of shares in the Revision Form, the Applicants must also mention the details of shares applied for given in his or her Application Form.
- (b) In case of revision of application by RIIs, Employees and Retail Individual Shareholders, such Applicants should ensure that the application Amount, should not exceed Rs. 200,000. In case the application Amount exceeds Rs. 200,000 due to revision of the application or for any other reason, the application may be considered, subject to eligibility, for allocation under the Non-Institutional Category.

4.2.3 FIELD 6: PAYMENT DETAILS

- a) All Applicants are required to make payment of the full application amount along with the Revision Form.
- b) Applicant may Issue instructions to block the revised amount in the ASBA Account, to Designated Branch through whom such Applicant had placed the original application to enable the relevant SCSB to block the additional application amount, if any.

4.2.4 FIELDS 7: SIGNATURES AND ACKNOWLEDGEMENTS

Applicants may refer to instructions contained at paragraphs 4.1.8 and 4.1.9 for this purpose.

4.3 SUBMISSION OF REVISION FORM/ APPLICATION FORM

4.3.1 Applicants may submit completed application form / Revision Form in the following manner:

Mode of Application	Submission of Application Form
All Application	To the Designated Intermediary

SECTION 5: ISSUE PROCEDURE IN FIXED PRICE ISSUE

This being Book Built Issue, this section is not applicable for this Issue.

SECTION 6: ISSUE PROCEDURE IN BOOK BUILT ISSUE

Book Building, in the context of the Offer, refers to the process of collection of Bids within the Price Band or above the Floor Price and determining the Offer Price based on the Bids received as detailed in Schedule XI of SEBI ICDR Regulations. The Offer Price is finalised after the Bid/Offer Closing Date. Valid Bids received at or above the Offer Price are considered for allocation in the Issue, subject to applicable regulations and other terms and conditions

6.1 SUBMISSION OF BIDS

- (a) During the Bid/Offer Period, ASBA Bidders/Applicants may approach any of the Designated Intermediary 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/Applicants (excluding NIIs and QIBs) bidding at Cut-off Price, the Bidders/Applicants may instruct the SCSBs to block Bid Amount based on the Cap Price less discount (if applicable).
- (c) For Details of the timing on acceptance and upload of Bids in the Stock Exchanges Platform Bidders/Applicants are requested to refer to the RHP.

6.2 ELECTRONIC REGISTRATION OF BIDS

- (d) 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.
- (e) On the Bid/Offer Closing Date, the Designated Intermediaries may upload the Bids till such time as may be permitted by the Stock Exchanges.
- (f) Only Bids that are uploaded on the Stock Exchanges Platform are considered for allocation/ Allotment. The Designated Intermediaries are given till 1:00 pm on the day following the Bid/Offer Closing Date to modify select fields uploaded in the Stock Exchange Platform during the Bid/Offer Period after which the Stock Exchange(s) send the bid information to the Registrar to the Offer for further processing.

6.3 BUILD UP OF THE BOOK

- (g) Bids received from various Bidders/Applicants 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/Offer Period.

- (b) Based on the aggregate demand and price for Bids registered on the Stock Exchanges Platform, a graphical representation of consolidated demand and price as available on the websites of the Stock Exchanges may be made available at the Bidding centres during the Bid/Offer Period.

6.4 WITHDRAWAL OF BIDS

- (a) RIIs can withdraw their Bids until Bid/Offer Closing Date. In case a RII wishes to withdraw the Bid, the same can be done by submitting a request for the same to the concerned Designated Intermediary, who shall do the requisite, including unblocking of the funds by the SCSB in the ASBA Account.
- (b) The Registrar to the Offer shall give instruction to the SCSB for unblocking the ASBA Account upon or after the finalization of basis of Allotment. QIBs and NIIs can neither withdraw nor lower the size of their Bids at any stage.

6.5 REJECTION & RESPONSIBILITY FOR UPLOAD OF BIDS

- (c) The Designated Intermediaries are individually responsible for the acts, mistakes or errors or omission in relation to
 - i. The Bids accepted by the Designated Intermediary;
 - ii. The Bids uploaded by the Designated Intermediary; and

- iii. The Bid cum application forms accepted but not uploaded by the Designated Intermediaries.

Any RII whose Bid has not been considered for Allotment, due to failures on the part of the SCSB may seek redressal from the concerned SCSB within three (3) months of the listing date in accordance with the circular SEBI/HO/CFD/DIL2/CIR/P/2018/22 dated February 15, 2018.

- (d) 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.
- (e) 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.
- (f) 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.
- (g) All bids by QIBs, NIIs & RIIs Bids can be rejected on technical grounds listed herein.

6.5.1 GROUND FOR TECHNICAL REJECTIONS

Bid cum Application Forms/Application Form can be rejected on the below mentioned technical grounds either at the time of their submission to any of the Designated Intermediaries, or at the time of finalisation of the Basis of Allotment. Bidders/Applicants are advised to note that the Bids/Applications are liable to be rejected, inter-alia, on the following grounds, which have been detailed at various places in this GID:-

- 6.5.1.1 Bid/Application by persons not competent to contract under the Indian Contract Act, 1872, as amended, (other than minors having valid Depository Account as per Demographic Details provided by Depositories);
- 6.5.1.2 Bids/Applications of Bidders (other than Anchor Investors) accompanied by cash, draft, cheques, money order or any other mode of payment other than amounts blocked in the Bidders' ASBA Account maintained with an SCSB;
- (c) Bids/Applications by OCBs;
- (d) In case of partnership firms, Bid/Application for Equity Shares made in the name of the firm. However, a limited liability partnership can apply in its own name;
- (e) In case of Bids/Applications under power of attorney or by limited companies, corporate, trust etc., relevant documents are not being submitted along with the Bid cum application form/Application Form;
- (f) Bids/Applications by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
- (g) Bids/Applications by any person outside India if not in compliance with applicable foreign and Indian laws;
- (h) Bids/Applications by persons in the United States;
- (i) DP ID and Client ID not mentioned in the Bid cum Application Form/Application Form;
- (j) PAN not mentioned in the Bid cum Application Form/Application Form except for Bids/Applications by or on behalf of the Central or State Government and officials appointed by the court and by the investors residing in the State of Sikkim, provided such claims have been verified by the Depository Participant;

- (k) In case no corresponding record is available with the Depositories that matches the DP ID, the Client ID and the PAN;
- (l) Bids/Applications for lower number of Equity Shares than the minimum specified for that category of investors;
- (m) Bids/Applications at a price less than the Floor Price & Bids/Applications at a price more than the Cap Price;
- (n) Bids/Applications at Cut-off Price by NIIs and QIBs;
- (o) 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;
- (p) Bids/Applications for amounts greater than the maximum permissible amounts prescribed by the regulations;
- (q) Submission of more than five Bid cum Application Forms/Application Form as per ASBA Account;
- (r) Bids/Applications for number of Equity Shares which are not in multiples Equity Shares which are not in multiples as specified in the RHP;
- (s) Multiple Bids/Applications as defined in this GID and the RHP/Prospectus;
- (t) Bid cum Application Forms/Application Forms are not delivered by the Bidders/Applicants within the time prescribed as per the Bid cum Application Forms/Application Form, Bid/Offer Opening Date advertisement and as per the instructions in the RHP and the Bid cum Application Forms;
- (u) Bank account mentioned in the Bid cum Application Form may not be an account maintained by SCSB. Inadequate funds in the bank account to block the Bid/Application Amount specified in the Bid cum Application Form/ Application Form at the time of blocking such Bid/Application Amount in the bank account;
- (v) In case of Anchor Investors, Bids/Applications where sufficient funds are not available in Escrow Accounts as per final certificate from the Escrow Bank;
- (w) Where no confirmation is received from SCSB for blocking of funds;
- (x) Bids/Applications by Bidders (other than Anchor Investors) not submitted through ASBA process;
- (y) Bid cum Application Form submitted to Designated Intermediaries at locations other than the Bidding Centers or to the Escrow Bank (assuming that such bank is not a SCSB where the ASBA Account is maintained), to the issuer or the Registrar to the Offer;
- (z) Bids/Applications not uploaded on the terminals of the Stock Exchanges;
- (aa) Bids/Applications by SCSBs wherein a separate account in its own name held with any other SCSB is not mentioned as the ASBA Account in the Bid cum Application Form/Application Form.

6.6 BASIS OF ALLOCATION

- (a) The SEBI ICDR Regulations specify the allocation or Allotment that may be made to various categories of Bidders/Applicants in an Offer depending on compliance with the eligibility conditions. Certain details pertaining to the percentage of Offer size available for allocation to each category is disclosed overleaf of the Bid cum Application Form and in the

RHP / Prospectus. For details in relation to allocation, the Bidder/Applicant may refer to the RHP / Prospectus.

- (b) Under-subscription in any category (except QIB category) is allowed to be met with spill-over from any other category or combination of categories at the discretion of the Issuer and in consultation with the BRLM and the Designated Stock Exchange and in accordance with the SEBI ICDR Regulations. Unsubscribed portion in QIB Category is not available for subscription to other categories.
- (c) In case of under subscription in the Net Issue, spill-over to the extent of such under-subscription may be permitted from the Reserved Portion to the Net Issue. For allocation in the event of an under-subscription applicable to the Issuer, Bidders/Applicants may refer to the RHP.
- (d) **Illustration of the Book Building and Price Discovery Process**

Bidders should note that this example is solely for illustrative purposes and is not specific to the 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 ₹20 to ₹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	Bid Amount	Cumulative	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., ₹22.00 in the above example. The issuer, in consultation with the book running lead managers, may finalise the Offer Price at or below such cut-off price, i.e., at or below ₹22.00. All bids at or above this Offer Price and cut-off bids are valid bids and are considered for allocation in the respective categories.

(e) Alternate Method of Book Building

In case of FPOs, Issuers may opt for an alternate method of Book Building in which only the Floor Price is specified for the purposes of Bidding (“**Alternate Book Building Process**”).

The Issuer may specify the Floor Price in the RHP or advertise the Floor Price at least one Working Day prior to the Bid/Offer Opening Date. QIBs may Bid at a price higher than the Floor Price and the Allotment to the QIBs is made on a price priority basis. The Bidder with the highest Bid Amount is allotted the number of Equity Shares Bid for and then the second highest Bidder is Allotted Equity Shares and this process continues until all the Equity Shares have been allotted. RIIs, NIIs and Employees Are Allotted Equity Shares at the Floor Price and allotment to these categories of Bidders is made proportionately. If the number of Equity Shares Bid for at a price is more than available quantity, then the Allotment may be done on a proportionate basis. Further, the Issuer may place a cap either in terms of number of specified securities or percentage of issued capital of the Issuer that may be Allotted to a single Bidder, decide whether a Bidder be allowed to revise the bid upwards or downwards in term or quantity and also decide whether a Bidder be allowed single or multiple bids.

SECTION 7: ALLOTMENT PROCEDURE AND BASIS OF ALLOTMENT

7.1 BASIS OF ALLOTMENT

Allotment will be made in consultation with the National Stock Exchange of India Limited (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 over subscription ratio (number of Applicants in the category x number of Shares applied for).
- (b) The number of Shares to be allocated to the successful Applicants will be arrived at on a proportionate basis in marketable lots (i.e. Total number of Shares applied for into the inverse of the over subscription ratio).
- (c) For applications where the proportionate allotment works out to less than 2,000 equity shares the allotment will be made as follows: i. Each successful Applicant shall be allotted 2,000 equity shares; and ii. The successful Applicants out of the total applicants for that category shall be determined by the withdrawal of lots in such a manner that the total number of Shares allotted in that category is equal to the number of Shares worked out as per (b) above.
- (d) If the proportionate allotment to an Applicant works out to a number that is not a multiple of 2,000 equity shares, the Applicant would be allotted Shares by rounding off to the nearest multiple of 2,000 equity shares subject to a minimum allotment of 2,000 equity shares.
- (e) If the Shares allotted on a proportionate basis to any category is more than the Shares allotted to the Applicants in that category, the balance available Shares or allocation shall be first adjusted against any category, where the allotted Shares are not sufficient for proportionate allotment to the successful Applicants in that category, the balance Shares, if any, remaining after such adjustment will be added to the category comprising Applicants applying for the minimum number of Shares. If as a result of the process of rounding off to the nearest multiple of 2,000 Equity Shares, results in the actual allotment being higher than the shares offered, the final allotment may be higher at the sole discretion of the Board of Directors, up to 110% of the size of the offer specified under the Capital Structure mentioned in the Prospectus.
- (f) The above proportionate allotment of Shares in an Issue that is oversubscribed shall be subject to the reservation for Retail individual Applicants as described below:
 - i. As per Regulation 43 (4) of SEBI (ICDR), as the retail individual investor category is entitled to more than fifty per cent on proportionate basis, the retail individual investors shall be allocated that higher percentage.
 - ii. The balance net offer of shares to the public shall be made available for allotment to
 - individual applicants 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 applicants in the other category, if so required. 'Retail Individual Investor' means an investor who applies for shares of value of not more than Rs. 2,00,000/-. Investors may note that in case of over subscription allotment shall be on proportionate basis and will be finalized in consultation with National Stock Exchange of India Limited.

The Executive Director / Managing Director of National Stock Exchange of India Limited - the Designated Stock Exchange in addition to Lead Manager and Registrar to the Public Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner in accordance with SEBI (ICDR) Regulations.

7.2 DESIGNATED DATE AND ALLOTMENT OF EQUITY SHARES

- (a) **Designated Date:** On the Designated Date, the Registrar to the Issue shall instruct SCSBs to transfer the funds represented by allocation of Equity Shares from ASBA Accounts into the Public Issue Account.

- (b) **Issuance of Allotment Advice:** Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall upload the same on its website. On the basis of the approved Basis of Allotment, the Issuer shall pass necessary corporate action to facilitate the Allotment and credit of Equity Shares. Applicants are advised to instruct their Depository Participant to accept the Equity Shares that may be allotted to them pursuant to the Issue. Pursuant to confirmation of such corporate actions, the Registrar will dispatch Allotment Advice to the Applicants who have been Allotted Equity Shares in the Issue.
- (c) The dispatch of Allotment Advice shall be deemed a valid, binding and irrevocable contract.
- (d) Issuer will ensure that: (i) the Allotment of Equity Shares; and (ii) credit of shares to the successful Applicant Depository Account will be completed within six Working Days of the Issue Closing Date. The Issuer also ensures the credit of shares to the successful Applicants depository account is completed within five Working Day from the Issue Close 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 the Stock Exchanges are taken within 6 (six) Working Days of the Issue Closing Date. The Registrar to the Issue may give instructions for credit to Equity Shares the beneficiary account with CDPs, and dispatch the Allotment Advice within 6 (six) Working Days of the Issue Closing Date.

8.2 GROUNDS FOR FUND/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. The Stock Exchange from where such permission is sought are disclosed in Prospectus. The Designated Stock Exchange may be as disclosed in the Prospectus with which the Basis of Allotment may be finalised.

If the permissions to deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchange(s), the Issuer may forthwith repay, without interest, all moneys received from the Applicants in pursuance of the Prospectus.

If such money is not repaid within eight days after the Issuer becomes liable to repay it, then the Issuer and every director of the Issuer who is an officer in default may, on and from such expiry of eight days, be liable to repay the money, with interest at such rate, as prescribed under Section 73 of the Companies Act, 2013 and as disclosed in the Prospectus.

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 read with Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended, if the “amount stated in the prospectus as minimum amount” has not been subscribed and the sum payable on application is not received within a period of 30 days from the date of the Prospectus or such other period as may be specified by the Securities and Exchange Board, 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 to 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 at the rate of 15% p.a.

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 UNBLOCKING OF FUND/REFUND

Within six (6) Working Days of the Issue Closing Date, the Registrar to the Issue may give instructions to SCSBs for unblocking the amount in ASBA Account on unsuccessful Application and also for any excess amount blocked on Application 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 if demat credits are not made to Applicants or instructions for unblocking of funds in the ASBA Account are not dispatched within the six Working days of the Issue Closing Date.

The Issuer may pay interest at 15% per annum for any delay beyond 15 days from the Issue Closing Date, if Allotment is not made.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is governed by the provisions of the FEMA Regulations. Foreign investment is permitted (except in the prohibited sectors) in Indian companies, either through the automatic route or the approval route, depending upon the sector in which foreign investment is sought to be made. The DIPP makes policy announcements on FDI through press notes and press releases which are notified by the RBI as amendments to the FEMA Regulations. In case of any conflict, the FEMA Regulations prevail. The regulatory framework, over a period of time, thus, consists of acts, regulations, press notes, press releases, and clarifications among other amendments. The Government of India has from time to time made policy pronouncements on FDI through press notes and press releases. The DIPP issued the Consolidated Foreign Direct Investment Policy notified by the D/o IPP F. No. 5(1)/2017-FC-1 dated August 28, 2017 which with effect from August 28, 2017 (the “FDI Policy”), consolidates and supersedes all previous pressnotes, press releases and clarifications on FDI issued by the DIPP that were in force and effect prior to August 28, 2017. The Government of India proposes to update the consolidated circular on FDI Policy once every year and therefore, the FDI Policy will be valid until the DIPP issues an updated circular.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the RBI, provided that (i) the activities of the investee company are under the automatic route under the foreign direct investment policy and transfer does not attract the provisions of the Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI and the RBI.

As per the existing policy of the Government of India, OCBs cannot participate in this Issue.

The above information is given for the benefit of the Bidders. Our Company and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

SECTION 9: GLOSSARY AND ABBREVIATIONS

Unless the context otherwise indicates or implies, certain definitions and abbreviations used in this document may have the meaning as provided below. References to any legislation, act or regulation may be to such legislation, act or regulation as amended from time to time.

