

AKS COLD STORAGE LIMITED

Our Company was incorporated on Janaury 19, 2003 as a private Limited company under the provisions of Companies Act, 1956 in the name and style of “S. H. Cold Storage (P) Limited” vide Certificate of Incorporation issued by Registrar of Companies, Ernakulam, Kerala. The name of our Company was changed to “AKS Cold Storage (P) Limited” and a Fresh Certificate of Incorporation dated December 01, 2014 was issued by Registrar of Companies, Ernakulam, Kerala. Subsequently our Company was converted into a public company and the name was changed to ‘AKS Cold Storage Limited’ and received Fresh Certificate of Incorporation dated December 09, 2014. The Corporate Identification Number is U63022KL2003PTC015881

**Registered Office:** 43/1/G/2 - Near Keltron Road, Aroor Post, Alappuzha District, Kerala - 688 534, India. **Tel:** +91 0478-2873011;  
**Corporate Office:** S.F.956, B.K. Koil Road, Mettupalayam- 641305 **Tel:** +91 04254-225336;  
**Contact Person:** Mr. P. Nalla Senapathi, Company Secretary and Compliance Officer; **E-mail:**cs@akscoldstorage.com;  
**Website:** www.akscoldstorage.com

OUR PROMOTERS: MR. AK.SUBRAMANIAM AND MR. AKS.SARAVANAN
<b>PUBLIC ISSUE OF [●] EQUITY SHARES OF ₹ 10 EACH FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE) AGGREGATING UPTO ₹ 3200 LACS (THE “ISSUE”) BY OUR COMPANY, OF WHICH [●] EQUITY SHARES WILL BE RESERVED FOR SUBSCRIPTION BY MARKET MAKER(S) TO THE ISSUE (“MARKET MAKER RESERVATION PORTION”). THE ISSUE LESS THE MARKET MAKER RESERVATION PORTION I.E. ISSUE OF [●] EQUITY SHARES OF ₹ 10 EACH IS HEREINAFTER REFERRED TO AS THE “NET ISSUE”. THE ISSUE AND THE NET ISSUE WILL CONSTITUTE [●]% AND [●]%, RESPECTIVELY OF THE POST ISSUE PAID UP EQUITY SHARE CAPITAL OF THE COMPANY.</b>
<b>FOR FURTHER DETAILS, PLEASE SEE “TERMS OF THE ISSUE” ON PAGE 159 OF THIS DRAFT RED HERRING PROSPECTUS.</b>
<b>PRICE BAND: ₹[●] TO ₹ [●] PER EQUITY SHARE</b>
<b>THE ISSUE PRICE IS [●] TIMES OF THE FACE VALUE AT THE LOWER END OF THE PRICE BAND AND [●] TIMES OF THE FACE VALUE AT THE HIGHER END OF THE PRICE BAND</b>

In case of revision in the Price Band, the Bidding/Issue Period shall be extended subject to the Bidding/ Issue Period not exceeding 10 working days including the days for which the issue is kept open. Any revision in the Price Band, and the revised Bidding/Issue Period, if applicable, shall be widely disseminated by notification to the National Stock Exchange of India Limited (“NSE”) and by issuing a press release and also by indicating the change on the website of the Book Running Lead Manager (“BRLM”) and at the terminals of the Syndicate Member.

In terms of Rule 19(2)(b)(i) of the SCRR and under the SEBI Regulations, the Issue is being made in accorin accordance with Chapter XB (applicable to issue of specified Securities by Small & Medium Enterprises (SME)) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended, through the Book Building Process wherein not more than 50% of the Issue shall be allocated on a proportionate basis to QIB Bidders. 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation to Retail Individual Bidders in accordance with SEBI ICDR Regulations, subject to valid Bids being received at or above the Issue Price. Under-subscription, if any, in any category other than QIB portion, 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 BRLM and NSE.

RISKS IN RELATION TO THE FIRST ISSUE	
This being the first 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/- and the Floor Price is [●] times of the face value and the Cap Price is [●] times of the face value. The Issue Price (as determined and justified by our Company and the BRLM as stated under the section titled “Basis of Issue Price” on page 64 of this DRHP) 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 RISKS	
Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their 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 this DRHP. Specific attention of the investors is invited to the section titled “Risk Factors” on page 11 of this DRHP.	
ISSUER’S ABSOLUTE RESPONSIBILITY	
Our Company having made all reasonable inquiries, accepts responsibility for and confirms that DRHP 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 DRHP 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 DRHP as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.	
LISTING	
The Equity Shares offered through this DRHP are proposed to be listed on the SME Platform of the NSE i.e., “EMERGE”. In –principle approval from NSE for listing the Equity Shares has been received pursuant to its letter no. [●] dated [●]. The NSE shall be the Designated Stock Exchange.	
BOOK RUNNING LEAD MANAGER	REGISTRAR TO THE ISSUE
<b>KEYNOTE</b>	<b>S.K.D.C. Consultants</b>
<b>Keynote Corporate Services Limited</b> The Ruby, 9 <sup>th</sup> Floor, Senapati Bapat Marg, Dadar (West), Mumbai – 400028 <b>Tel:</b> +91–22– 30266000-3 <b>Fax:</b> +91–22– 3026 6088 <b>E-mail:</b> mbd@keynoteindia.net <b>Website:</b> www.keynoteindia.net <b>SEBI Registration No.:</b> INM 000003606	<b>S.K.D.C CONSULTANTS LIMITED</b> Kanapathy Towers, 3rd Floor, 1391/A-1, Sathy Road, Ganapathy, Coimbatore 641 006 <b>Tel.:</b> +91-0422-6549995, 2539835-836; <b>Fax:</b> +91-0422- 2539837 <b>Email:</b> info@skdc-consultants.com; <b>Website:</b> skdc-consultants.com <b>SEBI Registration No.:</b> INR 000000775
BID/ ISSUE PROGRAMME	
ISSUE OPENS ON	ISSUE CLOSES ON
[●]	[●]

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## SECTION I – GENERAL

## DEFINITIONS AND ABBREVIATIONS

**Definitions**

In this DRHP, unless the context otherwise requires, the terms defined and abbreviations expanded herein below shall have the same meaning as stated in this section.

In this DRHP, unless otherwise indicated or the context otherwise requires, all references to “AKSCL”, the/our “Company”, “we”, “our”, “us” or similar terms are to “AKS Cold Storage Limited” or, as the context requires, and references to “you” are to the equity shareholders and/ or prospective investors in the Equity Shares.

**Conventional/ General Terms**

<b>Term</b>	<b>Description</b>
Act/ Companies Act	Companies Act, 2013, including the rules thereunder or Companies Act, 1956 including the amendments thereto as the case may be
Depositories Act	The Depositories Act, 1996 and amendments thereto
EPS	Earnings Per Share
IT Act	The Income Tax Act, 1961 and amendments thereto
Indian GAAP	Generally Accepted Accounting Principles In India
NAV	Net Asset Value per share
PAT	Profit After Tax
RONW	Return on Net Worth
SEBI Act, 1992	Securities and Exchange Board of India Act, 1992 and amendments thereto
SEBI Regulations/ SEBI ICDR Regulations	The SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and amendments thereto
Securities Act	United States Securities Act of 1933, as amended
Takeover Code/ Regulations	SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and amendments thereto
Wealth Tax Act	The Wealth Tax Act, 1957 and amendments thereto.

**Issue related terms**

<b>Term</b>	<b>Description</b>
Allotment/ Allot/ Allotted	Unless the context otherwise requires, means the allotment of Equity Shares pursuant to this Issue to successful Bidders
Allottee	A successful Bidder to whom the Equity Shares are allotted
Applications Supported by Blocked Amount/ ASBA	The application (whether physical or electronic) used compulsorily by QIB and those investors who have applied for Equity Shares for a cumulative amount of more than ₹ 2 lacs and optionally by Retail Individual Investors to make an application authorizing the SCSB to block the amount payable on application in their specified bank account
ASBA Account	Account maintained with SCSBs which will be blocked by such SCSBs to the extent of the appropriate Bid Amount of the ASBA Bidder, as specified in the ASBA Bid cum Application Form
ASBA Bidder(s)/ Investor(s)	Prospective investors in this Issue who Bid/ apply through the ASBA process. Pursuant to SEBI circular no. CIR/CFD/DIL/1/2011 dated April 29, 2011, non- retail Investors i.e. QIBs and Non-Institutional Investors participating in the Issue are required to mandatorily use the ASBA facility to submit their Bids. The ASBA facility is optional in case of Retail individual investor(s).
ASBA Bid cum Application Form / ASBA Form/ ASBA Bid cum Application Form	The form, whether physical or electronic, used by an ASBA Bidder to submit a Bid, which contains an authorization to block the Bid Amount in an ASBA Account and would be considered as an application for Allotment to ASBA Bidders in terms of the Draft Red Herring Prospectus