Term	Description
Acknowledgement Slip	The slip or document issued by the Designated Intermediary to an Applicant as proof of registration of the Application.
Allot/ Allotment/ Allotted of Equity Shares	Unless the context otherwise requires, issue/allotment of Equity Shares of our Company pursuant to the Issue of Equity Shares to the successful Applicants.
Allocation/ Allotment of Equity Shares	The Allocation of Equity Shares of our Company pursuant to Issue of Equity Shares to the successful Applicants.
Allotment Advice	Note or advice or intimation of Allotment sent to the Applicants who have been allotted Equity Shares after the Basis of Allotment has been approved by the Designated Stock Exchange.
Allottee (s)	A Successful applicant (s) to whom the Equity Shares are being/ have been issued /allotted.
Applicant / Investor	Any prospective investor who makes an application pursuant to the terms of this Draft Red Herring Prospectus and the Application Form.
Application Amount	The amount at which the prospective investors shall apply for Equity Shares of our Company in terms of this Draft Red Herring Prospectus.
Application Form	The form, whether physical or electronic, used by an Applicant to make an application, which will be considered as the application for Allotment for purposes of this Draft Red Herring Prospectus.
Application Supported by Blocked Amount / ASBA	<p>An application, whether physical or electronic, used by all applicants to make an application authorizing a SCSB to block the application amount in the ASBA Account maintained with the SCSB.</p> <p><i>Pursuant to SEBI Circular dated November 10, 2015 and bearing Reference No. CIR/CFD/POLICYCELL/11/2015 which shall be applicable for all public issues opening on or after January 01, 2016, all the investors can apply through ASBA process.</i></p>
ASBA Account	Account maintained by an ASBA applicant with a SCSB which will be blocked by such SCSB to the extent of the Application Amount of the ASBA Applicant.
ASBA Applicant	Any Applicant who intends to apply through ASBA Process.
ASBA Application Location (s)/ Specified Cities	Locations at which ASBA Applications can be uploaded by the SCSBs, namely Mumbai, New Delhi, Chennai, Kolkata, Ahmedabad, Bangalore, Hyderabad and Pune.
Basis of Allotment	The basis on which the Equity Shares will be allotted as described in the section titled "Issue Procedure - Basis of Allotment" beginning on page [●] of this Draft Red Herring Prospectus.
Broker Centres	Broker centres notified by the Stock Exchange, where the Applicants can submit the Application Forms to a Registered Broker.
CAN or Confirmation of Allocation Note	The note or advice or intimation sent to each successful Applicant indicating the Equity Shares which will be Allotted, after approval of Basis of Allotment by the Designated Stock Exchange.
Client ID	Client Identification Number maintained with one of the Depositories in relation to demat account
Collecting Depository Participant or CDP	A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Applications at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI.
Controlling Branches of SCSBs	Such branches of the SCSBs which co-ordinate Applications under this Issue made by the Applicants with the Book Running Lead Manager, the Registrar to the Issue and the Stock Exchange, a list of which is provided on http://www.sebi.gov.in or at

Term		Description
		<u>such other website as may be prescribed by SEBI from time to time.</u>
Demographic Details		The demographic details of the Applicants such as their Address, PAN, Occupation and Bank Account details.
Designated Intermediaries /Collecting Agent		Syndicate Members, Sub-Syndicate/Agents, SCSBs, Registered Brokers, Brokers, the CDPs and RTAs, who are authorized to collect Application Forms from the Applicants, in relation to the Issue.
Depository/ Depositories		A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996 as amended from time to time, being NSDL and CDSL.
Depository Participant/DP		A depository participant as defined under the Depositories Act, 1966.
Designated Branches	SCSB	Such branches of the SCSBs which shall collect the ASBA Application Form from the ASBA Applicant and a list of which is available on the website of SEBI at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries or at such other website as may be prescribed by SEBI from time to time.
Designated Locations	CDP	Such locations of the CDPs where Applicant can submit the Application Forms to Collecting Depository Participants. The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept Application Forms are available on the website of the Stock Exchange i.e. www.nseindia.com
Designated Locations	RTA	Such locations of the RTAs where Applicant can submit the Application Forms to RTAs. The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept Application Forms are available on the website of the Stock Exchange i.e. www.nseindia.com
Designated Date		On the Designated Date, the SCSBs shall transfer the funds represented by allocation of Equity Shares into the Public Issue Account with the Bankers to the Issue.
Draft Red Herring Prospectus		This Draft Red Herring Prospectus dated December 29, 2018 issued in accordance with Section 32 of the Companies Act, 2013.
Designated Market Maker	Market	[●]
Designated Stock Exchange	Stock	Emerge Platform of National Stock Exchange of India Limited.
Eligible NRI(s)		NRI(s) from such jurisdiction outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom this Draft Red Herring Prospectus constitutes an invitation to subscribe for the Equity Shares offered herein on the basis of the terms thereof.
Electronic Transfer of Funds		Refunds through ECS, NEFT, Direct Credit or RTGS as applicable.
Emerge Platform		The EmERGE Platform of National Stock Exchange of India Limited for listing equity shares offered under Chapter IX of the SEBI (ICDR) Regulation which was approved by SEBI as an SME Exchange.
FII / Foreign Institutional Investors		Foreign Institutional Investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995, as amended) registered with SEBI under applicable laws in India.
First/Sole Applicant		The Applicant whose name appears first in the Application Form or Revision Form.
General Information Document		The General Information Document for investing in public issues prepared and issued in accordance with the Circular (CIR/CFD/DIL/12/2013) dated October 23, 2013, notified by SEBI <i>read with SEBI Circular dated November 10, 2015 and bearing Reference No. CIR/CFD/POLICYCELL/11/2015 which shall be applicable for all public issues opening on or after January 01, 2016, all the investors can apply through ASBA process.</i>
Issue Agreement		The Agreement dated April 18, 2018 between our Company and Book Running Lead Manager.
Issue Closing Date		[●]
Issue Opening Date		[●]
Issue Period		The period between the Issue Opening Date and the Issue Closing Date inclusive of both days and during which prospective Applicants can submit their Applications.

Term	Description
Issue Price	The price at which Equity Shares will be issued and allotted by our Company being ₹[●] per Equity Share of face value of ₹10 each fully paid.
Issue Proceeds	Proceeds to be raised by our Company through this Issue, for further details please refer to section titled "Objects of the Issue" beginning on page 64 of this Draft Red Herring Prospectus.
Issue/ Issue Size/ Initial Public Issue/ Initial Public Offer/ Initial Public Offering/ IPO	Public issue of upto [●] equity shares of face value of ₹10 each (" Equity Shares ") of Bhadra Paper Mills Limited (" Company " or " Issuer ") for cash at a price of ₹[●] per Equity Share (including a share premium of ₹[●] per equity share) (" Offer Price "), aggregating up to ₹ 5,100 lakhs (the " Issue ") consisting of fresh issue of upto [●] Equity Shares aggregating up to ₹ 4,700 lakhs (" Fresh Issue ") and an offer for sale of [●] Equity Shares by Mr. Subbaraju Lakshman (" Selling Shareholder ") aggregating up to ₹ 400 lakhs (" Offer for Sale "). The Issue comprises of upto [●] Equity Shares of face value ₹10 each for cash at a price of ₹[●] per equity share, aggregating up to ₹[●] lakhs which 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 ₹10 each for cash at a price of ₹[●] per equity share, aggregating up to ₹[●] lakhs 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 our Company.
BRLM / Book Running Lead Manager	The Book Running Lead Manager for the Issue being Arihant Capital Markets Limited.
Market Maker	Member Brokers of NSE who are specifically registered as Market Makers with the National Stock Exchange of India Limited. In our case, [●] (Registration No. [●]).
Market Making Agreement	The Market Making Agreement dated ₹[●] between our Company and Market Maker [●].
Market Maker Reservation Portion	The reserved portion of [●] Equity Shares of ₹10 each at an Issue Price of ₹[●] each to be subscribed by Market Maker.
Mutual Fund(s)	Mutual fund(s) registered with SEBI pursuant to the SEBI (Mutual Funds) Regulations, 1996, as amended.
Net Issue	The Issue (excluding the Market Maker Reservation Portion) of [●] equity shares of face value ₹10 each of Bhadra Paper Mills Limited for cash at a price of ₹[●] per Equity Share (the " Issue Price "), including a share premium of ₹[●] per equity share aggregating up to ₹[●] lakhs.
Net Proceeds	The Issue Proceeds, less the Issue related expenses, received by our Company.
Non-Institutional Investors or NIIs	All Applicants, including sub-accounts of FIIs registered with SEBI which are foreign corporate or foreign individuals, that are not QIBs or Retail Individual Investors and who have applied for Equity Shares for an amount of more than ₹2,00,000 (but not including NRIs other than Eligible NRIs).
Overseas Corporate Body / OCB	Overseas Corporate Body means and includes an entity defined in clause (xi) of Regulation 2 of the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCB's) Regulations 2003 and which was in existence on the date of the commencement of these Regulations and immediately prior to such commencement was eligible to undertake transactions pursuant to the general permission granted under the Regulations. OCBs are not allowed to invest in this Issue.
Other Investors	Investors other than Retail Individual Investors. These include individual applicants other than retail individual investors and other investors including corporate bodies or institutions irrespective of the number of specified securities applied for.
Payment through electronic means	Payment through NECS, NEFT, or Direct Credit, as applicable.
Person/ Persons	Any individual, sole proprietorship, unincorporated association, unincorporated organization, body corporate, corporation, company, partnership, limited liability company, joint venture, or trust, or any other entity or organization validly constituted and/or incorporated in the jurisdiction in which it exists and operates, as the context requires.
Prospectus	The Prospectus, to be filed with the RoC in accordance with the provisions of Section 32 of the Companies Act, 2013.
Public Issue Account	The Bank Account opened with the Banker(s) to this Issue under section 40 of the

Term	Description
	Companies Act, 2013 to receive monies from the SCSBs from the bank accounts of the ASBA Applicants on the Designated Date.
Qualified Foreign Investor/ QFIs	Non-resident investors other than SEBI registered FIIs or sub-accountants or SEBI registered FCVIs who meet know your client requirements prescribed by SEBI.
Qualified Institutional Buyers or QIBs	A Mutual Fund, Venture Capital Fund, Alternative Investment Fund and Foreign Venture Capital investor registered with the Board, a foreign portfolio investor other than Category III foreign portfolio investor, registered with the Board; a public financial institution as defined in Section 2(72) of the Companies Act, 2013; a scheduled commercial bank; a multilateral and bilateral development financial institution; a state industrial development corporation; an insurance Company registered with the Insurance Regulatory and Development Authority; a provident fund with minimum corpus of ₹2500.00 Lakhs; a pension fund with minimum corpus of ₹2500.00 Lakhs rupees; National Investment Fund set up by resolution No. F. No. 2/3/2005 – DDII dated November 23, 2005 of the Government of India published in the Gazette of India, insurance funds set up and managed by army, navy or air force of the Union of India and insurance funds set up and managed by the Department of Posts, India and Systemically important non- banking financial companies.
Registered Brokers	Stock brokers registered with the stock exchanges having nationwide terminals, other than the Members of the Syndicate.
Registrar and Share Transfer Agents or RTAs	Registrar and share transfer agents registered with SEBI and eligible to procure Applications at the Designated RTA Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI.
Registrar/ Registrar to this Issue/RTI	Registrar to the Issue being Karvy Fintech Private Limited.
Registrar Agreement	The agreement dated [●], entered into between 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.
Reserved Category/ Categories	Categories of persons eligible for making application under reservation portion.
Reservation Portion	The portion of the Issue reserved for category of eligible Applicants as provided under the SEBI (ICDR) Regulations, 2018.
Revision Form	The form used by the Applicants to modify the quantity of Equity Shares in any of their Application Forms or any previous Revision Form(s).
Retail Individual Investors/RIIs	Individual Applicants or minors applying through their natural guardians, (<i>including HUFs in the name of Karta and Eligible NRIs</i>) who have applied for an amount less than or equal to ₹2 Lakhs in this Issue.
Self Certified Syndicate Bank(s) or SCSB(s)	Banks registered with SEBI, offering services in relation to ASBA, a list of which is available on the website of SEBI at www.sebi.gov.in/cms/sebi_data/attachdocs/1365051213899.html
Specified Cities	Cities as specified in the SEBI Circular No. CIR/CFD/DIL/1/2011 dated April 29, 2011, namely, Ahmedabad, Bangalore, Baroda (Vadodara), Chennai, Delhi, Hyderabad, Jaipur, Kolkata, Mumbai, Pune, Rajkot and Surat.
SME Exchange	Emerge Platform of National Stock Exchange of India Limited.
Stock Exchange	Emerge Platform of National Stock Exchange of India Limited (SME Platform).
Underwriter(s)	The Book Running Lead Manager who has underwritten this Issue pursuant to the provisions of the SEBI (ICDR) Regulations and the Securities and Exchange Board of India (Underwriters) Regulations, 1993, as amended from time to time.
Underwriting Agreement	The Agreement dated [●] entered into amongst the Underwriters and our Company.
Working Days	Any day, other than 2nd and 4th Saturday of the month, Sundays or public holidays, on which commercial banks in India are open for business, provided however, for the purpose of the time period between the Issue opening and Issue closing date and listing of the Equity Shares on the Stock Exchanges, "Working Days" shall mean all days, excluding Saturdays, Sundays and public holidays, which are working days for commercial banks in India.

SECTION VIII: MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Capitalised terms used in this section have the meaning given to such terms in the Articles of Association of the Company. Pursuant to Schedule I of the Companies Act, 2013 and the SEBI (ICDR) Regulations, the main provisions of the Articles of Association of the Company are detailed below:

I. CONSTITUTION OF THE COMPANY				
<i>Table F not to apply</i>	1.			Bhadra Paper Mills Limited is established with Limited Liability in accordance with and subject to the provisions of the Indian Companies Act, 1956, but none of the Regulations contained in the Table marked F in Schedule I to the Companies Act, 2013, shall be applicable to the Company except so far as the said Act or any modification there otherwise expressly provides.
<i>Company to be governed by these Articles</i>				The Regulations for management of the Company and for the observance of the members shall be such as are contained in these Articles.
II. INTERPRETATION				
<i>Interpretation Clause</i>	2	(a)		In the interpretation of these Articles, the following words and expressions shall have the following meanings, unless repugnant to the subject or context.
<i>“Alter”</i>			(i)	‘Alter’ and ‘Alteration’ shall include the making of additions and omissions.
<i>“Auditors”</i>			(ii)	‘Auditors’ means those Auditors appointed under the said Act.
<i>“A Company”</i>			(iii)	A Company means a company as defined under Section 2(20) of the Act.
<i>“Board”</i>			(iv)	‘Board’ means the Directors of the Company collectively, and shall include a committee thereof.
<i>“Body Corporate or Corporation”</i>			(v)	‘Body Corporate’ or ‘Corporation’ includes a company incorporated outside India but does not include, (1) a Co operative Society registered under any law relating to Co-operative Societies, (2) any other body corporate which the Central Government may by notification in the Official Gazette specify in that behalf.
<i>“The Company” or “This Company”</i>			(vi)	The Company’ or This Company’ means “Bhadra Paper Mills Limited” established as aforesaid.
<i>“The Companies Act 2013” “The said Act” or “The Act”</i>			(vii)	‘The Companies Act, 2013’, The said Act’, or The act’ and reference to any section or provision thereof respectively means and includes the Companies Act, 2013 (Act No. 18 of 2013) and any statutory modification thereof for the time being in force, and reference to the section or provision of the said Act or such statutory modification.

<i>“Debenture”</i>			(viii)	‘Debenture’ includes Debenture stock, bonds or any other instrument of a Company evidencing a debt, whether constituting a charge on the assets of the company or not.
<i>“Directors”</i>			(ix)	‘Directors’ means a director appointed to the Board of the company.
<i>“Dividend”</i>			(x)	‘Dividend’ shall include interim dividend.
<i>“Document”</i>			(xi)	‘Document’ includes summons, notice, requisition, order, declaration, form and register, whether issued, sent or kept in pursuance of this Act or under any other law for the time being in force or otherwise, maintained on paper or in electronic form.
<i>“Executor” or “Administrator”</i>			(xii)	“Executor” or “Administrator” means a person who has obtained probate or Letters of Administration, as the case may be, from a competent Court, and shall include the holder of a Succession Certificate authorising the holder thereof to negotiate or transfer the share or shares of the deceased members, and shall also include the holder of a Certificate granted by the Administrator-General of any State in India.
<i>“Financial Statements”</i>			(xiii)	“Financial Statements means: (i) a balance sheet as at the end of the financial year; (ii) a profit and loss account, or in the case of a company carrying on any activity not for profit, an income and expenditure account for the financial year; (iii) cash flow statement for the financial year; (iv) a statement of changes in equity, if applicable; and (v) any explanatory note annexed to, or forming part of, any document referred to in sub-clause (i) to sub-clause (iv)
<i>“In writing”</i>			(xiv)	“In writing” or “Written” shall include e-mail, and any other form of electronic transmission.
<i>“Independent Director”</i>			(xv)	“Independent Director” shall have the meaning ascribed to it in the Act.
<i>“Key Managerial Personnel”</i>			(xvi)	“Key Managerial Personnel” means the Chief executive officer or the managing director; the company secretary; whole-time director; chief financial officer; and such other officer as may be notified from time to time in the Rules.
<i>“Month”</i>			(xvii)	“Month” means calendar month.
<i>“National Holiday”</i>			(xviii)	“National Holiday” means the day declared as national holiday by the Central Government.

<i>“Office”</i>			(xix)	“Office” means the Registered Office for the time being of the Company.
<i>“Ordinary & Special Resolution”</i>			(xx)	“Ordinary Resolution” and “Special Resolution” shall have the meanings assigned to these terms by Section 114 of the Act.
<i>“Rules”</i>			(xxi)	“Rules” means any rule made pursuant to section 469 of the Act or such other provisions pursuant to which the Central Government is empowered to make rules, and shall include such rules as may be amended from time to time.
<i>“Secretary”</i>			(xxii)	“Secretary” is a Key Managerial Person appointed by the Directors to perform any of the duties of a Company Secretary.
<i>“Shareholders ‘or Members”</i>			(xxiii)	“Shareholders” or “Members” means the duly registered holder from time to time of the shares of the Company, , and shall include beneficial owners whose names are entered as a beneficial owner in the records of a depository.
<i>“The Seal”</i>			(xxiv)	“The Seal” means the common seal of the Company for the time being.
<i>“These presents”</i>		(b)		“These presents” means and includes the Memorandum and this Articles of Association.
<i>Singular Number</i>		(c)		Words importing the singular number include, where the context admits or requires, the plural number and vice versa.
<i>Gender</i>		(d)		Words importing the masculine gender also include the feminine gender.
<i>Persons</i>		(e)		Words importing persons shall, where the context requires, include bodies corporate and companies as well as individuals.
<i>Words and expressions defined in the Companies Act, 2013</i>		(f)		Subject as aforesaid, any words and expressions defined in the said Act as modified up to the date on which these Articles become binding on the Company shall, except where the subject or context otherwise requires, bear the same meanings in these Articles.
<i>Marginal Notes and other Headings</i>		(g)		The marginal notes and the headings given in these Articles shall not affect the construction hereof.
<i>Copies of the Memorandum and Articles to be Furnished</i>	3			The Company shall, on being so required by a Member, send to him within seven days of the requirement and subject to the payment of a fee of Rs. 100/-or such other fee as may be specified in the Rules for each copy of the documents specified in Section 17 of the said Act.

III. SHARE CAPITAL, VARIATION OF RIGHTS & BUY BACK				
<i>Capital and shares</i>	4			The Authorised Share Capital of the Company shall be such amount and be divided into such shares as may from time to time, be provided in 5 th clause of Memorandum of Association with power to Board of Directors to reclassify, subdivide, consolidate and increase and with power from time to time, to issue any shares of the original capital or any new capital with and subject to any preferential, qualified or special rights, privileges, or conditions may be, thought fit and upon the sub-division of shares to apportion the right to participate in profits, in any manner as between the shares resulting from sub-division. The Authorised Share Capital of the Company shall be such amount and be divided into such shares as may from time to time, be provided in the 5 th clause of Memorandum of Association with power to Board of Directors to reclassify, subdivide, consolidate and increase and with power from time to time, to issue any shares of the original capital or any new capital with and subject to any preferential, qualified or special rights, privileges, or conditions may be, thought fit and upon the sub-division of shares to apportion the right to participate in profits, in any manner as between the shares resulting from sub-division. If and whenever the capital of the Company is divided into shares of different classes, the rights of any such class may be varied, modified, affected, extended, abrogated or surrendered as provided by the said Act or by Articles of Association or by the terms of issue, but not further or otherwise.
<i>Provisions of Section 43, 47 of the Act to apply</i>	5			The provisions of Section 43, 47 of the Act in so far as the same may be applicable to issue of share capital shall be observed by the Company.
<i>Restrictions on Allotment</i>	6			The Directors shall have regard to the restrictions on the allotment of shares imposed by Section 39 and 40 of the said Act so far as those restrictions are binding on the Company.
<i>Commission for placing shares</i>	7.	(1)	(i)	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 in or debentures of the Company or procuring or agreeing to procure subscription (whether absolute or conditional) for any shares in or debentures of the Company and the provisions of Section 40 of the said Act shall be observed and complied with. Such commission shall not exceed the maximum permissible rate as prescribed in the Rules. Such commission may be paid in cash or by the allotment of Securities.