Term	Description
	Pursuant to SEBI circular number CIR/CFD/DIL/7/2010 dated July 13, 2010, ASBA Bid cum Application Forms are available for download from the respective website of the Stock Exchange
ASBA Revision Form	The form used by the ASBA Bidders to modify the quantity of Equity Shares or the Bid Amount in any of their ASBA Bid cum Application Forms or any previous ASBA Revision Form(s)
	Pursuant to SEBI circular number CIR/CFD/DIL/7/2010 dated July 13, 2010, ASBA Revision Forms are available for download from the website of the Stock Exchange
Banker(s) to the Issue / Escrow Bank(s)	The banks which are clearing members and registered with SEBI as Banker to an Issue with whom the Escrow Account will be opened and in this case being [●]
Banker(s) to the Company	Such banks which are disclosed as bankers to our Company in the chapter titled “General Information” on page 30
Basis of Allotment	The basis on which Equity Shares will be Allotted to successful Bidders under the Issue and which is described under section titled “Issue Procedure” on page 168
Bid(s)	An indication to make an offer during the Bid/ Issue Period by a Bidder pursuant to submission of the Bid cum Application Form to subscribe to the Equity Shares of our Company at a price within the Price Band, including all revisions and modifications thereto
Bid Amount	The highest value of the optional Bids indicated in the Bid-cum-Application Form and payable by the Bidder on submission of the Bid in this Issue and in the case of ASBA Bidders, the amount mentioned in the ASBA Bid-cum-Application Form.
Bid-cum-Application Form	The form used by a Bidder to make a Bid including the ASBA Bid cum Application Form (as applicable), which will be considered as the application for Allotment for the purposes of the Red Herring Prospectus and the Prospectus
Bid/ Issue Closing Date	The date after which the members of the Syndicate and the designated branches of the SCSBs shall not accept any Bids for the Issue, which shall be the date notified in an English national newspaper, a Hindi national newspaper and a regional newspaper, where the Registered Office of our Company is situated, each with wide circulation.
Bid/ Issue Opening Date	The date on which the Syndicate and the SCSBs shall start accepting Bids for the Issue, which shall be the date notified in two national daily newspapers (one each in English and Hindi) and one regional language daily newspaper, where the Registered Office of our Company is situated, each with wide circulation
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form
Bid/ Issue Period	The period between the Bid/Issue Opening Date and the Bid/ Issue Closing Date, inclusive of both days, during which prospective Bidders can submit their Bids, including any revisions thereof.
Book Building Process/ Book Building Method	The book building route as provided under Schedule XI of the SEBI ICDR Regulations, in terms of which this Issue is being made
BRLM/ Book Running Lead Manager	Book Running Lead Manager to the Issue, in this case being Keynote Corporate Services Limited
Business Day	Any day on which commercial banks in Mumbai are open for business
Brokers to this Issue	Brokers registered with any recognized Stock Exchange, appointed by the Members of the Syndicate.
Cap Price	The higher end of the Price Band above which the Issue Price will not be finalized and above which no Bids will be accepted
Compliance Officer	The Company Secretary of our Company, Mr. P. Nalla Senapathi
Controlling Branches	Such branches of the SCSBs which coordinate Bids under this Issue by the ASBA Bidders with the BRLM, the Registrar to the Issue and the Stock Exchange, a list of which is available on <a href="http://www.sebi.gov.in/pmd/scsb/html">http://www.sebi.gov.in/pmd/scsb/html</a>
Cut-off Price	Any price within the Price Band finalised by our Company in consultation with the BRLM. Only Retail Individual Bidders are entitled to Bid at the Cut-off Price, for a