			(ii)	Company shall not pay any commission to any underwriter on securities which are not offered to public for subscription.
			(iii)	The number of shares or debentures which persons have agreed to for commission to subscribe absolutely or conditionally is disclosed in the manner aforesaid.
		(2)		Nothing in this clause shall affect the power of the Company to pay such brokerage as it may consider reasonable.
		(3)		A Vendor to, promoter of, other person who receives payment in shares, debentures or money from the Company shall have and shall be deemed always to have had power to apply any part of the shares, debentures or money so received in payment of any commission the payment of which, if made directly by the Company, would have been legal under this Articles.
		(4)		The commission may be paid or satisfied (subject to the provisions of the Act and these Articles) in cash or in share, debentures or debenture stock of the Company, (whether fully paid or otherwise) or in any combination thereof.
<i>Company not to give financial assistance for purchase of its own shares</i>	8.			Except as provided by the Act, the Company shall not, except by reduction of capital under the provisions of Sections 66 or Section 242 of the said Act, buy its own shares nor give, whether directly or indirectly, and whether by means of a loan, guarantee, provision of security or otherwise any financial assistance for the purpose of or in connection with purchase or subscription made or to be made by any person of or for any shares in the Company or in its holding company. Provided that nothing in this Article shall be taken to prohibit:
	8.1		(i)	the provision of money in accordance with any scheme approved by the Company through Special Resolution and in accordance with the requirements specified in the relevant Rules, for the purchase of, or subscription for, fully paid up Shares in the Company, if the purchase of, or the subscription for the Shares held by trustees for the benefit of the employees or such Shares held by the employee of the Company;
			(ii)	the giving of loans by the Company to persons in the employment of the Company other than its Directors or Key Managerial Personnel, for an amount not exceeding their salary or wages for a period of six months with a view to enabling them to purchase or subscribe for fully paid up Shares in the Company to be held by them by way of beneficial ownership. Nothing in this clause shall affect the right of the Company to redeem any shares issued under Section 55.
<i>Buy back of Shares</i>	8.2			Notwithstanding what is stated in Articles 8.1 above, in the event it is permitted by the Law and subject to such conditions, approvals or consents as may be laid down for the purpose, the Company shall have the power to buy-back its

				own shares, whether or not there is any consequent reduction of Capital. If and to the extent permitted by Law, the Company shall also have the power to re-issue the shares so bought back.
<i>Issue of Securities at a Premium</i>	9			The Company shall have power to issue Securities at a premium and shall duly comply with the provision of Sections 52 of the said Act.
<i>Issue of redeemable preference shares</i>	10			The Company may, subject to the provisions of Section 55 of the said Act, issue preference shares which are liable to be redeemed and may redeem such shares in any manner provided in the said section and may issue shares up to the nominal amount of the shares redeemed or to be redeemed. Where the Company has issued redeemable preference shares the provisions of the said section shall be complied with. The manner in which such shares shall be redeemed, shall be as provided by Article 80 unless the terms of issue otherwise provide.
IV. SHARES AND SHAREHOLDERS				
<i>Register of Members</i>	11	(1)		The Company shall cause to be kept and maintain the following registers namely: (a) Register of members indicating separately for each class of equity and preference shares held by each member residing in India or outside India; (b) Register of debenture-holders; and (c) Register of any other security holders: (d) including an index in respect of each of the registers to be maintained in accordance with Section 88 of the Act.
		(2)		The Company shall also comply with the provisions of Sections 92 of the Act as to filing Annual Returns.
		(3)		The Company shall duly comply with the provisions of Section 94 of the Act in regard to keeping of the Registers, Indexes, copies of Annual Returns and giving inspection thereof and furnishing copies thereof.
<i>Shares to be numbered progressively</i>	12			The shares in the capital shall be numbered progressively according to their several classes.
<i>Shares at the disposal of the Directors</i>	13			Subject to the provisions of the said Act and these Articles, the shares in the capital of the Company for the time being (including any shares forming part of any increased capital of the Company) shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any one of them to such persons on such proportion and on such terms and conditions and either at a premium or at par or (subject to compliance with the provisions of Section 54 of the Act) at a discount and at such times as they may from time to time think fit and proper and with sanction of the Company in General Meeting to give to any person the option to call for or be allotted shares of any class of the Company either at par or at premium or subject aforesaid at a discount during such time and for such

				consideration and such option being exercisable at such times as the Directors think fit and may allot and issue shares in the capital of the Company in lieu of services rendered to the Company or in the conduct of its business; and any shares which may be so allotted may be issued as fully paid up shares and if so issued shall be deemed to be fully paid up shares.
<i>Every share transferable etc.</i>	14	(1)		The shares or other interest of any member in the Company shall be movable property transferable in the manner provided by the Articles of the Company.
		(2)		Each share in the Company having a share capital shall be distinguished by its appropriate number.
		(3)		Certificates of Shares :
				A certificate under the Seal of the Company specifying any shares held by any Member shall be prima facie evidence of the title of the Member to such shares.
<i>Application of premiums received on issue of shares</i>	15	(1)		Where the Company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those Shares shall be transferred to an amount to be called "the securities premium account", and the provisions of the Act relating to the reduction of the Share Capital of a company shall except as provided in this clause, apply as if the securities premium account were paid-up share capital of the Company.
		(2)		The securities premium account may be applied by the Company for the purposes permissible pursuant to the Act
<i>Further issue of capital</i>	16			The Company shall comply with the provisions of Section 62 of the Act with regard to increasing the subscribed capital of the Company.
	17			If and whenever as the result of issue of new shares or any consolidation or subdivision of shares, any shares become held by members in fractions the Directors shall subject to the provisions of the Act and the Articles and to the directions of the Company in general meeting, if any, sell those shares which members hold in fractions for the best price reasonably obtainable and shall pay and distribute to and amongst the members entitled to such shares in due proportion, the net proceeds of the sale thereof. For the purpose of giving effect to any such sale the Directors may authorise any person to transfer the shares sold to the purchaser thereof comprised in any such transfer and he shall not be bound to see to the application of the purchase money nor shall his title to the shares be effected by any irregularity or invalidity in the proceedings in reference to the sale

<i>Acceptance of shares</i>	18			An application signed by or on behalf of an applicant for shares in the Company followed by an allotment of shares therein, shall be an acceptance of shares within the meaning of these Articles. The Directors shall comply with the provisions of Sections 39 and 40 of the Act so far as applicable.
<i>Deposit and call etc. to be a debt payable immediately</i>	19			The money (if any) which the Directors shall, on the allotment of any shares being made by them, require or direct to be paid by way of deposits, calls or otherwise in respect of any shares allotted by them, shall, immediately on the inscription of the name in the Register of Members as the holder of such shares, become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.
<i>Calls on shares of the same class to be made on uniform basis Calls on shares of the same class to be made on uniform basis</i>	20			Where any calls for further share capital are made on shares, such calls shall be made on a uniform basis on all shares, falling under the same class. Explanation: -For the purpose of this provision shares of the same nominal value on which different amounts have been paid up shall not be deemed to fall under the same class.
<i>Return of allotment</i>	21			The Directors shall cause to be made the returns as to all allotments from time to time made in accordance with the provisions of Section 39 of the said Act.
<i>Installments on shares to be duly paid</i>	22			If, by the conditions of allotment of any shares the whole or part of the amount or issue price thereof shall be payable by installments, 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 holder of the shares or his legal representative
<i>Liability of Members</i>	23			Every member, or his executors or administrators or other representative, 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 Directors shall, from time to time, in accordance with the Company's regulations, require or fix for the payment thereof.
<i>Liability of Joint holders</i>	24			If any share stands in the names of two or more persons all the joint-holders of the shares shall be severally as well as jointly liable for the payment of all deposits, installments and calls due in respect of such shares, and for all incidents thereof according to the Company's regulations; but the persons first named in the Register shall, as regards service of notice, and all other matters connected with the Company, except the transfer of the share and any other matter by the said Act or herein otherwise provided, be deemed the sole holder thereof.
<i>Registered holder only the owner of the shares</i>	25			Save as herein or by laws otherwise expressly provided, the Company shall be entitled to treat the registered holder of any share as the absolute owner thereof, and accordingly shall not, except as ordered by a Court of competent jurisdiction, or

				as by statute required, be bound to recognize any benami trusts whatsoever or equitable, contingent, future, partial or other claim to or interest in such share on the part of any other person whether or not it shall have express or implied notice thereof; the Directors shall, however be at liberty, at their sole discretion, to register any share in the joint names of any two or more persons, and the survivor or survivors of them.
V. CERTIFICATES				
<i>Certificate of shares</i>	26			Subject to any statutory or other requirement having the force of law governing the issue and signatures to and sealing of certificate to shares and applicable to this Company for the time being in force the certificate of title to shares and the duplicate thereof when necessary shall be issued under the seal of the Company which shall be affixed in the presence of and signed by (1) two Directors or persons acting on behalf of the Directors under a duly registered power of attorney and (2) the Secretary or some other person appointed by the Board for the purpose; a Director may sign a share certificate by affixing 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 materials used for the purpose.
<i>Members' right to Certificates</i>	27	(1)	(i)	Every member shall be entitled without payment to the certificate for all the Shares of each class or denomination registered in his name, or if the Board, so approve (upon paying such fees as the Board may from time to time determine) to several certificates, each for one or of such Shares and the Company shall complete such certificate within two months after the allotment or such period as may be determined at the time of the issue of such capital whichever is longer or within one month after registration of the transfer thereof as provided by Section 56 of the Act. Every certificate of shares shall have its distinctive number and be issued under the Seal of the Company and shall specify the number and denoting number of the shares in respect of which it is issued and the amount paid thereon and shall be in such form as the Board shall prescribe or approve provided that in respect of share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate and the delivery of a certificate for a share or shares to one of several joint-holders shall be deemed to be sufficient delivery to all
<i>May be delivered to any one of Joint-holders</i>			(ii)	A certificate of shares registered in the names of two or more persons, unless otherwise directed by them in writing, may be delivered to any one of them on behalf of them all.

<i>Shares in Depository form</i>		(2)	(iii)	Notwithstanding anything contained herein, the Company shall be entitled to dematerialise its shares, debentures and other securities pursuant to the Depositories Act, 1996 and to offer its shares, debentures and other securities for subscription in a dematerialised form.
			(iii)	Notwithstanding anything contained herein, the Company shall be entitled to treat the person whose names appear in the register of members as a holder of any share or whose names appear as beneficial owners of shares in the records of the Depository, as the absolute owner thereof and accordingly shall not (except as ordered by a Court of competent jurisdiction or as required by law) be bound to recognise any benami trust or equity or equitable, contingent or other claim to or interest in such share on the part of any other person whether or not it shall have express or implied notice thereof.
			(iii)	Notwithstanding anything contained herein, in the case of transfer of shares or other marketable securities where the Company has not issued any Certificates and where such shares or other marketable securities are being held in an electronic and fungible form, the provisions of the Depositories Act, 1996 shall apply. Further, the provisions relating to progressive numbering shall not apply to the shares of the Company which have been dematerialised.
<i>Issue of new certificate in place of one defaced, lost or destroyed</i>	28			If any certificate be worn out, defaced, destroyed or lost or if there be no further space on the back thereof for endorsement of transfer, then upon production thereof to the Board, they, may order the same to be cancelled, and may issue a new certificate in lieu thereof and if any certificate be lost or destroyed then upon proof thereof to the satisfaction of the Board and on such indemnity as the Board deem adequate being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate. A sum not exceeding Rs.50/-shall be paid to the Company for every certificate issued under this clause, as the Board may fix from time to time, provided that no fee shall be charged for issue of new certificate in replacement of those which are old, worn, decrepit out or where the cages on the reverse for recording transfers have been fully utilised.
<i>Board may waive fees</i>	29			The Board may waive payment of any fee generally or in any particular case.
<i>Endorsement on certificate</i>	30			Every endorsement upon the certificate of any share in favour of any transferee thereof shall be signed by such person for the time being authorised by the Board in that behalf.
<i>Board to comply with Rules</i>	31			The Board shall comply with requirements prescribed by any Rules made pursuant to the said Act; relating to the issue and execution of share certificates.
VI. CALLS ON SHARES				

<i>Directors may make calls Calls may be made by installments</i>	32			Subject to the provisions of Section 49 of the said Act, the Board may, from time to time, by means of resolution passed at its meetings make such calls as they may think fit upon the members in respect of moneys unpaid on the share held by them respectively and not by the conditions of allotment thereof made payable at fixed times, and each member shall pay the amount of every call so made on him to the persons and at the times and place appointed by the Board. A call may be made payable by installments.
<i>Call to date from resolution</i>	33			A call shall be deemed to have been made at the time when the resolution of the Board authorising such call was passed and may be made payable by members on a subsequent date to be specified by Directors.
<i>Notice of call</i>	34			Fourteen day's notice at least of every call made payable otherwise than on allotment shall be given by the Company in the manner hereinafter provided for the giving of notices specifying the time and place of payment, and the person to whom such call shall be paid. Provided that before the time for payment of such call the Board may by notice given in the manner hereinafter provided revoke the same. The Board may, from time to time at their 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, the Board may deem fairly entitled to such extension; but no member shall be entitled to any such extension, except as a matter of grace and favour.
<i>Provisions applicable to installments</i>	35			If by the terms of issue of any share or otherwise any amount is payable at any fixed time or by installments at fixed times, whether on account of the share or by way of premium, every such amount or installments shall be payable as if it were a call duly made by the Board and of which due notice had been given, and all the provisions herein contained in respect of calls shall relate to such amount or installments accordingly.
<i>When interest on call or installment payable</i>	36			If the sum payable in respect of any call or such other amount or installments be not paid on or before the day appointed for payment thereof or any extension thereof as aforesaid, the holder for the time being of the share, in respect of which the call shall have been made, or such amount or installment shall be due, shall pay interest for the same, from the day appointed for the payment thereof to the time of actual payment at such rate not exceeding ten per cent per annum, as shall from time to time be fixed by the Board. Nothing in this Article shall however, be deemed to make it compulsory on the Board to demand or recover any such interest, and the payment of such interest, wholly or in part, may be waived by the Board if they think fit so to do.
<i>Money due to members from the Company may be applied in payment of call or installment</i>	37			Any money due from the Company to a member may, without the consent and notwithstanding the objection of such member, be applied by the Company in or towards the payment of any

				money due from him to the Company for calls or otherwise.
<i>Part payment on account to call etc. not to preclude forfeiture</i>	38			Neither a judgement nor a decree in favour of the Company for calls of 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 to the Company in respect of his shares, either by way of principal or interest, nor any indulgence granted by the Company in respect of payment of any such money, shall preclude the forfeiture of such shares as hereinafter provided
<i>Proof on trial on of suit on money on shares</i>	39			On the trial or hearing of any action or suit brought by the Company against any member or his legal representatives to recover any moneys claimed to be due to the Company for any call or other sum in respect of his shares, it 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, or one of the holders, at or subsequent to the date at which the money sought to be recovered is alleged to have become due, on the shares in respect of which such money is sought to be recovered, and that the amount claimed is not entered as paid in the books of the Company or the Register of Members and that the resolution making the call is duly recorded in the minute book, and that notice of such call was duly given to the member or his legal representatives sued in pursuance of these presents; and it shall not be necessary to prove the appointment of the Directors who made such call, not that a quorum of Directors was present at the meeting of the Board at which such call was made, nor that the meeting at which such call was made duly convened or constituted, nor any other matter whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debts, and the same shall be recovered by the Company against the member or his representatives from whom the same is sought to be recovered unless it shall be proved, on behalf of such member or his representatives against the Company that the name of such member was improperly inserted in the register, or that the money sought to be recovered has actually been paid.
<i>Payment of unpaid share capital in advance Interest may be paid thereon Repayment of such advances Priority of payment in case of winding up</i>	40	(1)		The Board may, if they think fit, subject to the provisions of Section 50 of the Act receive from any member willing to advance the same, either in money or money's worth the whole or any part of the amount remaining unpaid on the shares held by him beyond the sum actually called up and upon the moneys so paid or satisfied in advance, or so much thereof, as from time to time and at any time thereafter exceeds the amount of the

				calls then made upon and due respect of the shares on account of which such advances have been made, the Company may pay or allow interest at such rate as the member paying such advance and the Board agree upon; provided always that if at any time after the payment of any such money the rate of interest so agreed to be paid to any such member appears to the Board to be excessive, it shall be lawful for the Board from time to time to repay to such member so much of money as shall then exceed the amount of the calls made upon such shares, unless there be an express agreement to the contrary; and after such repayment such member shall be liable to pay, and such advance had been made, provided also that if at any time after the payment of any money so paid in advance, the Company shall go into liquidation, either voluntary or otherwise, before the full amount of the money so advanced shall have become due by the member to the Company for installments or calls, or any other manner, the member making such advance shall be entitled (as between himself and the other members) to receive back from the Company the full balance of such moneys rightly due to him by the Company in priority to any payment to members on account of capital.
<i>No right to vote</i>		(2)		The member making such advance shall not, however, be entitled to any voting rights in respect of the moneys so advanced by him until the same would, but for such payment, become presently payable.
VII. FORFEITURE OF AND LIEN ON SHARES				
<i>If call or installment not paid notice to be given to member</i>	41			If any member fails to pay any money due from him in respect of any call made or amount or installment as provided in Article 35 on or before the day appointed for payment of the same, or any such extension thereof as aforesaid or any interest due on such call or amount or installment or any expenses that may have been incurred thereon, the Directors or any person authorised by them for the purpose may, at any time thereafter, during such time as such money remains unpaid, or a judgement or a decree in respect thereof remains unsatisfied in whole or in part, serve a notice in the manner hereinafter provided for the serving of notices on such member or any of his legal representatives or any of the persons entitled to the share by transmission, requiring payment of the money payable in respect of such share, together with such interest and all expenses (legal or otherwise) incurred by the Company by reason of such non-payment.
<i>Term of notice</i>	42			The notice shall name a day (not earlier than the expiration of fourteen days from the date of the notice) and a place or places on or before and at which the money due as aforesaid is to be paid. The notice may also state that in the event of the non-payment of such money at or before the time and the place appointed, the shares in respect of

				which the same owed will be liable to be forfeited.
<i>In default of payment shares may be forfeited</i>	43			If the requirements of any such notice as aforesaid are not complied with, every or any share in respect of which the notice is given may, at any time thereafter before payment of all calls or amounts or installments, interest and expenses due in respect thereof, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends and bonuses declared in respect of the forfeited shares and not actually paid before the forfeiture.
<i>Notice of forfeiture Entry of forfeiture in register of members</i>	44			When any share shall have been so forfeited, notice of the forfeiture shall be given to the member in whose name it stood immediately prior to the forfeiture or to any of his legal representatives, or to any of the persons entitled to the share by transmission and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register of Members. The provisions of this Article are, however, directory only and no forfeiture shall in any manner be invalidated by any omission or neglect to give such notice or to make such entry as aforesaid.
<i>Forfeited shares to become property of the Company and may be sold etc.</i>	45			Any share so forfeited shall be deemed to be the property of the Company and the Board may sell, re-allot or otherwise dispose of the same, either to the original holder thereof or to any other persons, and either by public auction or by private sale and upon such terms and in such manner as the Directors shall think fit.
<i>Forfeiture may be remitted or annulled</i>	46			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 Board, be remitted or annulled as a matter of grace and favour but not as of right, upon such terms and conditions as they think fit.
<i>Members still liable to pay money due notwithstanding the forfeiture</i>	47			Any member whose shares have been forfeited shall, notwithstanding the forfeiture, remain liable to pay and shall forthwith pay to the Company all calls, amounts, installments, interest 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 the rates, not exceeding ten percent per annum as the Board may determine, in the same manner in all respects as if the shares had not been forfeited, without any deduction or allowance for the value of the shares at the time to the forfeiture and the Board may enforce the payment thereof if they think fit (but without being under any obligation so to do) without entitling such member or his representative to any remission of such forfeiture or to any compensation for the same, unless the Directors shall think fit to make such compensation, which they shall have full power to do, in such manner

				and on such terms on behalf of the Company as they shall think fit.
<i>Effect of forfeiture</i>	48			The forfeiture of a share shall involve the extinction of all interest in and of all claims and demands against the Company of the member in respect of the share and all other right of the member incident to the share except only such of those rights as by these Article are expressly saved.
<i>Surrender of shares</i>	49			The Directors may, subject to the provision of the Act, accept a surrender of any share from or by any member desirous of surrendering those on such terms as they think fit.
<i>Certificate of forfeiture</i>	50			A certificate in writing, under signature of one Director and countersigned by any other person who may be authorised for the purpose by the Board, that the call, amount or installment in respect of a share was made or was due or the interest in respect of a call, amount or installment was or the expenses were payable, as the case may be, the notice thereof as aforesaid was given and default in payment was made and that the forfeiture of the share was made by a resolution of the Board to the effect, shall be conclusive evidence of the facts stated therein as against all persons entitled to or interested in such share.
<i>Title of Purchaser and allottee For forfeited Shares</i>	51			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 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 irregularity or invalidity in the proceedings in reference to the forfeiture, sale, re-allotment or other disposal of the share.
<i>Company's lien on shares</i>	52			The Company shall have a first and paramount lien upon all the shares not being fully paid-up shares, registered in the name of each member (whether solely or jointly with another or others) and upon the proceeds of sale thereof, for all moneys from time to time due or payable by him to the Company for calls made and all amounts or installments as provided by Article 35 payable in respect of such shares and no equitable interest in any shares shall be created except upon the footing and condition that Article 25 hereof is to have full effect. Any such lien shall extend to all dividends from time to time declared in respect of such shares. Unless otherwise agreed, the registration of a transfer of shares shall operate as a waiver of the Company's lien, if any, on such shares. The Board may at any time declare any shares to be exempt, wholly or partially from the provisions of this Article.
<i>Lien enforced by sale</i>	53			For the purpose of enforcing such lien, the Directors may sell, the shares subject thereto in such manner as they think fit and transfer the