Term	Description
	Bid Amount not exceeding ₹ 2 lacs. No other category of Bidders are entitled to Bid at the Cut-off Price
Demographic Details	The demographic details of the Bidders such as their address, PAN, occupation and bank account details
Depositories	NSDL and CDSL; Depositories registered with the SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, as amended from time to time
Designated Branch(s)	Such branches of the SCSBs which shall collect the ASBA Bid cum Application Form used by ASBA Bidders and a list of which is available on <a href="http://www.sebi.gov.in/pmd/scsb/html">http://www.sebi.gov.in/pmd/scsb/html</a>
Designated Date	The date on which funds are transferred from the Escrow Account to the Public Issue Account or the Refund Account, as appropriate, or the amount blocked by the SCSBs is transferred from the bank account specified by the ASBA Bidder to the Public Issue Account, as the case may be, after the Prospectus is filed with the RoC, following which the Board of Directors shall Allot Equity Shares to successful Bidders
Designated Market Maker	[●] will act as the Market Maker and has agreed to receive or deliver the specified securities in the market making process for a period of three years from the date of listing of our Equity Shares or for a period as may be notified by amendment to SEBI ICDR Regulations
Designated Stock Exchange	The NSE
Draft Red Herring Prospectus/ DRHP	The Draft Red Herring Prospectus dated [●] issued in accordance with Section 32 of the Companies Act and SEBI ICDR Regulations, filed with SEBI and which does not contain complete particulars of the price at which the Equity Shares would be issued and the number of Equity Shares which may be allotted pursuant to the Issue
Eligible NRIs	NRIs from such jurisdiction outside India where it is not unlawful for our Company to make this Issue or an invitation under this Issue and in relation to whom the Red Herring Prospectus constitutes an invitation to subscribe to the Equity Shares offered herein.
Eligible QFIs	QFIs from such jurisdictions outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom the Red Herring Prospectus constitutes an invitation to purchase the Equity Shares offered thereby and who have opened demat accounts with SEBI registered qualified depository participants
Equity Share(s)	Equity Shares of our Company of face value of ₹ 10/- each, fully paid-up, unless otherwise specified in the context thereof.
Escrow Account(s)	Account opened with the Escrow Collection Bank(s) for the Issue and in whose favour the Bidder (excluding ASBA Bidders) will issue cheques or drafts in respect of the Bid Amount when submitting a Bid
Escrow Agreement	Agreement to be entered into by our Company, the Registrar to the Issue, the BRLM, the Syndicate Member(s) and the Escrow Collection Bank(s) for collection of the Bid Amounts and where applicable, refunds of the amounts collected to the Bidders (excluding ASBA Bidders) on the terms and conditions thereof
First/ Sole Bidder	The Bidder whose name appears first in the Bid-cum-Application Form or Revision Form.
Floor Price	The lower end of the Price Band, at or above which the Issue Price will be finalized and below which no Bids will be accepted
Issue / The Issue / This Issue/ Issue Size	Public Issue of [●] Equity Shares of face value of ₹ 10 each for cash at a price of ₹ [●] per Equity Share (including a share premium of ₹ [●] per Equity Share) aggregating upto ₹ 3200.00 lacs. Of which [●] equity shares will be reserved for subscription by Market Maker(s) to the Issue ("Market Maker Reservation Portion"). The Issue less the Market Maker Reservation Portion i.e. Issue of [●] Equity Shares of ₹ 10 each is hereinafter referred to as the "Net Issue". The Issue and the Net Issue will constitute [●]% and [●]%, respectively of the post issue paid up Equity Share capital of the Company.

Term	Description
Issue Agreement	The agreement dated [●] entered into among our Company, the BRLM pursuant to which certain arrangements are agreed to in relation to the Issue
Issue Price	The final price at which the Equity Shares will be issued and allotted in terms of the Red Herring Prospectus (subject to Retail Discount, if any). The Issue Price will be decided by our Company in consultation with the BRLM on the Pricing Date
Issue Proceeds	Proceeds from the Issue that will be available to our Company being upto ₹ [●] lacs.
Keynote	Keynote Corporate Services Limited
Listing Agreement	The model Listing Agreements for SME Exchanges to be entered into with the NSE by our Company
Market Maker	A market maker is a company, or an individual, that quotes both a buy and a sell price in a financial instrument or commodity held in inventory, hoping to make a profit on the bid-offer spread, or turn. Market makers are net sellers of an option to be adversely selected at a premium proportional to the trading range at which they are willing to provide liquidity, in this case being [●].
Market Reservation Portion	The Reserved portion of [●] Equity shares of ₹ 10/- each at an Issue Price of ₹ [●] (including share premium of ₹ [●]) per Equity Share aggregating to ₹ 160 lacs for Designated Market Maker in the Public Issue of our Company
Key Management Personnel	The personnel listed as key management personnel in “Our Management” on page 98
Mutual Funds	A Mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996, as amended from time to time
Mutual Fund Portion	5% of the Net QIB Portion or [●] Equity Shares available for allocation to Mutual Funds, out of the Net QIB Portion
NIF	National Investment Fund set up by resolution F. No. 2/3/2005-DD-II dated November 23, 2005 of Government of India published in the Gazette of India
Net Issue	The Issue (excluding the Market Maker Reservation Portion) of [●] Equity Shares of face value of ₹ 10/- each at ₹ [●] (including share premium of ₹ [●]) per Equity Share aggregating to ₹ 3040.00 lacs Only
Net Proceeds	The Issue Proceeds less the Issue related expenses. For further information about use of the Issue Proceeds and the Issue expenses, see “Objects of the Issue” on page 50
Non-Institutional Bidders	As defined in the SEBI ICDR Regulations and includes all Bidders including sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals, that are not QIBs or Retail Individual Bidders who have Bid for Equity Shares for a cumulative amount more than ₹ 2 lacs (but not including NRIs other than eligible NRIs)
Non-Institutional Portion	The portion of the Net Issue being not less than 15% of the Issue, consisting of [●] Equity Shares, available for Allocation to Non-Institutional Bidders on a proportionate basis, subject to receipt of valid Bids at or above the Issue Price
NR/ Non-Resident	A person resident outside India, as defined under FEMA including eligible NRIs and FIIs
NRI(s)/ Indian	A “person resident outside India”, as defined under FEMA and who is a citizen of India or is a person of Indian origin (as defined under the Foreign Exchange Management (Deposit) Regulations, 2000, as amended)
OCB(s)/ Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs, including overseas trusts in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under the Foreign Exchange Management (Deposit) Regulations, 2000. OCBs are not allowed to invest in this Issue
Payment through electronic transfer of funds	Payment through NECS, Direct Credit or NEFT, as applicable
Pay-in-Period/ Period	The period commencing on the Bid/ Issue Opening Date and continuing till the Bid/ Issue Closing Date
Price Band	Price band of a minimum price (Floor Price) of ₹ [●] and the maximum price (Cap

Term	Description
	Price) of ₹ [●] and includes revisions thereof.
Pricing Date	The date on which our Company in consultation with the BRLM, finalises the Issue Price
Prospectus	The prospectus to be filed with the RoC in accordance with Section 26 of the Companies Act, 2013 containing, <i>inter alia</i> , the Issue Price that is determined at the end of the Book Building Process, the size of the Issue and certain other information
Public Issue Account	Account opened with the Bankers to the Issue by our Company to receive monies from the Escrow Account and the SCSBs from the bank accounts of the ASBA Bidders on the Designated Date
Qualified Institutional Buyers/ QIBs	Qualified institutional buyers as defined under Regulation 2(1)(zd) of the SEBI Regulations
QIB Portion	The portion of the Net Issue being not more than 50% of the Issue, consisting of not more than [●] Equity Shares, available for Allocation to QIBs, subject to valid Bids being received at or above the Issue Price
Qualified Foreign Investors/ QFIs	Non-resident investors, other than SEBI registered FIIs or sub-accounts or SEBI registered FVCIs, who meet 'know your client' requirements prescribed by SEBI and are resident in a country which is (i) a member of Financial Action Task Force or a member of a group which is a member of Financial Action Task Force; and (ii) a signatory to the International Organisation of Securities Commission's Multilateral Memorandum of Understanding or a signatory of a bilateral memorandum of understanding with SEBI.  Provided that such non-resident investor shall not be resident in country which is listed in the public statements issued by Financial Action Task Force from time to time on: (i) jurisdictions having a strategic anti-money laundering/combating the financing of terrorism deficiencies to which counter measures apply; (ii) jurisdictions that have not made sufficient progress in addressing the deficiencies or have not committed to an action plan developed with the Financial Action Task Force to address the deficiencies.
Qualified Foreign Investors Depository Participant/ QFIs DP	Depository Participant for Qualified Foreign Investors
Red Herring Prospectus/ RHP	The Red Herring Prospectus issued in accordance with Section 32 of the Companies Act, 2013 which does not have complete particulars of the price at which the Equity Shares are Issued and the number of Equity Shares Issued. The Red Herring Prospectus will be filed with the RoC at least three days before the Bid/ Issue Opening Date and will become a Prospectus upon filing with the RoC after the Pricing Date
Refund Account(s)	The account maintained by the Refund Bank(s) to which the surplus money shall be transferred and from which refunds of the whole or part of the Bid Amount (excluding the ASBA Bidders), if any, shall be made
Refund Bank(s)/ Refund Banker(s)	The bank(s) which have been appointed / designated for the purpose of refunding the amount to investors either through the electronic mode as prescribed by SEBI and/ or physical mode in accordance with the procedure contained in the section titled "Issue Procedure" on page 168
Refunds through electronic transfer of funds	Refunds through electronic transfer of funds means refunds through NECS, Direct Credit, NEFT, RTGS, as applicable
Registrar to the Issue	Registrar to this Issue, S.K.D.C Consultants Limited
Resident Retail Individual Investor / Resident Retail Individual Bidder	A Retail Individual Bidder who is a "person resident in India" (as defined in FEMA)
Retail Individual Bidder(s)	Individual Bidders who have Bid for Equity Shares for an amount not more than ₹ 2 lacs in any of the bidding options in the Issue (including HUFs applying through their