				same to the name of the purchaser, without any consent and notwithstanding any opposition on the part of the indebted member or any other person or persons interested therein and a complete title to the shares which shall be sold and transferred shall be acquired by the purchaser, by virtue of such sale and transfer, against such indebted member and all persons claiming with or under him whether he may be indebted to the Company in point of fact or not. But no such sale shall be made until notice in writing stating the amount due or specifying the liability of engagement and demanding payment or fulfillment or discharge thereof and of the intention to sell in default shall have been served upon such member or his heirs, executors, administrators, representatives or persons and default shall have been made by him or them in payment, fulfillment or discharge of such debts, liabilities or engagements for seven days after such notice.
<i>Application of sale proceeds member</i>	54			The net proceeds of any such sale after payment of the costs of such sale, shall be applied in or towards the satisfaction of such debts, liabilities or engagements and the residue (if any) paid to such or any of his executors, administrators, representatives or assigns or any of the persons (if any) entitled by transmission to the shares sold.
<i>Execution of instrument of transfer</i>	55			Upon any sale after forfeiture or upon any sale for enforcing a lien, in purported exercise of the powers hereinbefore given, the Directors may appoint some person or persons to execute an instrument of transfer of the shares sold.
<i>Validity of sale of such shares</i>	56			Upon any such sale after forfeiture or for enforcing a lien in purported exercise of powers the Board shall cause the purchaser's name to be entered in the Register in respect of the shares sold and shall issue to the purchaser a certificate such as is specified in Article 50 hereof in respect of the shares sold and the purchaser 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 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.
VIII. TRANSFER AND TRANSMISSION OF SHARES				
<i>Register of Transfers</i>	57			The Company shall keep a book called the 'Register of Transfers' and therein shall be fairly and distinctly entered the particulars of every transfer or transmission of any share in the Company.
<i>Instrument of transfer to be executed by transferor and transferee</i>	58			No transfer shall be registered unless a proper instrument of transfer has been delivered to the Company. Every instrument of transfer (which shall be in the form specified in the Rules) shall be duly stamped, dated and shall be executed by or on behalf of the transferor and the transferee

				and in the case of a share held by two or more holders or to be transferred to the joint names of two or more transferees by all such joint-holders or by all such joint transferees, as the case may be, several executors or administrators of a deceased member proposing to transfer the shares registered in the name of such deceased member shall all sign the instrument of transfer in respect of the share as if they were the joint-holders of the share. The instrument of transfer shall specify the name, address and occupation, if any, of the transferee.
<i>Death of one or more joint holders</i>	59			In the case of the death of any one or more of the persons named in the Register as the joint-holders of any share, the survivor or survivors shall be the only persons recognised by the Company as having any title to or interest in such share, but nothing herein contained shall be taken to release the estate of the deceased joint-holder from any liability on the shares held by him jointly with any other person.
<i>Title of share Of deceased member</i>	60	(1)		On the death of a member, the survivor or survivors where the member was a joint holder, and his nominee or nominees or legal representatives where he was a sole holder, shall be the only persons recognised by the company as having any title to his interest in the shares.
		(2)		Where there is no nominee, the executors or administrators of a deceased member not being one of several joint-holders shall be the only persons recognised by the Company as having any title to the shares registered in the name of such deceased member, and the Company shall not be bound to recognise such executors or administrators, unless they shall have first obtained probate or letters of administration or other legal representation, as the case may be, provided nevertheless, the Directors, in any case where they in their absolute discretion think fit, may dispense with the production of Probate or Letters of Administration or such other legal representation, upon such terms as to indemnity or otherwise as they may deem fit and under the next Article, register the name of any person who claims to be absolutely entitled to the shares standing in the name of the deceased member as a member in respect of such shares.
<i>Registration Of person Entitled to Shares Otherwise Than by Transfer (transmission clause)</i>	61			Subject to the provisions of the last preceding Article, any person to whom the right to any share has been transmitted in consequence of the death or insolvency of any member or otherwise by operation of law may, with the consent of the Board (which they shall not be under any obligation to give) and upon his producing such evidence that he sustains the character in respect of which he proposes to act under the Article and of his title as the Directors think sufficient be registered as a member in respect of such shares . This clause is hereinafter referred to as the 'transmission clause'. A transfer of the share or other interest in the Company of a deceased

				member thereof made by his legal representative shall, although the legal representative is not himself a member be as valid as if he had been a member at the time of effecting the transmission.
<i>Evidence of transmission to be verified</i>	62			Every transmission of a share shall be verified in such a manner as the Directors may require and the Company may refuse to register any such transmission until the same be so verified 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, the Directors shall have the same right to refuse to register a person entitled by transmission to any shares or his nominee as if he were the transferee named in an ordinary transfer presented for registration.
<i>Rights of such person</i>	63			A person entitled to share by transmission may, until the Directors otherwise determine as provided in Article 129, receive and give discharge for any dividends, bonuses or other moneys payable in respect of the share, but he shall not be entitled to vote at any meetings of the Company and to any of the rights and privileges of a member, unless and until he shall have become a member in respect of the shares.
<i>Procedure on application for transfer</i>	64			An application for the registration of a transfer of shares or other interest of a member in the Company may be made either by the transferor or the transferee. Where such application is made by the transferor and 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 delivery of the notice.
<i>Transfer to be left at office with certificate and with evidence of title</i>	65	(1)		It shall not be lawful for the Company to register a transfer of any shares unless the proper instrument of transfer duly stamped, dated and executed by or on behalf of the Transferor and by or on behalf of the Transferee and specifying the name and address and occupation of the Transferee has been delivered to the Company along with the scrip and if no such scrip is in existence, along with the letter of allotment of the shares. Where the proper instrument of transfer is not received by the Company within a period of two months from the date on which the instrument is dated, the Directors may at their sole discretion be entitled to seek such documentation including indemnities as it may deem fit, from both the transferor and transferee, or from the person who has lodged the same for transfer, and the Board may at its sole discretion be entitled to give effect to the transfer on receipt of such documentation and indemnities (save where an order of a competent court is produced, the Board shall then give effect to the transfer).

		(2)		If the Company refuses to register the transfer of any shares, the Company shall within one month from the date on which the instrument of transfer is lodged with the Company send to the Transferee and the Transferor notice of the refusal as provided in Article 66.
		(3)		Nothing in clause (1) shall prejudice any power of the Company to register as shareholder any person to whom the right to any share has been transmitted by operation of law.
		(4)		Nothing in this Article shall prejudice any power of the Company to refuse to register the transfer of any share.
<i>Directors may decline to register transfers</i>	66			The Board may, at its absolute and uncontrolled discretion and without assigning or being under any obligation to give any reason, decline to register or acknowledge any transfer or transmission of shares and in particular, may so decline in any case in which the Company has a lien upon the shares or any of them or in the case of shares not fully paid-up whilst any moneys called or payable at a fixed time in respect of the shares desired to be transferred or any of them remain unpaid or unless the transferee is approved by the Board. Nothing in Section 56 of the Act shall prejudice this power to refuse to register the transfer of or the transmission by operation of law of the right to, any shares or interest of a member in or debentures of the Company. The registration of a transfer shall be conclusive evidence of the approval by the Board of the transferee, but so far only as regards the share or shares in respect of which the transfer is so registered and not further or otherwise and not so as to debar the Board to refuse registration of any further shares applied for. If the Board refuses to register the transfer or transmission of any shares notice of the refusal shall within two months from the date on which the instrument of transfer on intimation of transmission was delivered to the Company be sent to the Transferee and the Transferor or to the person giving intimation of the transmission, as the case may be.
<i>Transferor to remain holder of shares till transfer registered</i>	67			The Transferor shall be deemed to remain the holder of the shares until the name of the transferee shall be entered in the Register of Members.
<i>Registered transfer to remain with Company</i>	68			Every instrument of transfer which shall be registered shall remain in the custody of the Company. If the transfer relates to the only share or all the shares comprise in the certificate, such certificate or a new certificate in lieu thereof shall, after the registration of the transfer, be delivered to the transferee and if the transfer relates only to a part of the shares comprised in the certificate, the same shall, on registration of the transfer be retained by the Directors and cancelled and new certificates will be issued to the transferor and the transferee in respect of the shares respectively,

				held by them.
<i>Transfer books and Register may be closed for not more than 45 days in the year</i>	69			The Directors shall have power on giving seven days' notice by advertisement as required by Section 91 of the Act to close the Transfer Book and Register of Members of such period or periods of time in every year as to them may seem expedient, but not exceeding 45 days in any year and not exceeding 30 days at any one time.
<i>The Company not liable for disregard of any notice prohibiting registration of a transfer</i>	70			The Company shall incur no liability or responsibility whatever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made, by an apparent legal owner thereof (as shown or appearing in the Register of Members), to the prejudice of any person or 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 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 required to regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some books 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.
<i>Transfer of debentures</i>	71			The provision of these Articles shall mutatis mutandis apply to the transfer or transmission by operation of law of debentures of the Company.
IX. ALTERATION OF SHARE CAPITAL				
<i>Company may alter its Capital in certain ways</i>	72			The Company may by Ordinary Resolution so alter the conditions of its Memorandum of Association as :
		(1)		to increase its share capital by such amount as it thinks expedient by issuing new shares;
		(2)		to consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
		(3)		to convert all or any of its fully paid-up shares into stock and reconvert that stock into fully paid-up shares of any denominations;
		(4)		to sub-divide its shares or any of them into shares of smaller amount than is fixed by its Memorandum of Association, so however that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share

				is derived.
		(5)		to cancel any shares which, at the date of the passing of the resolution in that behalf, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.
<i>Increase of Capital by The Directors and how carried into effect</i>	73			The Directors may from time to time without any sanction of the Company, whenever all the shares in the issued capital shall not have been subscribed and whether all the shares for the time being subscribed shall have been fully called up or not, issue further shares of such value as they may think fit out of the unsubscribed balance of the issued capital. Such further shares shall be issued upon such terms and conditions (and if preference shares upon such conditions as to redemption) and with such rights and privileges annexed thereto as the Board shall direct and in particular, such shares may be issued with a preferential or qualified right to dividend and in the distribution of assets of the Company and subject to the provisions of Section 47 of the said Act with a special or without any right of voting and the Board may dispose of such shares or any of them either at par or at a premium, to any members or any class thereof or in such other manner as the Board may think most beneficial to the Company
<i>Further Issue of capital</i>	74	(1)		Where it is proposed to increase the subscribed capital of the Company by the issue of new shares:
			(i)	such new shares shall be offered to the persons who, at the date of the offer are holders of the equity shares of the Company, in proportion, as nearly as circumstances admit to the capital paid-up on these shares at that date;
			(ii)	the offer aforesaid shall be made by notice specifying the number of shares offered and limiting a time not being less than fifteen days and not exceeding thirty days from the date of the offer within which the offer, if not accepted, will be deemed to have been declined;
			(iii)	The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person; and the notice shall contain a statement of this right;
			(iv)	after the expiry of the time specified in the notice aforesaid or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose of them in such manner as they think most beneficial to the Company.
			(v)	To employees under a scheme of employees' stock option, subject to Special Resolution passed by the company and subject to such conditions as may be specified in the relevant Rules.

			(vi)	To any persons, by way of passing a Special Resolution to that effect, whether or not those persons include the persons referred to in clause (a) or clause (b), either for cash or for a consideration other than cash, if the price of such shares is determined by the valuation report of a registered valuer subject to such conditions as may be specified in the relevant Rules
		(2)		Whenever any shares are to be offered to the members the Directors may dispose of any such shares which, by reason of the proportion borne by them to the number of persons entitled to such offer or by reason of any other difficulty in apportioning the same cannot in the opinion of the Directors be conveniently offered to the members.
		(3)		The right to issue further shares provided in this clause, shall include a right to the Company, to issue any instrument, including Global Depositary Receipt.
<i>How far new share In original capital</i>	75			Except so far as otherwise provided by the conditions of issue or by these presents, any capital raised by creation of new shares shall be considered as part of the capital and shall be subject to the provisions herein contained with reference to the payment of calls and installments, transfer, transmission, forfeiture, lien, surrender; voting and otherwise in all respects as if it had been the original capital.
<i>Notice of increase of capital</i>	76			The Directors shall, whenever there is a change in the share capital, file with the Registrar of Companies notice of the increase of the capital as provided by Section 64 of the said Act within thirty days after the passing of the resolution authorising the increase.
<i>Transfer of Stock</i>	77	(1)		When any shares shall have been converted into stock, the several holders of such stock may thenceforth transfer their respective interests therein or any part of such interest, in the same manner and subject to the same regulations as and subject to which shares in the Company's capital may be transferred or as near thereto as circumstances will admit. But the Board may from time to time, if they think fit, fix the minimum amount of stock transferable and restrict or forbid the transfer of fractions of that minimum, but with full power, nevertheless, at the discretion to waive such rules in any particular case.
		(2)		Notice of such conversion of shares into stock or reconversion of stock into shares shall be filed with the Registrar of Companies as provided in the said Act.
<i>Rights of stock-holders</i>	78			The stock shall confer on the holders thereof respectively the same privileges and advantages, as regards participation in profits and voting at meetings of the Company and for other purposes, as would have been conferred by shares of equal

				amount in the capital of the Company of the same class as the shares from which such stock was converted but no such privileges or advantages, except the participation in profits of the Company or in the assets of the Company on a winding up, shall be conferred by any such aliquot part of, consolidated stock as would not, if existing in shares, have conferred such privileges or advantages. No such conversion shall affect or prejudice any preference or other special holders of the share and authenticated by such evidence (if any) as the provisions herein contained shall, so far as circumstances will admit, apply to stock as well as to shares and the words “share” and “shareholder” in these presents shall include “stock” and “stock-holder
X. REDUCTION OF CAPITAL				
<i>Reduction of capital</i>	79			The Company may from time to time by Special Resolution, in such manner specified in the Act and subject to such consents as may be required under any other law for the time being in force, reduce in any manner:
		(1)		its share capital
		(2)		any capital redemption reserve account; or
		(3)		any securities premium account.
<i>Provisions relating to the redemption of preference shares</i>	80	(1)		Subject to the provisions of Section 55 of the said Act, whenever any preference shares are issued which are or at the option of the Company are to be liable to be redeemed, the following provisions shall take effect :
			(i)	No such shares shall be redeemed except out of the profits of the Company which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purposes of the redemption.
			(ii)	No such shares shall be redeemed unless are fully paid before the shares are redeemed.
			(iv)	Where any such shares are redeemed otherwise than out of the proceeds of a fresh issue there shall, out of profits which would otherwise have been available for dividend be transferred to the Capital Redemption Reserve Account, a sum equal to the nominal amount of the share redeemed.
		(2)		Subject to the provisions of Section 55 of the Act and these Articles the redemption of preference shares hereunder may be affected in accordance with the terms and conditions of their issue and in the absence of any such terms and conditions in such manner as the Directors may think fit.
		(3)		The redemption of preference shares under this provision by the Company shall not be taken as reducing the amount of its authorised share capital.

		(4)		Where the Company has redeemed or is about to redeem any preference shares, it shall never have power to issue shares up to the nominal amount of the shares redeemed or to be redeemed as if those shares had never been issued; and accordingly the share capital of the Company shall not, for the purpose of calculating the fees payable under Section 385 of the said Act, be deemed to be increased by the issue of shares in pursuance of this Article. Provided that, where new shares are issued before the redemption of the old shares, the new shares shall not so far as related to stamp duty, be deemed to have been issued in pursuance of this Article unless the old shares are redeemed within one month after the issue of the new shares.
		(5)		The Capital Redemption Reserve Account may, notwithstanding anything in this Article, be applied by the Company, in paying up unissued shares of the Company to be issued to members of the Company as fully paid bonus shares.
XI. MODIFICATION OF RIGHTS				
<i>Power to modify rights</i>	81	(1)		Whenever the share capital by reason of issue of Preference Shares or otherwise is divided into different classes of shares, all or any of the rights and privileges attached to each class may, subject to the provisions of Section 48 of the Act, be varied, commuted, affected, abrogated or dealt with by agreement between the Company and any person purporting to contract on behalf of that class provided such agreement is ratified in writing by holders of at least three-fourths of nominal value of the issued shares of the class or is sanctioned by Special Resolution passed at a separate meeting of the holders of the shares of that class and supported by the votes of the holders of not less than three-fourths of the shares of that class.
<i>Article 81 not to derogate from company's powers</i>		(2)		This Article is not to derogate from any power the Company would have if this Article were omitted and in particular the powers under Chapter XV of the said Act or Chapter V of the Companies Act, 1956, whichever is in force for the time being. The dissentient members shall have the right to apply to Tribunal in accordance with the provisions of Section 48 of the Act.
XII. JOINT HOLDERS				
<i>Joint Holders</i>	82	(1)		Where two or more persons are registered as the holders of any Securities they shall be deemed (so far as the Company is concerned) to hold the same as joint tenants with benefits of survivorship subject to the following and other provisions contained in these Articles.
<i>No transfer to more than three persons</i>		(2)		The Company shall be entitled to decline to register more than three persons as the joint holders of any Securities.

<i>Liabilities of holders</i>		(3)		The joint holders of any Security shall be liable severally as well as jointly for and in respect of all calls or installments and other payments which ought to be made in respect of such Securities.
<i>Death of Joint holders</i>		(4)		On the death of any one or more of such joint holders the survivor or survivors shall be the only person or persons recognised by the Company as having any title to the share but the Board may require such evidence of death as they may deem fit and nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on shares held by him jointly with any other person.
<i>Receipt of one sufficient</i>		(5)		Any one of such joint holders may give effectual receipts for any dividends or other moneys payable in respect of such Security.
<i>Delivery of Certificate and giving of notices to first named holder</i>		(6)		Only the person whose name stands first in the Register of Members (or the relevant register maintained for that Security) as one of the joint holders of any shares shall be entitled to delivery of the certificate relating to such or to receive notices (which expression shall be deemed to include all Documents) from the Company and any notice given to such person shall be deemed notice to all the joint holders.
<i>Votes of Joint holder</i>		(7)		Any one of two or more joint holders may vote at any meeting (including voting by postal ballot and by electronic voting) either personally or by an agent duly authorised under a power of attorney or by proxy in respect of such shares as if he were solely entitled thereto and if more than one of such joint holders be present at any meeting personally or by proxy or by attorney that one of such persons so present whose name stands first or higher (as the case may be) on the Register in respect of such Security shall alone be entitled to vote in respect thereof. Provided always that a person present at any meeting personally shall be entitled to vote in preference to a person, present by an agent, duly authorised under a power of attorney or by proxy although the name of such persons present by an agent or proxy stands first in the Register in respect of such shares. Several executors of a deceased member in whose (deceased member's) sole name any Security stands shall for the purpose of this sub-clause be deemed joint holders.
XIII. GENERAL MEETING				
<i>Annual General Meeting</i>	83			The Company shall, in addition to any other meetings which are hereinafter referred to as "Extraordinary General Meeting", hold a General Meeting which shall be styled its Annual General Meeting at the intervals and in accordance with the provisions of the Act.
<i>Directors may call Extraordinary General Meetings</i>	84			The Directors may call Extraordinary General Meetings of the Company whenever they think fit and such meetings shall be held at such place and time as the Directors think fit.
<i>Power of Tribunal to call</i>	85	(1)		If the default is made in holding an Annual

General Meeting				General Meeting in accordance with Section 96 of the Act, the Tribunal may, notwithstanding anything in the Act, (or in the Articles of the Company) on the application of any member of the Company, call or direct the calling of a General Meeting of the Company, and give such ancillary or consequential directions as the Central Government thinks expedient in relation to the calling, holding and conducting of the meeting. Explanation: -The directions that may be given, may include a direction that one member of the Company so present in person or by proxy shall be deemed to constitute a meeting.
		(2)		A General Meeting held in pursuance of sub-clause (i) shall subject to any directions of the Tribunal be deemed to be an Annual General Meeting of the Company.
Calling of Extraordinary General Meeting on requisition	86	(1)		The Board of Directors of the Company shall on the requisition of such number of members of the Company as is specified in sub-clause (4) forthwith proceed duly to call an Extraordinary General Meeting of the Company.
		(2)		The requisition shall set-out the matters for the consideration of which the meeting is to be called shall be signed by the requisitionists and shall be sent to the Registered Office of the Company.
		(3)		The requisition may consist of several documents in like form each signed by one or more requisitionists.
		(4)		The number of members entitled to requisition a meeting in regard to any matter shall be such number of them as hold both on the date of such requisition and on the date of receipt of the requisition not less than one-tenth of such of the paid-up capital of the Company as at that date carries the right of voting in regard to that matter.
		(5)		Where two or more distinct matters are specified in the requisition, the provisions of sub-clause (4) shall apply separately in regard to each such matters and the requisition shall accordingly be valid only in respect of these matters in respect to which the conditions specified in that sub-clause is fulfilled
		(6)		If the Board does not, within twenty one days from the date of the receipt of a valid requisition in regard to any matters, proceed duly to call a meeting for the consideration of those matters on a day not later than forty five days from the date of receipt of the requisition, the meeting may be called and held by the requisitionists themselves within a period of three months from the date of the requisition.
				Explanation:-For the purposes of this sub-clause, the Board shall in the case of a meeting at which a resolution is to be proposed as a Special Resolution, be deemed not to have duly convened the meeting if they do not give such notice thereof as is required by sub-section (2) of Section 114.

		(7)		A meeting called under sub-clause (6) by the requisitionists or any of them
			(a)	shall be called in the same manner as nearly as possible as that in which meetings are to be called by the Board; but
			(b)	shall not be held after the expiration of three months from the date of the deposit of the requisition.
			(c)	shall convene meeting at Registered office or in the same city or town where Registered office is situated and such meeting should be convened on working day.
		(8)		Where two or more persons hold any shares or interest in a Company jointly, a requisition or a notice calling a meeting signed by one or only some of them shall for the purposes of this Section have the same force and effect as if it has been signed by all of them
		(9)		Any reasonable expenses incurred by the requisitionists by reasons of the failure of the Board duly to call a meeting shall be repaid to the requisitionists by the Company; and any sum so repaid shall be retained by the Company out of any sums due or to become due from the Company by way of fees or other remuneration for their services to such of the Directors as were in default.
<i>Length of Notice for calling meeting</i>	87	(1)		A General Meeting of the Company may be called by giving at least clear twenty one day's notice in writing or through electronic mode but a General Meeting may be called after giving shorter notice if consent is given in writing or by electronic mode by not less than ninety five percent of the members entitled to vote at such meeting.
				Provided that where any members of the Company are entitled to vote only on some resolution or resolutions to be moved at meeting and not on others, those members shall be taken into account for the purposes of this clause in respect of the former resolution or resolutions and not in respect of the latter.
<i>Contents of Notice</i>		(2)		Notice of every general meeting of the Company shall specify the place, date, day and the hour of the meeting and shall contain a statement of the business to be transacted thereat.
<i>To whom notice to be given</i>		(3)		Such notice shall be given
			(i)	to every member of the Company, legal representative of any deceased Member or the assignee of an insolvent Member;
			(ii)	to the auditor or auditors of the Company; and
			(iii)	to every Director of the Company.
			(iv)	to every trustee for the debenture holder of any debentures issued by the Company.

<i>Omission to give notice or non-receipt of notice shall not invalidate proceedings</i>		(4)		The accidental omission to give notice to or the non-receipt of notice by, any member or other person to whom it should be given shall not invalidate the proceedings at the meeting.
<i>Proxy</i>		(5)		In every notice calling a meeting of the Company there shall appear with reasonable prominence a statement that a member entitled to attend and vote is entitled to appoint a proxy or where that is allowed one or more proxies, to attend and vote instead of himself and that a proxy need not be a member.
<i>Explanatory statements</i>		(6)		Where any items of business to be transacted at the meeting are deemed to be special as provided in Article 88 there shall be annexed to the notice of the meeting a statement setting out all materials facts concerning each such item of business namely:
		(a)		The nature of concern or interest, financial or otherwise, if any of the following persons, in respect of each item of:
			(i)	every Director and the Manager; if any;
			(ii)	every other Key Managerial Personnel; and
			(iii)	relatives of the persons mentioned in sub-clause (i) and (ii);
		(b)		Any other information and facts that may enable members to understand the meaning, scope and implementation of the items of business and to take decision thereon.
<i>Inspection of documents referred in the explanatory statement</i>		(7)		Where any item of business consists of the according of approval to any document by the meeting the time and place where the document can be inspected shall be specified in the statement aforesaid.
<i>Business to be transacted at meetings</i>	88			In the case of an Annual General Meeting all business to be transacted at the meeting shall be deemed special with the exception of business relating to (i) the consideration of the Financial Statements, (including the consolidated financial statements, if applicable), and the Reports of the Board of Directors and Auditors, (ii) the declaration of a dividend, (iii) the appointment of Directors in the place of those retiring and (iv) the appointment of and the fixing of the remuneration of the Auditors. In the case of any other meeting all business shall be deemed special.
<i>Circulation of members resolutions</i>	89			Upon a requisition of members complying with Section 111 of the said Act, the Directors shall comply with the obligations of the Company under the said Act relating to circulation of members' resolutions and statements.
<i>Certificate conclusive as to Meeting having been duly called</i>	90			A certificate in writing, signed by the Secretary or by a Director or some officer or agent appointed by the Board for the purpose, to the effect that according to the best of its belief the notices convening the meeting have been duly given shall be prima facie evidence thereof.

<i>Security arrangement at venue of meetings.</i>	91			The Board, and the persons authorised by it, shall have the right to take and/or make suitable arrangements for ensuring the safety of any meeting – whether a general meeting or a meeting of any class of Security, or of the persons attending the same, and for the orderly conduct of such meeting, and notwithstanding anything contained in this Articles, any action, taken pursuant to this Article in good faith shall be final and the right to attend and participate in such meeting shall be subject to the decision taken pursuant to this Article.
XIV. PROCEEDINGS AT GENERAL MEETINGS AND ADJOURNMENT THEREOF				
<i>Business which may not be transacted at the meeting</i>	92			No General Meeting, Annual or Extraordinary, shall be competent to enter upon, discuss or transact any business a statement of which has not been specified in the notice convening the meeting except as provided in the said Act.
<i>Presence of Quorum</i>	93			No business shall be transacted at any General Meeting, unless the requisite quorum is present at the time when the meeting proceeds to business. The quorum for a general meeting shall be the presence in person of such number of members as specified in Section 103 of the Act. Subject to Article 82(7) when more than one of the joint-holders of a share is present only one of them shall be counted for ascertaining the quorum. Several executors or administrators of a deceased person in whose sole name shares stand shall for the purpose of this clause be deemed joint holders thereof.
<i>If quorum not present, when meeting to be dissolved and when to be adjourned</i>	94			If, within half an hour from the time appointed for holding the meeting, a quorum of members is not present, the meeting if convened by or upon such requisition of members as aforesaid shall be dissolved, but in any other case it shall stand adjourned pursuant to the provisions of sub-section (2) of section 103 of the Act.
<i>Adjourned meeting to transact business even If no quorum present</i>	95			If at such adjourned meeting a quorum of members is not present within half an hour from the time appointed for holding the meeting, the members present, whatever their number, shall be a quorum and may transact the business and decide upon all matters which could properly have been disposed of at the meeting from which the adjournment took place, if a quorum had been present thereat.
<i>General Meeting</i>	96			The Chairman of the Board (whether Member or not) shall if present and willing, be entitled to take the chair at every General Meeting, whether Annual or Extraordinary, but if there be no such Chairman or in case of his being present or being unwilling or failing to take the chair within fifteen minutes of the time appointed for holding such

				meeting, the members present shall choose another Director (whether Member or not) as Chairman and if all the Directors present decline to take the chair or if there be no Director present, then the members present shall choose one of their own members to be Chairman of the meeting. If a poll is demanded it shall be taken forthwith in accordance with the provisions of sub-section (2) of section 104. The Chairman elected on a show of hands shall exercise all the powers of the Chairman for the purpose of such poll. If some other person is elected Chairman as a result of such poll, he shall be the Chairman for the rest of the meeting. The Chairman be permitted to hold the position of both the Chairman of the Board and/or General Meeting as well as Managing Director/CEO/equivalent position thereof in the Company as per the recommendations of the appropriate committee of the Directors and approved by the Board of Directors and as permitted by applicable laws from time to time
<i>When chair vacant business confined to election of Chairman</i>	97			No business shall be transacted at any General Meeting, except the election of Chairman, whilst the chair is vacant.
<i>Chairman with consent of members may adjourn meeting</i>	98			The Chairman may, with the consent of a majority of the members personally present at any meeting, adjourn such meeting from time to time and from place to place in the city, town or village where the Registered Office of the Company be situate but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. A resolution passed at an adjourned meeting of the Company shall be treated as having been passed on the date on which it was in fact passed and shall not be deemed to have been passed on any earlier date.
Notice of adjournment	99			Whenever any meeting is adjourned for thirty days or more notice of such adjourned meeting shall be given as in the case of an original meeting.
Chairman's declaration of result of voting by show of hands	100	(1)		At any General Meeting, a resolution put to vote of the meeting shall, unless a poll is demanded under Section 109, or if the voting is carried out electronically be decided on a show of hands. Such voting in a general meeting or by postal ballot shall also include electronic voting in a General Meeting or Postal Ballot as permitted by applicable laws from time to time.
<i>Chairman's declaration of result of voting by show of hands conclusive.</i>		(2)		A declaration by the Chairman in pursuance of clause (1) hereof that on a show of hands a resolution has or has not been carried or has or has not been carried either unanimously or by a particular majority and an entry to that effect in the book containing the minutes of the proceedings of the Company, shall be conclusive evidence of the fact, without proof of the number of proportion of the votes cast in favour of or against such resolution.

<i>Casting vote Of the Chairman</i>	101			In case of an equality of votes the Chairman of any meeting shall both on the show of hands and at a poll (if any) held pursuant to a demand made at such meeting, have a second or casting vote.
<i>Minutes of Proceedings Of General Meetings of Board and Other meeting</i>	102	(1)	(a)	The Company shall cause minutes of all proceedings of General Meetings of any class of shareholders or creditors, and every resolution passed by postal ballot and of all proceedings at meetings of its Board of Directors or of committees of the Board, to be entered in books kept for the purpose
			(b)	The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.
			(c)	All appointments of officers made at any time of the meetings aforesaid shall be included in the minutes of the meeting.
			(d)	In case of a meeting of the Board of Directors or of a Committee of the Board, the minutes shall also contain :
				(i) the names of the Directors present at the meeting; and the names of the Directors who are present through video or other audio-visual means.
				(ii) in the case of each resolution passed at the meeting, the name of the Directors, if any, dissenting from or not concurring on the resolution.
			(e)	There shall not be included in the minutes, any matter which, in the opinion of the Chairman of the meeting :
				(i) is or could reasonably be regarded as defamatory of any person;
				(ii) is irrelevant to the interests of the Company; <i>or</i>
				(iii) is detrimental to the interests of the Company.
				Explanation: -The Chairman shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the grounds specified in this Article.
<i>Minutes to be evidence</i>		(2)		Any such minute, if purporting to be signed by the Chairman of the meeting at which the proceedings took place or by the Chairman of the next succeeding meeting, shall be evidence of the proceedings.
<i>Presumption to be drawn where minutes duly drawn and signed</i>		(3)		Where the minutes have been kept in accordance with clause (1) hereof; then until the contrary is proved, the meeting shall be deemed to have been duly called and held and all proceedings thereat to have duly taken place and the resolution passed by circulation, postal ballot or other permitted means shall be construed to have been duly passed, and in particular all appointments of Directors, Key Managerial Personnel, Auditors or Company Secretary in practice, made at the meeting shall be

				deemed to be valid, including the matters that are required to be transacted at a meeting of the Board as specified in Section 179 of the said Act.
<i>Inspection of Minute Books of General Meeting</i>	103	(1)		The books containing the minutes of the proceedings of General Meetings of the Company shall
			(a)	be kept at the registered office of the Company; and
			(b)	be open during business hours to the inspection of any member without charge subject to such reasonable restrictions as the Company may impose so however that not less than two hours in each day are allowed for inspection
		(2)		Any member shall be entitled to be furnished within seven working days after he has made request in that behalf to the Company with a copy of any Minutes referred to in sub-clause (1) on payment of Rs.10/-for every page or part thereof required to be photocopied and that the Company shall comply with provisions of Section 119 of the Act.
<i>Other registers</i>	104			The provisions contained in Article 103 shall mutatis mutandis apply to other registers maintained under the provisions of the said Act that can be inspected by an eligible person.
<i>Publication of reports of proceedings of General Meeting</i>	105			No document purporting to be a report of the proceedings of any General Meeting of the Company shall be circulated or advertised at the expense of the Company unless it includes the matters required by Section 118 of the Act to be contained in the Minutes of the proceedings of such meeting.
XV. VOTING RIGHTS AND PROXY				
<i>Indebted members not to vote</i>	106			No member shall be entitled to exercise any voting right on any question either personally or by proxy or upon poll (including voting by electronic means) 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 or has exercised any right of lien.
<i>Restrictions on exercise of voting rights in other cases to be void</i>	107			A member is not prohibited from exercising his voting right on the ground that he has held his share or other interest in the Company for any specified period preceding the date on which the vote is taken, or on any other ground not
<i>Indebted members not to vote</i>	106			No member shall be entitled to exercise any voting right on any question either personally or by proxy or upon poll (including voting by electronic means) 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 or has exercised any right of lien being a ground set out in Article 106

<i>Vote of person of unsound mind</i>	108			A member of unsound mind or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or at a poll by his committee or other legal guardian and not otherwise, and any such committee or guardian may, on a poll, vote by proxy.
<i>Votes in respect of Securities under dispute</i>	109			Notwithstanding anything contained in this Articles, where the title to any Securities is under dispute before any court, where no injunction subsists (or direction made) as to the exercise of voting rights or other rights of a member including the rights attached to such Securities, the Board shall be entitled to suspend any such right aforesaid.
<i>Representation of corporations</i>	110			A Member being a Body Corporate (whether a company within the meaning of the said Act or not) may by resolution of its Board of Directors or other governing body authorise such persons as it thinks fit to act as its representative at any meeting of the Company, or at any meeting of any class of members 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 which he represents as that body could exercise if it were a member, creditor or holder of debentures of the Company.
<i>Number of votes to which member is entitled</i>	111	(1)		Subject and without prejudice to any special privileges or restrictions or conditions for the time being attached to or affecting the preference or other special classes of shares, if any, issued by and for the time being forming part of the capital of the Company every member, entitled to vote under the provisions of these presents and not disqualified by the provisions of Articles 106, 108 and 109 or by any other Article shall on a show of hands have one vote and upon a poll every member, present in person or proxy or agent duly authorised by a power-of-attorney or representative duly authorised and not disqualified as aforesaid, shall have voting rights in proportion to his share of the paid-up equity capital of the Company subject however to any limits imposed by law. But no member shall have voting right in respect of any moneys paid in advance as provided by Article 40(b).
<i>No voting by proxy on show of hands</i>		(2)		No member not personally present shall be entitled to vote on a show of hands unless such member is a Body Corporate present by proxy or by a representative duly authorised under Section 113 of the Act in which case such proxy or representative may vote on a show of hands as if he were a member of the Company.
		(3)		A Member may exercise his vote, in respect of items of business to be transacted for which notice is issued, by electronic means in accordance with Section 108, and shall vote only once.

<i>Right to use votes differently</i>	112			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. A member or his proxy who votes shall be deemed to have used all his votes unless he expressly gives written notice to the contrary at the time he casts any votes.
<i>Instrument of proxy to be in writing</i>	113			Any member entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person (whether a member or not) as his proxy to attend and vote instead of himself but a proxy so appointed shall not have any right to speak at the meeting and shall not be entitled to vote except on a poll. A person shall (a) not act as proxy for more than 50 Members and holding in aggregate not more than 10% of the total share capital of the Company; (b) not act as proxy for more than one Member, if that Member holds more than 10% of the total share capital of the Company
<i>Proxy may demand poll</i>	114			The instrument appointing a proxy shall be in writing and shall be signed by the appointer or his attorney duly authorised in writing. If the appointer is a Body Corporate such instrument shall be under its seal or be signed by an officer or an attorney duly authorised by it, or by the persons authorised to act as the representative of such company under Article 110. Any instrument appointing a proxy to vote at a meeting shall be deemed to include the power to demand or join in the demand for a poll on behalf of the appointer, where a poll has not been ordered to be carried out electronically.
<i>Instrument of proxy to be deposited at the Registered Office</i>	115			No instrument of proxy shall be treated as valid and no person shall be allowed to vote or act as proxy at any meeting under an instrument of proxy, unless such instrument of proxy and power-of-attorney or other authority (if any) under which it is signed or a notary certified copy of that power or authority shall have been deposited at the Registered Office of the Company at least forty-eight hours before the time appointed for holding the meeting or adjourned meeting at which the persons named in such instrument proposes to vote. An instrument appointing a proxy or an attorney permanently or for a certain period once registered with the Company need not be again registered before each successive meeting and shall be in force until the same shall be revoked. Notwithstanding that a power-of-attorney or other authority has been registered in the records of the Company, the Company may by notice in writing addressed to the member or to attorney at least seven days before the date of a meeting require him to produce the original power-of-attorney or authority and unless the same is thereupon deposited with the Company the attorney shall not be entitled to vote at such

				meeting unless the Directors in their absolute discretion excuse such non-production and deposit
<i>Custody of the instrument of appointment</i>	116			If any such instrument of appointment be confined to the objects of appointing an attorney or proxy or substitute, it shall remain, permanent or for such time as the Directors may determine in the custody of the Company and if embracing other objects, a copy thereof, examined with the original shall be delivered to the Company to remain in the custody of Company.
<i>Form of Proxy</i>	117			The instrument appointing a proxy whether for a specified meeting or otherwise shall be in Form MGT-11
<i>Vote of proxy how far valid</i>	118	(1)		A vote given in pursuance of an instrument of proxy shall be valid, notwithstanding the previous death of the principal or the revocation of the proxy or any power-of-attorney under which such proxy was signed or the transfer of the shares in respect of which the vote is given provided no intimation in writing of the death, revocation or transfer shall have been received at the Registered Office of the Company before the vote is given.
		(2)		In case of e-voting, a Member shall be deemed to have exercised his voting rights by himself, even if any other person had voted using the login credentials of that Member
<i>Time for objection to vote</i>	119			No objection shall be made to the validity of any vote except at the meeting or adjourned meeting or poll at which such vote shall be tendered and every vote whether given personally or by proxy, and not disallowed at such meeting or poll, shall be deemed valid for all purposes of such meeting or poll whatsoever.
<i>Chairman sole judge of the validity of a vote</i>	120			The Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting and the Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll. The Chairman shall be assisted by a scrutinizer, appointed by the Board for this purpose.
XVI. CAPITALISATION OF PROFITS AND DIVIDENDS				
<i>The Company in General Meeting may declare a dividend</i>	121			The Company in General Meeting may declare a dividend to be paid to the members according to their respective rights and interests in the profits, and may fix the time for the payment thereof.
<i>Equal rights of Shareholders</i>	122			Any share holder whose name is entered in the Register of Members of the Company shall enjoy the rights and be subject to the same liabilities as all other shareholders of the same class.
<i>Power of Directors to limit dividend</i>	123			No larger dividend shall be declared than is recommended by the Directors, but the Company in General Meeting may declare a smaller dividend.
<i>Dividends In proportion to the amount paid up.</i>	124			Unless the Company otherwise resolves, dividends shall be paid in proportion to the amount paid up or credited as paid up on each share, where a larger amount is paid up or credited

				as paid up on some share than on others. Provided always that any capital paid up on a share during the period in respect of which a dividend is declared shall unless otherwise resolved be only entitled the holder of such share to a proportionate amount of such dividend from the date of payment.
<i>Capital advanced on Interest not to earn dividends</i>	125			Capital paid-up in advance of calls shall not confer a right to dividend or to participate in profits.
<i>Dividends out of profits only and not to carry interest what to be deemed profits</i>	126			No dividends shall be payable except out of profits of the Company of the year or any other undistributed profits and no dividend shall carry interest against the Company. The declaration of the Directors as to the amount of the net profits of the Company shall be conclusive.
<i>Ad-interim dividend</i>	127			The Directors may, from time to time, declare and pay to the members such interim dividend as in their judgment the position of the Company justifies.
<i>No member to receive dividend while indebted to the Company</i>	128			No member shall be entitled to receive payment of any dividend in respect of any share or shares on which the Company has a lien, or whilst any amount due or owing from time to time to the Company, either alone or jointly with any other person or persons, in respect of such share or shares, or on any other account whatsoever, remains unpaid, and the Directors may retain, apply and adjust such dividend in or towards satisfaction of all debts, liabilities, or engagements in respect of which the lien exists, and of all such money due as aforesaid.
<i>Retention of dividends until completion of transfer under the transmission clause</i>	129			The Directors may retain the dividends payable upon shares in respect of which any person is under the transmission clause entitled to become a member, or which any person under the same clause is entitled to transfer, until such person shall become a member in respect thereof or shall duly transfer the same
<i>Transfer must be registered to pass right to dividend</i>	130	(1)		A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.
		(2)		No dividend shall be paid by the Company in respect of any share except to the registered holder of such share or to his order or to his bankers or any other person as permitted by applicable law.
<i>Dividend when and how to be paid</i>	131			All dividends shall be paid by the cheque, or warrant in respect thereof shall be posted within thirty days of the date on which such dividend is declared by the Company. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. The Company shall not be liable or responsible for any cheque or warrant lost in transmission or for any dividend lost to the member or person entitled thereto by forged endorsements on any cheque or warrant, or the fraudulent or improper recovery thereof by any other means.