Term	Description
	Karta and does not include NRIs other than Eligible NRIs)
Retail Portion	The portion of the Net Issue being not less than 35% of the Issue, consisting of [●] Equity Shares, available for Allocation to Retail Individual Bidders on a proportionate basis
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of their Bid-cum-Application Forms or any previous Revision Form(s)
Self Certified Syndicate Bank/ SCSB	Self Certified Syndicate Bank is a Banker to an Issue registered with SEBI which offers the facility of making an Application Supported by Blocked Amount and recognised as such by SEBI, a list of which is available on <a href="http://www.sebi.gov.in/pmd/scsb/html">http://www.sebi.gov.in/pmd/scsb/html</a>
Stock Exchange	The NSE
Sub-Syndicate Member(s)	A SEBI registered member of NSE appointed by the BRLM and/ or the Syndicate Member to act as a Sub-Syndicate Member in the Issue
Syndicate	The BRLM, the Syndicate Member(s) and our Company in relation to the collection of Bids in this Issue
Syndicate Agreement	The agreement to be entered into among the BRLM, the Syndicate Members and our Company in relation to the collection of Bids in this Issue
Syndicate Member(s)	[●]
SME Platform of NSE	The SME Platform of NSE i.e., EMERGE which is approved by SEBI as an SME Exchange for listing of equity shares offered under Chapter XB of the SEBI ICDR Regulations.
TRS or Transaction Registration Slip	The slip or document issued by the Syndicate Member(s) to the Bidder as proof of registration of the Bid
Underwriters	The BRLM and the Syndicate Member(s).
Underwriting Agreement	The agreement among the Underwriters and our Company to be entered into on or after the Pricing Date.
Working Day	All days other than a Sunday or a public holiday (except during the Bid/ Issue Period where a working day means all days other than a Saturday, Sunday or a public holiday), on which commercial banks in Mumbai are open for business

### Company and Industry Related Terms

Term	Description
CEA	Central Electricity Authority
HSD	High Speed Diesel
KVA	Kilo Wat
MPEDA	Marine Products Export Development Authority
Pallet	The structural foundation of a unit load which allows for efficient handling and storage of products in warehouses
Reefer Vehicles	Mobile refrigerated vehicles
Sorting	Segregation of a customer's product as per a desired dispatch requirement
TCL	Temperature Controlled Logistics
WFLO	World Food Logistics Organisation

### Abbreviations

Term	Description
AGM	Annual General Meeting
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
ASBA	Applications Supported by Blocked Amount
AY	Assessment Year
BRLM	Book Running Lead Manager
CAGR	Compound Annual Growth Rate



<b>Term</b>	<b>Description</b>
CAN	Confirmation of Allocation Note
CB	Controlling Branch
CDSL	Central Depository Services (India) Limited
CENVAT	Central Value Added Tax
CIDC	Construction Industry Development Council
CIN	Corporate Identification Number
DB	Designated Branch
DIN	Director's Identification Number
DP	Depository Participant
DP ID	Depository Participant's Identification Number
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
ECS	Electronic Clearing System
EGM	Extraordinary General Meeting of the shareholders
EME	Emerging Market Economies
EPS	Earnings per Equity Share
FCNR Account	Foreign Currency Non Resident Account
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time and the rules and regulations issued thereunder
FBT	Fringe Benefit Tax
FDI	Foreign Direct Investment
FII	Foreign Institutional Investor [as defined under SEBI (Foreign Institutional Investors) Regulations, 1995, as amended from time to time] registered with SEBI under applicable laws in India
FIPB	Foreign Investment Promotion Board
FIs	Financial Institutions
FVCI	Foreign Venture Capital Investors registered with SEBI under the SEBI (Foreign Venture Capital Investor) Regulations, 2000
FY	Financial Year
GAAP	Generally Accepted Accounting Principles
GBS	Gross Budgetary Support
GDP	Gross Domestic Product
GIR Number	General Index Registry Number
GoI / Government	Government of India
HNI	High Net Worth Individual
HUF	Hindu Undivided Family
ICAI	Institute of Chartered Accountants of India
IEBR	Internal & Extra Budgetary Resources
IIP	Index of Industrial Production
IMF	International Monetary Fund
INR	Indian National Rupee
IPO	Initial Public Offering
IT Act	Income Tax Act, 1961, as amended
Ltd.	Limited
MAPIN	Market Participant and Investor Database
M&A	Mergers & Acquisitions
NEFT	National Electronic Fund Transfer
NS-EW	North South – East West
NR	Non-Resident
NRE Account	Non Resident (External) Account
NRI	Non-Resident Indian
NRO Account	Non Resident (Ordinary) Account
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited

<b>Term</b>	<b>Description</b>
OCB	Overseas Corporate Body
P/E Ratio	Price / Earnings Ratio
PAN	Permanent Account Number
PAT	Profit After Tax
PBT	Profit Before Tax
PIA	Project Implementation Agency
RBI	The Reserve Bank of India
ROC, Ernakulam	Registrar of Companies, Ernakulam, Kerala
RoNW	Return on Net Worth
R&D	Research & Development
RTGS	Real Time Gross Settlement
SCRA	Securities Contracts (Regulation) Act, 1956, as amended from time to time
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time
SCSB	Self Certified Syndicate Bank
SEB	State Electricity Board
SSI	Small Scale Industry
STT	Securities Transaction Tax
SME	Small and Medium Enterprises
SPV	Special Purpose Vehicle
TAN	Tax Deduction Account Number
TIN	Taxpayers Identification Number
TRS	Transaction Registration Slip
WDV	Written Down Value
w.e.f.	With effect from

## **CERTAIN CONVENTIONS, USE OF FINANCIAL AND MARKET DATA**

In this RHP, unless otherwise indicated or the context otherwise requires, all references to “AKS Cold Storage Limited”, “AKSCSL”, the/our “Company”, “we”, “our”, “us” or similar terms are to AKS Cold Storage Limited or, as the context requires, and references to “you” are to the prospective investors in the Equity Shares.

Unless stated otherwise, the financial data in this RHP is derived from the audited financial information of our Company which has been prepared in accordance with Indian GAAP and are included in the RHP. The financial year of our Company commences on April 1 and ends on March 31.

In this RHP, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding-off, and unless otherwise specified, all financial numbers in parenthesis represent negative figures.

### **Currency and units of Presentation**

All references in the RHP to “Rupees”, “Rs.”, “₹”, “Indian Rupees” and “INR” are to Indian Rupees, the official currency of the Republic of India. All references to “U.S.\$”, “U.S. Dollar”, “USD” or “\$” are to United States Dollars, the official currency of the United States of America

### **Please Note:**

One million is equal to 1,000,000/10 lacs;  
One billion is equal to 1,000 million/100 crores;  
One lac is equal to 100 thousand;  
One crore is equal to 10 million/100 lacs

Unless stated otherwise, industry data used throughout this RHP has been obtained from industry publications. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe that industry data used in this RHP is reliable, it has not been independently verified.

Fluctuations in the exchange rate between the Rupee and the U.S. Dollar and Rupee will affect the U.S. Dollar respectively equivalent of the Rupee price of the Equity Shares on the Stock Exchange. These fluctuations will also affect the conversion into U.S. Dollars of any cash dividends paid in Rupees on the Equity Shares.

## FORWARD LOOKING STATEMENTS

We have included statements in this RHP which contain words or phrases such as “will”, “may”, “aim”, “is likely to result”, “believe”, “expect”, “continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “pursue” and similar expressions or variations of such expressions, that are “forward looking statements”.

All forward looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our expectations include, but are not limited to:

- General economic conditions
- Changes in political and social conditions in India
- The outcome of legal or regulatory proceedings that we are or might become involved in
- Contingent liabilities, environmental problems and uninsured losses
- Increasing competition in the industry;
- Developments affecting the Indian economy
- Changes in laws and regulations that apply to the industry
- Uncertainty in global financial markets

For a further discussion of factors that could cause the actual results to differ, see “Risk Factors” on page 11 of this RHP. 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. Neither our Company nor the BRLM nor any of their respective affiliates or advisors have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI and Stock Exchange requirements, our Company, BRLM shall ensure that investors in India are informed of material developments until the time of the grant of listing and trading permission by the Stock Exchange.