<i>Notice of dividends</i>	132			Notice of the declaration of any dividend whether interim or otherwise, shall be given to the members in the manner hereinafter provided for giving of notice to member.
<i>Production of share certificate when applying for dividends</i>	133			The Directors may, if they think fit, call upon the members, when applying for dividends, to produce their share certificates to such person or persons appointed by them in that behalf.
<i>Any one of Joint-holders of share may receive dividends</i>	134			Any one of several persons who are registered as joint-holders of any share may give effectual receipts for all dividends and payments on account of dividends in respect of such share.
<i>Dividend payable in cash</i>	135			No dividend shall be payable except in cash. Provided that nothing herein shall be deemed to prohibit the capitalisation of profits or reserves of the Company for the purpose of issuing fully paid-up bonus shares or paying up any amount for the time being unpaid on any shares held by the members of the Company. Provided further that any dividend payable in cash may be paid in cheque or warrant or in any electronic mode to the Member entitled to the payment of the dividend.
<i>Dividend and call together Set off allowed</i>	136			Any General Meeting declaring a dividend may make a Call on the Members of such amount as the meeting fixes and so that the Call be made payable at the same time as the dividend, and the dividend may, if so resolved by the Company in General Meeting be set off against the Calls.
<i>Capitalisation</i>	137	(1)		A General Meeting of the Members, In a meeting in person or proxy or, through Postal Ballot or, by any other means, as may be permitted may on the recommendation of the Board, direct capitalisation of the whole or any part of the undivided profits for the time being of the Company or the whole or any part of the Reserve Fund or other funds of the Company including the moneys in the Securities Premium Account and the Capital Redemption Reserve Account or the premiums received on the issue of any shares, debentures or debenture-stock of the Company and that such sum be accordingly set free for the purpose, (1) by the issue and distribution, among the holders of the shares of the Company or any of them, in accordance with their respective rights and interests and in proportion to the amounts paid or credited as paid up thereon, of paid-up shares, debentures, debenture-stock bonds or other obligations of the Company, or (2) by crediting any shares of the Company which may have been issued and are not fully paid up, in proportion to the amounts paid or credited as paid up thereon respectively, with the whole or any part of the same.
		(2)		For the purposes above set out the Company may, subject to the provisions contained in section 63, apply: (i) its free reserves, (ii) the Securities Premium Account subject to the provisions of Section 52(2) of the said Act; (iii) the Capital Redemption Reserve Fund subject to the provisions of Section 55(4) of the said Act; and

				(iv) such other reserves or account as may be applied for issue of bonus shares.
<i>Date for determination of Members entitled to bonus, dividend and other actions of the company.</i>	138			The Board shall have the right to fix a date for the purpose of determining the Members who are entitled to the payment of the dividend, or shares pursuant to the capitalisation of reserves, and for any other action of the Company that requires determination of the details of Members.
XVII. ACCOUNTS				
<i>Accounts</i>	139	(1)		The Directors shall keep or cause to be kept at the Registered Office of the Company or at such place in India as the Board thinks fit proper books of accounts in respect of:
			(i)	all sums of money received and expended by the Company, and the matters in respect of which the receipt and expenditure take place;
			(ii)	all sales and purchase of goods by the Company; and
			(iii)	the assets and liabilities of the Company.
			(iv)	The items of cost, if any-as specified in the relevant Rules.
		(2)		Proper books of account shall also be kept at each branch office of the Company, whether in or outside India, relating to the transactions of that office and proper summarised returns made up to dates at intervals of not more than three months shall be sent by each branch office to the Company at its Registered Office of the Company or the other place referred to in clause (1) hereof.
		(3)		The books of account referred to in clause (1) and (2) shall be such books as are necessary to give a true and fair view of the state of affairs of the Company or such branch office and to explain its transaction.
		(4)		The books of accounts and other Books and Papers shall be open to inspection by any Directors during business hours.
		(5)		The Directors shall comply in all respects with Sections 128, 129, 133, 134, 136, to 138 of the said Act and any statutory modifications thereof.
<i>Inspection to members when allowed member</i>	140			The Directors 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 the members not being Directors; and no member (not being a Director) shall have any right of inspection of any account or book or document of the Company except as conferred by law or authorised by the Directors.
<i>Financial Statements to be laid before the</i>	141			Subject to Section 129 of the Act at every Annual General Meeting of the Company the Directors shall lay before the Company a Financial Statements for each financial year.

Contents of Financial Statements	142			The Financial Statements shall give a true and fair view of the state of affairs of the Company at the end of the period of the account.. Financial Statements shall comply with the provisions of Section 129 and 133 of the said Act.
Financial Statements how to be signed	143			The Financial Statements shall be signed in accordance with the provisions of Section 134 of the said Act.
	144			The Directors shall make out and attach to every Balance Sheet laid before the Company in General Meeting a Report of the Board of Directors which shall comply with the requirements of and shall be signed in the manner provided by Section 134 of the said Act.
Right of Members to copies of Financial Statements and Auditors' Report	145	(1)		A copy of every Financial Statements (including consolidated Financial Statements, the Auditors' Report and every other document required by law to be annexed or attached, as the case may be, to the Financial Statement) which is to be laid before the Company in General Meeting shall not less than twenty one days before the date of meeting be sent to every member, every trustee for the debenture holder of any debentures issued by the Company, to the Auditors of the Company, and every director of the Company. If the copies of the documents aforesaid are sent less than twenty one days before the date of the meeting they shall, notwithstanding that fact, be deemed to have been duly sent if it is so agreed by ninety five percent of the members entitled to vote at the meeting. The accidental omission to send the documents aforesaid, to or the non-receipt of the documents aforesaid by, any member or other person to whom it should be given shall not invalidate the proceedings at the meeting
		(2)		Any member or holder of debentures of the Company whether he is or is not entitled to have copies of the Company's Financial Statements sent to him, shall on demand, be entitled to be furnished without charge, and any person from whom the Company has accepted a sum of money by way of deposit shall on demand accompanied by the payment of a fee of fifty rupees, be entitled to be furnished with a copy of the last Financial Statements and every other documents required by law to be annexed or attached thereto.
Copies of Financial Statements etc. be filed	146	(1)		A copy of the Financial Statement, including consolidated Financial Statement, if any, along with all the documents which are required to be or attached to such Financial Statements under this Act, duly adopted at the annual general meeting of the company, shall be filed with the registrar within thirty days of the annual general meeting.
		(2)		If the Annual General Meeting before which a Financial Statement is laid as aforesaid does not adopt the Financial Statements, the un-adopted Financial Statements together with the other documents that are required to be attached to the financial statements shall be filed with the

				registrar within thirty days of the annual general meeting. Thereafter, the Financial Statements adopted at the adjourned annual general meeting shall be filed with the Registrar within thirty days of such adjourned annual general meeting.
<i>When accounts to be deemed finally settled</i>	147			Every account when audited and approved by a General Meeting shall be conclusive.
XVIII. BOARD OF DIRECTORS, THEIR QUALIFICATION AND REMUNERATION				
<i>Number of Directors</i>	148			The number of Directors shall not be less than Three and not more than fifteen Directors. The Company shall have the power to increase the number of Directors beyond 15 after passing a Special Resolution.
<i>Debenture Directors</i>	149			If and when the Company shall issue debentures the holders of such debentures, or if and when the Company shall create a mortgage of any property, the mortgagee or mortgagees to whom such property shall be mortgaged, may have the right to appoint and nominate and from time to time remove and re-appoint a Director or Directors, in accordance with the provisions of the Trust Deed securing the said debentures, or the deed creating such mortgages, as the case may be. A Director so appointed under this Article, is herein referred to as "The Debenture Director" and the term "Debenture Director" means a Director for the time being in office under the Article, and he shall have all the rights and privileges of an ordinary Director of the Company, except in so far as is otherwise provided for herein or by the Trust Deed securing the-Debentures or the deed creating the mortgage, as the case may be.
<i>Nominee Director</i>	150			Any deed for securing loans by the Company from financial corporations may be so arranged to provide for the appointment from time to time by the lending financial corporation of some person or persons to be a director or directors of the Company and may empower such lending financial corporation from time to time to remove and re-appoint any Director so appointed. A Director appointed under this Article is herein referred as "Nominee Director" and the term "Nominee Director" means any director for time being in office under this Article. The deed aforesaid may contain ancillary provisions as may be arranged between the Company and the lending corporation and all such provisions shall have effect notwithstanding any of the other provisions herein contained.
<i>Qualification of a Director</i>	151			No Director of the Company be required to hold any qualification shares
<i>Register of Directors etc. and of Directors Shareholdings</i>	152			The Directors shall arrange to maintain at the Registered office of the Company a Register of Directors, Key Managerial Personnel, containing the particulars and in the form prescribed by Section 170 of the Act. It shall be the duty of every Director and other persons regarding whom

				particulars have to be maintained in such Registers to disclose to the Company any matters relating to himself as may be necessary to comply with the provisions of the said sections.
<i>Fee for Directors</i>	153			A Director may receive remuneration by way of fee not exceeding such amount as may be permissible under the Rules for attending each meeting of the Board or Committee thereof; or of any other purpose whatsoever as may be decided by the Board.
	154			Subject to the provisions of Section 197 of the said Act:
<i>Additional Remuneration for Services</i>		(1)		Any one or more of the Directors shall be paid such additional remuneration as may be fixed by the Directors for services rendered by him or them and any one or more of the Directors shall be paid further remuneration if any as the Company in General Meeting or the Board of Directors shall from time to time determine. Such remuneration and/or additional remuneration may be paid by way of salary or commission on net profits or turnover or by participation in profits or by way of perquisites or in any other manner or by any or all of those modes.
		(2)		If any director, being willing shall be called upon to perform extra services, or to make any special exertion for any of the purposes of the Company, the Company in General Meeting or the Board of Directors shall, subject as aforesaid, remunerate such Director or where there is more than one such Director all or such of them together either by a fixed sum or by a percentage of profits or in any other manner as may be determined by the Directors and such remuneration may be either in addition to or in substitution for the remuneration above provided.
<i>Remuneration of Committee</i>	155			The Directors may from time to time fix the remuneration to be paid to any member or members of their body constituting a committee appointed by the Directors in terms of these articles not exceeding such amount as is permissible under the Rules, per meeting attended by him.
<i>Expenses to be reimbursed</i>	156			The Board of Directors may allow and pay to any Director fair compensation for his travelling and other expenses incurred in connection with the business of the Company including attendance at meeting of the Board or Committee thereof.
XIX. APPOINTMENT AND ROTATION OF DIRECTORS				
<i>Appointment of Directors</i>	157			A person shall not be capable of being appointed Director of the Company, if :
			(i)	he has been found to be unsound mind by court of competent jurisdiction.
			(ii)	he is an undischarged insolvent;
			(iii)	he has applied to be adjudicated as an insolvent and his application is pending;

			(iv)	he has been convicted by a Court in India of any offence involving moral turpitude or otherwise and sentenced in respect thereof to imprisonment for not less than 6 months, and a period of five years has not elapsed from the date of expiry of the sentence;
			(v)	he has not paid any call in respect of shares of the Company held by him, whether alone or jointly with others and six months have elapsed from the last day fixed for the payment for the call; or
			(vi)	an order disqualifying him for appointment as Director has been passed by a Court or Tribunal and the order is in force,
			(vii)	he has been convicted of the offence dealing with related party transactions under Section 188; or.
			(viii)	he has not complied with sub-section 3 of section 152.
<i>Appointment of directors and proportion to retire by rotation</i>	158	(1)		The Company shall appoint such number of Independent Directors as it may deem fit, for a term specified in the resolution appointing him. An Independent Director may be appointed to hold office for a term of up to five consecutive years on the Board of the Company and shall be eligible for re-appointment on passing of Special Resolution and such other compliances as may be required in this regard. No Independent Director shall hold office for more than two consecutive terms. The provisions relating to retirement of directors by rotation shall not be applicable to appointment of Independent Directors
		(2)		Not less than two-thirds of the total number of Directors of the Company shall:
			(i)	be persons whose period of office is liable to determination by retirement of Directors by rotation; and
			(ii)	save as otherwise expressly provided in the said Act; be appointed by the Company in General Meeting. Explanation:-for the purposes of this Article "total number of Directors" shall not include Independent Directors appointed on the Board of the Company.
		(3)		The remaining Directors of the Company shall also be appointed by the Company in General Meeting except to the extent that the Articles otherwise provide or permit.
<i>Provisions regarding Directors retiring by rotation</i>	159	(1)		Subject to the provisions of Section 152 of the Act at every Annual General Meeting, one-third of such of the Directors for the time being as are liable to retire by rotation, or if their number is not three or a multiple of three, then the number nearest to one-third, shall retire from office.
		(2)		The Directors to retire by rotation at every Annual General Meeting shall be those who have been longest in office since their last appointment, but as between persons who become Directors on the

				same day, those who are to retire shall, in default of and subject to any agreement among themselves, be determined by lot. A retiring Director shall be eligible for re-election.
		(3)	(i)	At the Annual General Meeting at which a Director retires as aforesaid, the Company may fill up the vacancy by appointing the retiring Director or some other person thereto
			(ii)	If the place of the retiring Director is not so filled up and the meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in the next week, at the same time and place, or if that day is a National Holiday, till the next succeeding day which is not a holiday, at the same time and place.
			(iii)	If at the adjourned meeting also, the place of the retiring Director is not filled up and that meeting also has not expressly resolved not to fill the vacancy, the retiring Director shall be deemed to have been re-appointed at the adjourned meeting unless :
				(i) at the meeting or at the previous meeting a resolution for the re-appointment of such Director has been put to the meeting and lost;
				(ii) the retiring Director has, by a notice in writing addressed to the Company or its Board of Directors, expressed his unwillingness to be so re-appointed;
				(iii) he is not qualified or is disqualified for appointment;
				(iv) a resolution, whether special or ordinary, is required for his appointment or re-appointment by virtue of any provisions of the said Act; or
				(v) Section 162 is applicable to the case.
				<p>***“Subject to the provisions of the Act, Managing Director of the Company so appointed by the Board shall not, while holding that office, be subject to retirement by rotation or taken into account in determining the rotation of retirement of directors, but shall be subject to determination ipso facto if the Managing director ceases from any cause to be Managing Director or if the Company in General Meeting resolve that the tenure of the office of Managing Director be determined.”</p> <p>Sub article (4) of Article 159 is amended at the Extra-ordinary General Meeting held on 10/12/2018</p>
Removal of Director	160			The Company may by an ordinary resolution remove any Director (not being a Director appointed by the Tribunal in pursuance of Section 242 of the Act) in accordance with the provisions of Section 169 of the Act. A Director so removed shall not be reappointed a Director by the Board

				of Directors.
<i>Notice of candidature when to be given</i>	161			A person who is not a retiring Director shall subject to the provisions of the said Act, be eligible for appointment to the Office of Director at any General Meeting, if he or some member intending to propose him has, not less than fourteen days before the meeting, left at the Registered Office of the Company a notice in writing under his hand signifying his candidature for the office of Directors or as the case may be, the intention of such Member to propose him as a candidate for the office, along with deposit of one lakh rupees or such other amount as may be specified in the relevant Rules. The amount so deposited shall be refunded to such person or, as the case may be, to the Member, if the person proposed gets elected as a Director or gets more than 25% of total valid votes.
<i>Consent of candidate for Directorship to be filed with the Registrar</i>	162			A person appointed as a Director shall not act as a Director unless he gives his consent to hold the office as director and such consent has been filed with the Registrar within thirty days of his appointment in such manner as prescribed in the relevant Rules.
<i>Appointment of Directors to be voted on individually</i>	163	(1)		At a General Meeting of the Company a motion shall not be made for the appointment of two or more persons as Directors of the Company by a single resolution, unless a resolution that is shall be so made has first been agreed to by the meeting without any vote being given against it.
		(2)		A resolution moved in contravention of clause (1) shall be void, whether or not objection was taken at the time to its being so moved;
		(3)		For the purpose of this Article a motion for approving a person's appointment or for nominating a person for appointing shall be treated as a motion for his appointment.
<i>Directors may appoint additional Directors</i>	164			The Directors shall have power at any time and from time to time, to appoint any person other than a person who fails to get appointed as a director in a general meeting, as an additional director at any time. Each such Additional Director shall hold office only up to the date of the next following Annual General Meeting, or the last date on which the annual general meeting should have been held, whichever is earlier, but shall be eligible for appointment by the Company at that meeting as a Director.
<i>Filling up of casual vacancies</i>	165	(1)		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, the resulting casual vacancy may be filled by the

				Board of Directors at a meeting of the Board.
		(2)		Any person 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 it has not been vacated as aforesaid.
Appointment of Alternate Director	166	(1)		The Board of Directors may appoint a person, not being a person holding any alternate directorship for any other Director in the Company, to act as 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.
		(2)		No person shall be appointed as an alternate director for an Independent Director unless he is qualified to be appointed as an Independent Director.
		(3)		An Alternate Director shall be entitled to notice of meetings of the Directors, and to attend and vote thereat accordingly.
		(4)		An Alternate Director shall vacate office if and when the Original Director returns to India.
		(5)		If the term of office of the Original Director is determined before he so returns to India as aforesaid any provision for the automatic re-appointment of retiring Directors in default of another appointment shall apply to the Original Director and not to the Alternate Director.
		(6)		An Alternate Director may be removed by the Board of Directors which may appoint another Alternate Director in his place.
Directors may act notwithstanding vacancy	167			The continuing Directors may act notwithstanding any vacancy in their body, but, if and so long as their number is reduced below three, the continuing Directors may act for the purpose of increasing the number of Directors to the said number, or of summoning a General Meeting of the Company, but for no other purpose.
XX. RESIGNATION OF OFFICE BY DIRECTORS				
Resignation of Directors	168			Subject to the provisions of Section 168 of the Act a Director may at any time resign from his office upon giving notice in writing to the Company of his intention so to do, and thereupon his office shall be vacated.
XXI. PROCEEDINGS OF BOARD OF DIRECTORS				
Meeting of Directors	169			A minimum number of four meetings of the Directors shall have been held in every year in such a manner that not more than one hundred and twenty days shall intervene between two consecutive meetings of the Board. The Directors may meet together for the conduct of business, adjourn and otherwise regulate their meeting and proceedings, as they think fit, and may determine the quorum necessary for the transaction of business

<i>Meeting through video conferencing</i>	170			The Board of Directors shall be entitled to hold its meeting through video conferencing or other permitted means, and in conducting the Board meetings through such video conferencing or other permitted means the procedures and the precautions as laid down in the relevant Rules shall be adhered to. With regard to every meeting conducted through video conferencing or other permitted means, the scheduled venue of the meetings shall be deemed to be in India, for the purpose of specifying the place of the said meeting and for all recordings of the proceedings at the meeting.
<i>Notice of Meetings</i>	171			Subject to provisions of Section 173 (3) of the Act, notice of not less than seven days of every meeting of the Board of Directors of the Company shall be given in writing to every Director at his address registered with the company and shall be sent by hand delivery or by post or through electronic means. The meeting of the Board may be called at a shorter notice to transact urgent business subject to the condition that at least one Independent Director of the Company shall be present at the meeting. In the event, any Independent Director is not present at the meeting called at shorter notice, the decision taken at such meeting shall be circulated to all the directors and shall be final only on ratification thereof by at least one Independent Director.
<i>Quorum for Meetings</i>	172			The quorum for a meeting of the Board shall be one-third of its total strength (any fraction contained in that one third being rounded off as one), or two directors whichever is higher and the directors participating by video conferencing or by other permitted means shall also counted for the purposes of this Article Provided that where at any time the number of interested Directors exceeds or is equal to two-thirds of the total strength, the number of the remaining Directors, that is to say, the number of the Directors who are not interested, being not less than two, shall be the quorum during such time. Explanation: The expressions "interested Director" shall have the meanings given in Section 184(2) of the said Act and the expression "total strength" shall have the meaning as given in Section 174 of the Act.
<i>Procedure of meeting adjourned for want of Quorum</i>	173	(1)		If a meeting of the Board could not be held for want of a quorum then the meeting shall automatically stand adjourned to the same day in the next week, at the same time and place, or if that day is a National Holiday, till the next succeeding day which is not a National Holiday at the same time and place.
		(2)		The provisions of Article 169 shall not be deemed to have been contravened merely by reason of the fact that a meeting of the Board which has been called in compliance with the terms of that Article could not be held for want of a quorum.

<i>Power of Quorum</i>	174			A meeting of the Directors for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers and directions by law or under the Articles and regulations for the time being vested in or exercisable by the Directors generally
<i>When meetings to be convened</i>	175			The Chairman may, and manager or Secretary on the requisition of a Director shall, at any time, summon a meeting of the Board.
<i>Question how decided</i>	176			Questions arising at any meeting of the Directors shall be decided by a majority of votes, and in case of an equality of votes, the Chairman thereof shall have a second or casting vote.
<i>Chairman of Directors' meetings</i>	177			The Directors may elect a Chairman of their meetings and determine the period for which he is to hold office, and unless otherwise determined the Chairman shall be elected annually. If no Chairman is elected, or if at any meeting the Chairman is not present within five minutes of the time appointed for holding the same, or is unwilling to preside, the Directors present may choose one of their members to be the Chairman of such meeting.
<i>Directors may appoint Committees</i>	178			Subject to the provisions of Section 179 of the said Act, the Directors may delegate any of their powers, other than powers which by reason of the provisions of the said Act cannot be delegated to committees consisting of such member or members of their body as they may think fit, and they may from time to time revoke and discharge any such Committee either wholly or in part, and either as to persons or purposes. 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 Directors, and all acts done by any such Committee in conformity with such regulations and in fulfillment of the purpose of their appointment, but not otherwise, shall have the like force and effect as if done by the Board.
<i>Meeting and proceedings of Committee how governed</i>	179			The meetings and proceedings of any such Committee consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors, so far as the same are applicable thereto, and are not superseded by the express terms of the appointment of any such Committee, or by any regulations made by the Directors.
<i>Resolutions by circular</i>	180			A resolution not being a resolution required by the said Act or otherwise to be passed at a meeting of the Directors, may be passed without any meeting of the Directors or of a committee of Directors provided that the resolution has been circulated in draft, together with the necessary papers, if any, to all the Directors, or to all the members of the Committee as the case may be, at their addresses registered with the Company, by hand delivery or by post or courier or through electronic means as

				permissible under the relevant Rules and has been approved by a majority of the Directors as are entitled to vote on the resolution.
<i>Validity of acts of Directors</i>	181			All acts done by a person as a Director shall be valid, notwithstanding that it may be afterwards discovered that his appointment was invalid by reason of any defect or disqualification or had terminated by virtue of any provision contained in the said Act or in these Articles. Provided that this Article shall not give validity to acts done by a Director after his appointment has been shown to the company to be invalid or to have terminated.
<i>Minutes of proceedings of the Board and the Committee to be Valid</i>	182			The Directors shall cause minutes to be duly entered in a book or books provided for the purpose in accordance with these presents and section 118 of the Act.
<i>Register of Directors and Key Managerial Personnel</i>	183	(1)		The Directors shall cause to be kept at the Registered Office (a) a Register mentioned in Article 152 and (b) a Register of Contracts or arrangements of which they are interested, containing the particulars required by Section 189 of the Act.
<i>Inspection of Register</i>		(2)		The provisions contained in Article 103 (1)(b) and 103(2) relating to inspection and taking copies shall mutatis mutandis be applicable to the registers specified in this Article.
XXII. APPOINTMENT OF KEY MANAGERIAL PERSONNEL				
	184	(1)		Subject to the provisions of the Act, (i) A Key Managerial Personnel may be appointed by the Board for such term at such remuneration and upon such conditions as it may think fit and the Key Managerial Personnel so appointed may be removed by means of a resolution in the Board Meeting. (ii) A Director may be appointed as chief executive officer, manager, company secretary or chief financial officer
XXIII. BORROWING POWERS OF DIRECTORS				
<i>Power to borrow: Conditions on which money may be borrowed</i>	185	(1)		Subject to clause (2) hereof the Directors may, from time to time at their discretion raise or borrow, or secure the repayment of any loan or advance taken by the Company. Any such moneys may be raised and the payment or repayment of such moneys maybe secured in such manner and upon such terms and conditions in all respects as the Directors may think fit and, in particular by promissory notes, or by opening current accounts or by receiving deposits and advances at interest, with or without security, or by the issue of debentures of debenture-stock of the Company charged upon all or any part of the property of the Company (both present and future), including its uncalled capital for the time being, or by mortgaging, charging or pledging any lands, buildings, machinery, plants, goods or other property and securities of the Company, or by such other means as to them may seem expedient.

<i>Restrictions on powers of Board</i>		(2)		The Board of Directors shall not, except with the consent of the Company in General Meeting, borrow moneys where the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose.
				No debt by the Company in excess of limit imposed by this Article shall be valid or effectual unless the lender proves that he advanced the loan in good faith and without knowledge that the limit imposed by that Article has been exceeded.
		(3)		Any bonds, debentures, debenture-stock or other securities issued or to be issued by the Company, shall be under the Control of the Directors 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.
<i>Securities may be free assignable from equities</i>		(4)		Any such debentures, debenture-stock and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.
		(5)		If any other offer is made to the public to subscribe for or purchase debentures the provisions of the said Act relating to a prospectus shall be complied with.
<i>Issue at discount etc. or with special privilege</i>		(6)	(i)	Any such debentures, debenture-stock, bonds or other securities may be issued at a discount, premium or otherwise, and on condition (with the consent of the Company in General Meeting) and they may have a right to allotment of or be convertible into shares of any denominations, and with any special privileges and conditions as to redemption (or being irredeemable), surrender, drawings, re-issue, attending at General Meeting of the Company, appointment of Directors, and otherwise, provided that no debentures, debenture-stock, bonds or other securities may be issued carrying voting rights.
			(ii)	The Company shall have power to re-issue redeemed debentures.
			(iii)	A contract with the Company to take up and pay for any debentures of the Company may be enforced by a Deed for specific performance.
<i>Limitation of time for issue of certificates</i>			(iv)	The Company, shall within two months after the allotment of any of its shares, and six months after the allotment of any debentures or debenture-stock, and within one month after the application for the registration of the transfer of any shares, debentures or debenture-stock have completed and have ready for delivery the certificates of all shares, the debentures and the certification of all debenture-stock allotted or transferred, unless the conditions of issue of the shares, debentures of

				debenture-stock otherwise provide The expression “transfer” of the purpose of the sub clause means a transfer duly stamped, dated and otherwise valid, and does not include any transfer which the Company is for any reason entitled to refuse to register and does not register
<i>Right to obtain called capital</i>		(e)	(i)	A copy of any trust deed for securing any issue of debentures shall be forwarded to the holder of any such debentures or any member of the Company at his request and within seven days of the making thereof on payment of rupees fifty (Rs. 50/-);
			(ii)	The Court may also, by order, direct that the copy required shall forthwith be sent to the person requiring it.
<i>Inspection of Trust Deeds</i>			(iii)	The Trust Deed referred to in sub-clause (i) shall be open inspection by any member or debenture holder of the Company in the same manner, to the same extent, and on payment of the same fees, as if it were the register of members of the Company.
<i>Mortgage of uncalled capital</i>	186			If any uncalled capital of the Company is included in or charged by any mortgagor other security, the Directors may, by instrument under the Company’s seal, authorise the person in whose favour such mortgage or other security is executed, or any other person in trust for him to make calls on the members in respect of such uncalled capital, and the provisions hereinbefore contained in regard to call shall mutatis mutandis apply to calls under such authority, and such authority may be made exercisable either conditionally or unconditionally and either presently or contingently, and either to the exclusion of the Directors power or otherwise, and shall be assignable if expressed so to be.
<i>Indemnity may be given</i>	187			If the Directors or any of them or any other person shall become personally liable for the payment of any sum primarily due from the Company, the Board may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or person so becoming liable as aforesaid from any loss in respect of such liability
<i>Foreign register of members</i>	188			The Company may exercise the power to keep foreign register of members or debenture holders or other security holders or beneficial owners residing outside India as provided in Section 88 of the Act.
XXIV. POWER OF DIRECTORS				
<i>Business of the Company to be managed by Directors</i>	189	(1)		Subject to the provisions of Section 135, 179, 180, 181, 182, 183, 184, 185, 186, 188 and 203 of the Act, the Board of Directors of the Company shall be entitled to exercise all such powers, give all such consents, make all such arrangements, be nearly do all such acts and things as are or shall be by the said Act, and the memorandum of association and these precedents directed or authorized to be exercised, given, make or done by the Company and are not thereby expressly

				directed or required to be exercise, given, made or done by the Company in General Meeting, but subject to such regulations being (if any) not inconsistent with the said provisions as from time to time may be prescribed by the Company in General Meeting provided that no regulation so made by the company in General Meeting shall invalidate any prior act of the Directors which would have been valid if the regulations had not been made.
<i>Power to delegate</i>		(2)		Save as provided by the said Act or by these presents and subject to the restrictions imposed by Section 179 of the said Act, the Directors may delegate all or any powers by the said Act or by the Memorandum of Association or by these presents reposed in them
<i>Specific Powers to Directors</i>	190			Subject to the provisions of Articles 189 but without prejudice to the General Powers thereby conferred and so as not in any way to conferred by these presents, it is hereby expressly declared that the Directors shall have the following powers and authorities, that is to say power and authority :
		(1)	(i)	to enter into agreements with foreign components and other persons for obtaining by granting licence or other terms, formulae and other rights and benefits and to obtain financial and or technical collaboration, technical information, knowhow and expert advice in connection with the activities and business permitted under the Memorandum of Association of the Company.
			(ii)	to take over and acquire the industrial licence, import licence, permit and other rights on payment of actual and out of pocket expenses incurred thereof, and compensation for technical services rendered in connection therewith :
			(iii)	to pay and charge to the Capital / Revenue Account of the Company the legal and other costs, charges and expenses of and preliminary and incidental to the promotion, formation, establishment and registration of the Company including the stamps and fees paid in respect thereof :
			(iv)	to pay and charge to the Capital / Revenue Account of the Company any commission or interest lawfully payable under the provisions of the said Act :
			(v)	To carry out activities that are specified in Schedule VII of the Act, and for this purpose expend / incur the monies of the Company, and all monies so expended or incurred for this purpose shall also be construed to be for the purpose of the Company's business.
		(2)		to purchase in India or elsewhere any machinery plant, stores and other articles and things for all or any of the objects or purpose of the Company;

		(3)		to purchase, take on lease or otherwise acquire in India any lands (whether freehold, leasehold or otherwise) and with or without houses, buildings, structures or machinery (fixed or loose) and any moveable property, rights or privileges (including intellectual property rights) from any person including a Director in furtherance of or for carrying out its objects, at or for such price or consideration and generally on such terms and conditions and with such titled thereto as they may think fit or may believe or be advised to be reasonable satisfactory.
		(4)		to purchase, or otherwise acquire from any person and to resell, exchange, and repurchase any patent for or licence for the use of any invention.
		(5)		to purchase or otherwise acquire for the Company any other property, formulae, concessions, rights and privileges which the Company is authorised to acquire, at or for such price or consideration and generally on such terms and conditions as they may think fit.
		(6)		in any such purchase or other acquisition to accept such titled as the Directors may believe or may be advised to be reasonably satisfactory. At their discretion to pay for any property, rights or privileges acquired by or services rendered to the Company, either wholly or partly in cash or in shares, or in both, or in bonds, debentures, mortgages or other securities of the Company, and any such shares may be issued either as fully paid up or with such amount credited as paid up thereon as may be agreed upon and any bonds, debentures, mortgages 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
		(7)		to sell for cash or on credit or to contract for the sale and future delivery of or to and for sale in any part of India or elsewhere any products or Articles produced, manufactured or prepared by the Company as the Directors may deem advisable.
		(8)		to erect, construct, and build and factories, warehouses, godowns, engine houses, tanks, wells, or other constructions, adopted to the objects of the Company or may be considered expedient or desirable for the objects or purposes of the Company or any of them;
		(9)		to sell from time to time any articles, materials, machinery, plant, stores and other articles and things belonging to the Company as the Directors may think proper and to manufacturer, prepare and sell waste and by-products;
		(10)		from time to time to extend the business and undertaking of the company by adding to, altering, or enlarging all or any of the building, factories, workshops, premises, plant and machinery, for the time being the property or in the possession of the Company, or by erecting new or additional buildings, and to expend such sums of money for

				the purposes aforesaid or any of them, as may be thought necessary or expedient;
		(11)		to remove all or any of the machinery, plant and other movable property of the Company for the time being in or upon lands, buildings, or premises of the Company to other lands, buildings, or premises;
		(12)		to negotiate for, and subject to the approval of the Company in General Meeting, contract for the sale and transfer of all or any part of the property and undertaking of the Company as a going concern, subject or not subject to all or any of the obligations and liabilities of the Company;
		(13)		to undertake on behalf of the Company the payment of all rents the performance of all 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 the freehold or fee-simple of all or any of the lands of the Company for the time being held under lease, or for an estate less than a free hold estate;
		(14)		to improve, manage, develop, exchange, lease, sell, re-sell and re-purchase, dispose of, deal with or otherwise turn to account and property (movable or immovable) or any rights or privileges belonging to or at the disposal of the Company or in which the Company is interested;
		(15)		to secure the fulfillment of any contracts or engagements entered into by the Company by mortgage or charge of all or any of the property of the Company and its unpaid capital for the time being or in such manner as they may think fit.
		(16)		to accept from any member, on such terms and conditions as shall be agreed upon and as far as may be permissible by law, a surrender of his shares or any part thereof;
		(17)		to determine from time to time who shall be entitled to sign on the Company's behalf bills, notes, receipts, acceptances, endorsement, cheques, dividend warrants, releases, contracts and documents and to give the necessary authority for such purposes;
		(18)		to make advances and loans without any security, or on such security as they may think proper and to take security for already existing debts, and otherwise to invest and deal with any of the moneys of the Company not immediately required for the purpose thereof in Government or Municipal securities, fixed deposits in banks and in such other manner as they may think fit and from time to time vary or realize such investments, and for the purpose aforesaid to authorise such persons within limits to be fixed from time to time by the Board.
		(19)		to make and give receipts, releases and other discharges for moneys payable to, or for goods or property belonging to the Company, and for the

				claims and demands of the Company;
		(20)		subject to the provisions of Section 179, 180 and 186 of the said Act, to invest and deal with any moneys of the Company not immediately required of the purposes thereof, upon such security (not being shares of the 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 said Act all investments shall be made and held in the Company's own name;
		(21)		to give to any officer or other person employed by the Company including any Directors so employed, a commission on the profits of any particular business or transaction, or a share in general or particular profits of the Company, and such commission or share of profits shall be treated as part of the working expenses of the Company and to pay commissions and make allowances to any person introducing business to the Company or otherwise assisting its interests;
		(22)		subject to the provisions of Section 187 of the said Act to appoint any person or persons (whether incorporated or not) to accept and hold in trusts for the Company any property belonging to the Company, or in which the Company is interested or for any other purposes and to execute and do all such acts, deeds and things as may be requisite in relation to any such trust, and to provide for the remuneration of such trustee or trustees;
		(23)		to insure and keep insured against loss or damage or 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 movable property of the Company either separately or conjointly, 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.
		(24)		to attach to any shares to be issued as the consideration or part of the consideration for any contract with or property acquired by the Company, or in payment for services rendered to the Company, such conditions as to the transfer thereof as they think fit;
		(25)		to execute, in the name and on behalf of the Company, in favour of any Director or other person who may incur or be about to incur any personal liability for the benefit of the Company, such mortgages of the Company's property (present and future) as they may think fit and any such mortgage may contain a power of sale and such other powers, covenants and provisions as shall be agreed upon;

		(26)		to institute, conduct, defend, compound, abandon or refer to arbitration any action, suit, appeals, proceedings, for enforcing decrees and orders and other legal proceedings by or against the Company or its officers, or otherwise concerning the affairs of the Company, to compound or compromise 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 the same or arbitration, to observe and perform any awards made there on; to act on behalf of the Company in all matters relating to bankrupts and insolvents;
		(27)		The person duly authorised by the Directors shall be entitled to make, give, sign and execute all and every warrant to use or defend on behalf of the Company, and all and every legal proceedings and compositions or compromise, agreements, and submission to arbitration and agreement to refer to arbitration as may be requisite, and for the purposes aforesaid, the Secretary or such other person may be empowered to use their or his own name on behalf of the Company, and they or he shall be saved harmless and indemnified out of the funds and property of the Company, from and against all costs and damages which they or he may incur or be liable to by reason of their or his name so used as aforesaid.
		(28)		to provide for the welfare of the employees or ex-employees of the Company, and the wives, widows and families or the dependents or connects of such persons and to give, award or allow any pension, gratuity, compensation, grants of money, allowances, bonus, stock options (including other stock related compensation) or other payment to or for the benefit of such persons as may appear to the Directors just and proper, whether they have or have not a legal claim upon the Company, and before recommending any dividends to set aside portions of the profits of the Company to form a fund to provide for such payments and in particular to provide for the welfare of such persons, by building or contributing to the building of houses, dwelling or chawls, or by creating and from time to time subscribing or contributing to provident and other associations, institutions, funds, or trusts and by providing or subscribing or contributing towards places of instruction and recreation, hospitals and dispensaries, medical and other attendance and other assistance as the Directors shall think fit; and to subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or other institutions, or objects which shall have any moral or other claim to support or aid by the Company either by reason of locality of operation or of public and general utility;

		(29)	<p>before recommending any dividend, to set aside, out of the profits of the Company such sums for depreciation as provided in Section 123 of the said Act and such sums as they think proper for creating reserves, general or specific or special funds to meet contingencies or to repay debentures or debenture-stock or to pay off preference of other shareholders subject to the sanction of the Court when the same is required by law on for payment of dividends or equalising dividend or for special dividends or bonus or for repairing, improving, extending and maintaining any part of the property of the Company and for such other purposes (including the purposes referred to in the preceding clause) as the Directors may in their absolute discretion think conducive to the interest of the Company and from time to time to carry forward such sums as may be deemed expedient and to invest and deal with the several sums to set aside or any part thereof as provided in Clause (18) of this Article as they think fit, and from time to time to deal with and vary such investment and dispose of and apply and expend the same or any part thereof for the benefit of the Company in such manner and for such purpose as the Directors in their absolute discretion think conducive to the interest of the Company notwithstanding that the matters to which the Directors apply or upon which they expend the same or any part thereof for the benefit of the Company in such manner and for such purpose as the Directors in their absolute discretion think conducive to the interest of the Company notwithstanding that the matter to which the Directors apply or upon which they expend the same or any part thereof may be matters to and upon which the capital money of the Company might rightly be applied or expended and the Directors may divide the Reserve or any Fund into such special funds and transfer any sum from one fund to another as they may think fit and may employ the assets constituting all or any of the above funds including the Depreciation Fund or any part thereof in the business of the Company or in the purchase or repayment of debentures or debenture-stock or preference shares or in payment of special dividend or bonus and that without being bound to keep the same separate from the other assets, and without being bound to pay interest for the same with power however to the Directors at their discretion to pay or allow to the credit of such funds or any of them the interest at such rate as the Directors may think proper not exceeding 9 per cent per annum.</p>
		(30)	<p>from time to time and at any time to entrust to and confer upon the officers for the time being of the Company, and to authorise, or empower them to exercise and perform and by Power-of-Attorney under seal to appoint any person to be the</p>

			<p>Attorney of the Company and invest them with such of their powers, authorities, duties and discretion exercisable by or conferred or imposed upon the Directors, but not the power to make Calls or other power which by law are expressly stated to be incapable of delegation as the Directors may think fit, and for such time and to be exercise for such objects and purposes and subject to such restrictions and conditions, as the Directors may think proper or expedient, and either collaterally with or to the exclusion of and in substitution for all or any of the powers, authorities, duties and discretions of the Directors in that behalf, with authority to the Secretary or such officers or attorney to sub-delegate all or any of the powers, authorities, duties, and discretions for the time being vested in or conferred upon them and from time to time to revoke all such appointments of attorney and withdraw, alter or vary all or any of such powers, authorities, duties and discretions;</p>
		(31)	<p>to appoint, and at their pleasure to remove, discharge, or suspend and to re-employ or replace, for the management, of the business, secretaries, managers, experts, engineers, accountants, agents, subagents, bankers, brokers, muddams, solicitors, officers, clerks, servants and other employees for permanent, temporary or special services as the Directors may from time to time think fit, and to determine their powers and duties and fix their emoluments, salaries, wages, and to require security in such instances and to such amount as they think fit, and to ensure and arrange for guarantee for fidelity of any employees of the Company and to pay such premiums on any policy of guarantee as may from time to time become payable;</p>
		(32)	<p>from time to time and at any time to establish any local Board for managing any of the affairs of the Company in any specified locality in India or elsewhere and to appoint any persons to be members of any Local Boards and to fix their remuneration. And from time to time and at any time to delegate to any person so appointed any of the powers, authorities and discretions for the time being vested in the Directors, other than their power to make a Call and to authorise the members for the time being of any such Local Board, or any of them to fill up any vacancies therein and to act notwithstanding vacancies and any such appointment or delegation may be made on such terms and subject to such conditions as the Directors may think fit, and the Directors may at any time remove any person so appointed, and may annul or vary any such delegation. Any such delegate may be authorised by the Directors to sub-delegate all or any of the powers, authorities and discretions for the time being vested in him.</p>

		(33)		at any time and from time to time by power-of-attorney 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 Directors under these presents) and for such period and subject to such conditions as the Directors may from time to time think fit and any such appointment (if the Directors think fit) may 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 members, Directors, nominees, or Managers of any company or firm or otherwise in favour of any fluctuating body or persons whether nominated directly or indirectly by the Directors, and any such Power-of-attorney may contain such powers for the protection or convenience of persons dealing with such Attorney as the Directors may think fit.
		(34)		from time to time to provide for the management transaction of the affairs of the Company outside the Registered Office or in any specified locality in India or outside India, in such manner as they think fit and in particular to appoint any person to be the Attorneys or agents of the Company with such powers, authorities and discretions (including power to sub-delegate) but not exceeding those vested in or exercisable by the Directors, and also not the power to make calls or issue debentures and for such period, and upon such terms and subject to such conditions as the Directors may think fit, and at any time to remove any person so appointed or withdraw or vary any such powers as may be thought fit, and for that purpose the Company may exercise the powers conferred by Section 88 of the Act relating to keep in any State or country outside India a foreign Register respectively and such powers shall accordingly be vested in the Directors.
		(35)		for or in relation to any of the matters aforesaid or otherwise for the purpose and objects of the Company to enter into all such negotiations and contracts and rescind and vary all such contracts, and execute, perform and do and sanction, and authorise all such acts, deeds, matters and things, including matters that are incidental and/or ancillary thereto, in the same and on behalf of the Company as they may consider expedient;
		(36)		to open accounts with any bank or bankers or with any Company, firm or individual for the purpose of the Company's business and to pay money into and draw money from any such account from time to time as the Directors may think fit.
		(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 Key Managerial Personnel, firm, company or fluctuating body of persons as aforesaid.

		(38)		toauthorise the issue of securities (including depository receipts), whether convertible to shares or not, as per applicable laws, either as a primary issue or a secondary offering.
XXV. MANAGING DIRECTORS				
<i>Power to appoint Managing Director</i>	191			Subject to the provisions of Section 196, 197, and 203 of the Act, the Directors may from time to time appoint one or more of their body to be Managing Director, Joint Managing Director or Managing Directors, Whole-time Director, Manager or Chief Executive Officer of the Company either for a fixed term or without any limitation as to the period for which he or they is or are to hold such office but in any case not exceeding five years at a time and may from time to time remove or dismiss him or them from office and appoint another or others in his or their place or places.
<i>What provisions he will be subject to</i>	192			A managing Director or Joint Managing Director subject to the provisions contained in Article 184 shall not while he continues to hold that office be subject to retirement by rotation and he shall not be taken into account in determining the rotation of retirement of Directors or the number of Directors to retire but he shall, subject to the terms of any contract between him and the Company, be subject to the same provisions as to resignation and removal as the Directors of the Company, and if he ceases to hold the office of Directors from any cause shall ipso facto and immediately cease to be Managing Director.
<i>Remuneration of Managing Director</i>	193			The remuneration of a Managing Director and Joint Managing Director shall from time to time be fixed by the Directors and may be by way of salary or commission or participating in profits or by way or all of those modes or in other forms shall be subject to the limitations prescribed in Section 197 of the Act.
<i>Powers and duties of Managing Directors</i>	194			The Directors may from time entrust to and upon a Managing Director or Joint Managing Director for the time being such of the powers exercisable under these Articles by the Directors as they may think fit, and may confer such powers for such time and to be exercised for such objects and purposes and upon such terms and conditions and with such restrictions as they think expedient, and they may 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 of such powers, unless and until otherwise determined a Managing Director may exercise all the powers exercisable by the Directors, save such powers as by the Act or by these Articles shall be exercisable by the Directors themselves.
XXVI. SECRETARY				

	195	(1)		The Directors may from time to time appoint and at their discretion remove, a person (hereinafter called “the Secretary”) to keep the Registers required to be kept by the Company, to perform any other function which by the said Act or by these Articles are to be performed by the Secretary and to execute any other duties which may from time to time be assigned to the Secretary by the Directors.
		(2)		The Directors may any time appoint a temporary substitute for the Secretary who shall for the purpose of these Articles be deemed to be the Secretary.
XXVII. INDEMNITY TO AND PROTECTION OF DIRECTORS AND OFFICERS				
<i>Indemnity</i>	196	(1)		The Board shall be entitled to meet out of the funds of the Company to defend, every officer of the Company as defined by Section 2(59) of the said Act, or any person (whether an officer of the Company or not) employed by the Company, against all claims made on them (including losses, expenses, fines, penalties or such levies), in or about the discharge of their respective duties.
		(2)		Every Officer of the Company, as defined by Section 2(59) of the said Act, or any person (whether an Officer of the Company or not) employed by the Company, shall be entitled to direct the company to meet all claims, losses, expenses, fines, penalties or such other levies, expended by them, respectively in or about the discharge of their respective duties, out of the funds of the Company against all such liabilities, including attorney fees, incurred by them in defending any proceedings under the Act, or other laws applicable to the Company, and/or its subsidiaries in any jurisdiction.
		(3)		The Company may take and maintain any insurance as the Board may think fit on behalf of its directors (present and former), other employees and the Key Managerial Personnel, for insurers to directly meet all claims, losses, expenses, fines, penalties or such other levies, or for indemnifying any or all of them against any such liability for any acts in relation to the Company for which they may be liable.
<i>Directors and Other officers not responsible or acts of others</i>	197			No Director of the Company, Manager, Secretary, Trustee, Auditor and other officer or servant of the Company shall be liable for the acts, receipts, neglects or defaults of any other Director or officer or servant or for joining in any receipts or other act for the sake of conformity merely or for any loss or expenses happening to the Company through the insufficiency or deficiency in point of titles or value of any property acquired by the order of the Directors for or on behalf of the Company or mortgaged to the Company or for the

				insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortuous act of any person, company or corporation to or with whom any moneys, securities or effects of the Company shall be entrusted or deposited or for any loss occasioned by any error of judgment, omission, default or oversight on his part or for any other loss, damage or misfortune whatever which shall happen in relation to the execution or performance of the duties of his office or in relation thereto, unless the same happen through his own dishonesty.
	198			An Independent Director, and a non-executive director not being a promoter or a Key Managerial Personnel, shall be liable only in respect of acts of omission or commission, by the Company which had occurred with his knowledge, attributable through Board processes, and with his consent or connivance or where he has not acted diligently.
XXVIII. SEAL				
<i>The Seal, its custody and use</i>	199	(1)		The Directors shall provide a Common Seal for the purpose of the Company and shall have power from time to time to destroy the same and substitute a new seal in lieu thereto and the Directors shall provide for the safe custody of the seal for the time being. The seal of the Company shall never be used except by the authority of a resolution of the Board of Directors and in presence of one of Directors or such other persons as the Board may authorise who will sign in token thereof and countersigned by such officers or persons at the Directors may from time to time resolve.
		(2)		Any instrument bearing the Common Seal of the Company and issued for valuable consideration shall be binding on the Company notwithstanding any irregularity touching the authority of the Directors to issue the same.
XXIX. NOTICES AND SERVICE OF DOCUMENTS				
<i>Members to notify Address for registration</i>	200			It shall be imperative on every member to notify to the Company for registration his place of address in India and if he has no registered address within India to supply to the Company an address within India for giving of notices to him. A member may notify his email address if any, to which the notices and other documents of the company shall be served on him by electronic mode. The Company's obligation shall be satisfied when it transmits the email and the company shall not be responsible for failure in transmission beyond its control.

<i>Notice</i>	201			Subject to Section 20 of the said Act, a document may be served by the Company on any member thereof by sending it to him by post or by registered post or by speed post or by courier or by delivering at his address (within India) supplied by him to the company for the service of notices to him. The term courier means person or agency who or which delivers the document and provides proof of its delivery.
<i>Transfer of successors in title of members bound by notice given to previous holders</i>	202			Every person, who by operation of law, transfer or other means whatsoever, shall become entitled to any share, shall be bound by any and every notice and other document in respect of such share which previous to his name and address being entered upon the register shall have been duly given to the person from whom he derives his title to such share.
<i>When notice may be given by advertisement</i>	203			Any notice required to be given by the Company to the members or any of them and not expressly provided for by these presents shall be sufficiently given, if given by advertisement, once in English and once in a vernacular daily newspaper circulating in the city, town or village in which the registered office of the Company is situate
<i>Service of notice good notwithstanding death of member</i>	204			Any notice or document served in the manner hereinbefore provided shall notwithstanding such member be then dead and whether or not the Company has notice of his death, be deemed to have been duly served in respect of any share, whether held solely or jointly with other persons by such member, until some other person be registered in his stead as the holder or joint-holder thereof and such service, for all purposes of these presents be deemed a sufficient service of such notice or documents on his heirs, executors, administrators and all person (if any) jointly interested with him in any such shares.
<i>Signature to notice</i>	205			Any notice given by the Company shall be signed (digitally or electronically) by a Director or by the Secretary or some other officer appointed by the Directors and the signature thereto may be written, facsimile, printed, lithographed, photostat.
<i>Service of documents on company</i>	206			A document may be served on the Company or on an officer thereof by sending it to the Company or officer at the Registered Office of the Company by post or by Registered Post or by leaving it at its Registered Office, or by means of such electronic mode or other mode as may be specified in the relevant Rules.
XXX. SECRECY CLAUSE				
<i>Secrecy Clause</i>	207			No member shall be entitled to visit any works of the Company without the permission of the Directors or to require discovery of or any information respecting any detail of the Company's working, trading or any matter which is or may be in the nature of a secret, mystery of trade or secret process, which may relate to the conduct of the business of that Company and which in the opinion of the Directors, it will be inexpedient in the interest of the members of the

				Company to communicate to the public
XXXI. WINDING-UP				
	208			If upon the winding-up of the Company, the surplus assets shall be more than sufficient to repay the whole of the paid-up capital, the excess shall be distributed amongst the members in proportion to the capital paid or which ought to have been paid-up on the shares at the commencement of the winding-up held by them respectively, other than the amounts paid in advance of calls. If the surplus assets shall be insufficient to repay the whole of the paid-up capital, such surplus assets shall be distributed so that as nearly as may be the losses shall be borne by the members in proportion to the capital paid-up or which ought to have been paid-up at the commencement of the winding-up on the shares held by them respectively, other than the amounts paid by them in advance of calls. But this Article is without prejudice to the rights of the holders of any shares issued upon special terms and conditions and shall not be construed so as to or be deemed to confer upon them any rights greater than those conferred by the terms and conditions of issue.
<i>Distribution of assets in specie</i>	209			If the Company shall be wound-up whether voluntarily or otherwise, the following provisions shall take effect:
		(1)		the Liquidator may, with the sanction of a Special Resolution, divide among the contributories in specie or kind any part of the assets of the Company and may, with the like sanction, vest any part of the assets of the Company in trustees upon such trust for the benefit of the contributories or any of them, as the Liquidator with the like sanction shall think fit.
		(2)		If thought fit any such division may be otherwise than in accordance with the legal rights of the contributories (except where unalterably fixed by the Memorandum of Association) and in particular any class may be given preferential or special rights or may be excluded altogether or in part but in case any division otherwise than in accordance with the legal rights of the contributories shall be determined on any contributory who would be prejudiced thereby shall have the right to dissent and shall have ancillary rights as if such determination were a Special Resolution passed pursuant to Section 319 of the said Act.

		(3)		In case any shares to be divided as aforesaid involve a liability to calls or otherwise any person entitled under such division to any of the said shares, may, within seven days after the passing of the Special Resolution by notice in writing, direct the Liquidator to sell his proportion and pay him the proceeds and the Liquidator shall, if practicable, act accordingly.
<i>Liquidator may sell for shares in another company</i>	210			Any such Liquidator may, irrespective of the powers conferred upon him by the said Act and as an additional power conferring a general or special authority, sell the undertaking of the Company or the whole or any part of its assets for shares fully or partly paid-up or the obligations of or other interest in any other company and may by the contract of sale agree for the allotment to the members directly of the proceeds of sale in proportion to their respective interests in the Company and in case the shares of this Company shall be of different classes, may arrange for the allotment in respect of preference shares of the Company, to obligations of the purchasing company or of shares of the purchasing company with preference or priority over or with a larger amount paid-up than the shares allotted in respect of ordinary shares of this Company and may further by the contract, limit a time at the expiration of which shares, obligations or other interests not accepted or required to be sold, shall be deemed to have been refused and be at the disposal of the Liquidator
<i>Sale under Sections 319 of the Companies Act, 2013</i>	211			Upon any sale under the last preceding Article or under the powers given by Section 319 of the said Act, no member shall be entitled to require the Liquidator either to abstain from carrying into effect the sale or the resolution authorising the same or to purchase such member's interest in this Company, but in case any member shall be unwilling to accept the share, obligations or interests to which under such sale he would be entitled, he may, within seven days of the passing of the resolution authorising the sale, by notice in writing to the Liquidator, require him to sell such shares, obligations or interests and thereupon the same shall be sold in such manner as the Liquidator may think fit and the proceeds shall be paid over to the member requiring such sale.
XXXII. GENERAL POWERS				

<i>General Power</i>	212			Where any provisions of the said Act, provides that the Company shall do such act, deed, or thing, or shall have a right, privilege or authority to carry out a particular transaction, only if it is soauthorised in its Articles, in respect of all such acts, deeds, things, rights, privileges and authority, this Article hereby authorises the Company to carry out the same, without the need for any specific or explicit Article in that behalf.
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SECTION IX: OTHER INFORMATION**MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION**

The copies of the following contracts which have been entered or are to be entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two (2) years before the date of this Draft Red Herring Prospectus) which are or may be deemed material will be attached to the copy of the Red Herring Prospectus which will be delivered to the RoC for registration. Copies of these contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office between 10.00 a.m. and 5.00 p.m. on all Working Days from the date of the Prospectus until the Issue Closing Date.

A Material Contracts to the Issue

1. Issue Agreement dated April 18, 2018, entered into among our Company and the Book Running Lead Manager.
2. Agreement dated [●], entered into among our Company and the Registrar to the Issue.
3. Tripartite Agreement dated November 1, 2018 entered into among our Company, NSDL and the Registrar to the Issue.
4. Tripartite Agreement dated October 5, 2018 entered into among our Company, CDSL and the Registrar to the Issue.
5. Banker to the Issue Agreement dated [●] between our Company, the Book Running Lead Manager, Banker to the Issue and the Registrar to the Issue.
6. Market Making Agreement dated [●] between our Company, the Book Running Lead Manager and the Market Maker.
7. Underwriting Agreement dated [●] between our Company, the Book Running Lead Manager and the Underwriter.

B Material Documents

1. Certified copies of the Memorandum of Association and Articles of Association of our Company amended until date.
2. Certificate of incorporation dated June 8, 1984;
3. A fresh certificate of incorporation dated June 28, 2018 pursuant to change in the name of our Company from Bhadra Packaids Private Limited to Bhadra Paper Mills Private Limited.
4. A fresh certificate of incorporation dated August 28, 2018 pursuant to conversion of our Company to public limited company.
5. Resolution of the Board of Directors dated September 14, 2018 and December 28, 2018 of our Company and Equity Shareholders of our Company dated October 25, 2018, respectively, authorizing the Issue and other related matters.
6. Resolution of the Board of Directors of our Company dated December 28, 2018 approving the Draft Red Herring Prospectus.
7. Resolution of the Board of our Company dated September 1, 2018 appointing Mr. Siva Prasad Dindakurthi as the Chief Financial Officer of our Company.
8. Employment Agreement dated October 25, 2018 entered into by our Company and our Whole-Time Director Mr. Subbaraju Lakshman.

9. Employment Agreement dated October 25, 2018 entered into by our Company and our Managing Director Mr. Madesh Lakshman.
10. Copies of the annual reports of our Company for the three (3) months period ended June 30, 2018 and for the three (3) fiscals immediately preceding the date of this Draft Red Herring Prospectus i.e. for the year ended March 31, 2018, 2017 and 2016.
11. The reports of the Statutory Auditor, M/s. Mohan and Sridhar, Chartered Accountants, on our Company's restated financial information dated October 25, 2018, and statement of tax benefits dated December 18, 2018 included in this Draft Red Herring Prospectus.
12. Consents of the Auditor, M/s. Mohan & Sridhar., Chartered Accountants, to include its name as required under Section 26(1)(a)(v) of the Companies Act 2013 in this Draft Red Herring Prospectus and as an expert, as defined under Section 2(38) of the Companies Act 2013, in relation to their audit report dated October 25, 2018 on our restated financial information and the statement of tax benefits in the form and context in which it appears in this Draft Red Herring Prospectus.
13. Consents of Bankers to our Company, the lenders to the Company (*where such consent is required*), the Book Running Lead Manager, Registrar to the Issue, Legal counsel, Directors of our Company, Chief Financial Officer and Company Secretary and Compliance Officer, as referred to act, in their respective capacities.
14. Appraisal report dated December 26, 2018 from CARE in respect of net proceeds of the proposed issue (Annexure 'A').
15. In-principle listing approval dated [●] from the [●] for listing the Equity Shares on the NSE Emerge and to include their name in the Draft Red Herring Prospectus.

Any of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders, subject to compliance with the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

We 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 or guidelines issued by SEBI, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the Securities Contracts (Regulation) Act, 1956, the Securities Contract (Regulation) Rules, 1957, the Securities and Exchange Board of India Act, 1992, each as amended or the rules, regulations or guidelines issued thereunder, as the case may be. We further certify that all the statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE BOARD OF DIRECTORS OF OUR COMPANY:

Subbaraju Lakshman <i>Chairman and Whole Time Director</i>	Madesh Lakshman <i>Managing Director</i>
Sharitha Lakshman <i>Non-Executive Director</i>	Abhilash Padmanabh <i>Independent Director</i>
Nagaraja Srivatsa <i>Independent Director</i>	D. Venkata Krishnan <i>Independent Director</i>

SIGNED BY CHIEF FINANCIAL OFFICER (CFO):

Siva Prasad Dindakurthi

Date: December 31, 2018
Place: Bangalore

DECLARATION BY THE SELLING SHAREHOLDER

The undersigned Selling Shareholder hereby certifies that all statements and undertakings made in this Draft Red Herring Prospectus about or in relation to himself and the Equity Shares being offered by him in the Issue are true and correct, provided however, that the undersigned Selling Shareholder assumes no responsibility for any of the statements or undertakings made by our Company or any other Selling Shareholder or any expert or any other person(s) in this Draft Red Herring Prospectus.

SIGNED BY THE SELLING SHAREHOLDER:

<p>Sd/- Subbaraju Lakshman</p>

Date: December 31, 2018
Place: Bangalore