## SECTION II - RISK FACTORS

*An investment in equity shares involves a high degree of risk. You should carefully consider all of the information in this Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in the Equity Shares. The financial and other implications of material impact of risks concerned, wherever quantifiable, have been disclosed in the risk factors mentioned below. However there are a few risk factors where the impact is not quantifiable and hence the same has not been disclosed in such risk factors. The ordering of the risk factors has been done based on materiality and does not in any manner indicate the importance of one risk factor over the other. To obtain a complete understanding, you should read this section in conjunction with the chapters titled “Business Overview”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the section titled “Financial Information” on page 82,136 and 111 respectively as well as the other financial and statistical information contained in this Red Herring Prospectus.*

*Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this offer unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Issuer and the Issue including the risks involved. The Equity Shares have not been recommended or approved by SEBI nor does SEBI guarantee the accuracy or adequacy of this Red Herring Prospectus.*

*The occurrence of any of the following events could have a material adverse effect on our business, results of operations, financial condition and prospects and cause the market price of the Equity Shares to fall significantly, and you may lose all or part of your investment. Additionally, our business operations could also be affected by additional factors that are not presently known to us or that we currently consider as immaterial to our operations. The following factors have been considered for determining the materiality:*

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

### **RISKS ASSOCIATED WITH OUR BUSINESS**

- 1. *Our Company does not have certain key licenses and approvals including for our cold storage units and the same may have an adverse effect on the operations and financials***

Our Company is into business of trading and preserving agricultural commodities. Our Company is presently into business of the agricultural commodities that have been exempt from service tax and hence our Company has not obtained service tax registration number though our Company has been providing the cold storage services. Our Company is required to register under Kerala VAT Act for its trading activities. Further, all the cold storage units operational have to be registered under Food Safety and Standards Act and Factories Act. Our Company has not obtained these key licenses and approvals including for our certain cold storages as on date and the same may lead to penal or any other action as maybe prescribed under these laws from time to time. For details of key licenses and approvals please refer Chapter on ‘Government and Other Approvals’ appearing on page no.145

Although, our Company has not received any communication from any of the authorities in connection with the non compliance, we cannot assure you that there shall be no action against us in this regard. In the event of any adverse action, our operations shall be substantially affected that may include suspension of operations until we obtain such registrations or comply with the required laws. This may lead to substantial loss of revenue, customers and erosion of shareholder value.

- 2. *Our Company has proposed to utilize the issue proceeds to part finance the setting up of cold storages at Ooty, Coimbatore and Thanjavur. Our Company has proposed to buy land at Ooty and Coimbatore from Mrs. S. Sivamani, wife of Mr. AK.Subramaniam, one of the promoter of our Company and have entered into an MOU dated November 11, 2014. In the event, the sale deed is not executed within the prescribed timelines then Mrs. S. Sivamani shall be entitled to sell the land to any other person or entity.***

Our Company has proposed to set up cold storage units at Ooty, Coimbatore and Thanjavur. The land at Ooty and Coimbatore is proposed to be purchased from Mrs. S Sivamani, wife of Mr. AK.Subramaniam for a consideration of ₹60.00 lacs each aggregating to total consideration of ₹120.00 lacs. In this regard, our Company has signed an MOU with Mrs. S. Sivamani dated November 11, 2014 wherein our Company is required to execute the sale deed by end of May 11, 2015 for the said locations. If the sale deed is not executed within the said timelines Mrs. S. Sivamani shall be entitled to sell the property to any other person or entity. In the event, the said condition materializes, then we shall be required to identify new land at Ooty and Coimbatore and the same may result in incurring of additional cost. Further, the delay may also affect our schedule of implementation resulting in overall material adverse effect on planned operations and financials of the Company.

**3. *Our Company has not identified land at Thanjavur and the proposed amount to be deployed is based on management estimate.***

Our Company proposes to acquire 300 cent of land in Thanjavur to construct a cold storage with capacity of 5000 MT. The proposed location shall have a cold storage building and a pre cooling building. Our Company has not identified land and the same is based on Management estimate. Our Company cannot assure you that the proposed land shall be at the strategic location providing accessibility and convenience to our customers. Further, we may require deploying of additional amount to purchase the land if the same is the value business proposition and this may result in increase in total project cost.

**4. *Our proposed objects of the issue shall be funded through a mix of equity and debt. Though our company has received sanction from Syndicate Bank for a term loan of ₹1000.00 lacs to fund the setting up of cold storage units and purchase of reefer trucks as envisaged in the objects of issue, the release of same is subject to successful subscription of IPO. In the event there is any delay in the completion of the Issue, there would be a corresponding delay in the completion of the objects of this Issue which would in turn affect our revenues and results of operations***

Our Company has proposed to deploy the issue proceeds towards the setting up of cold storages, purchase of reefer trucks and working capital requirements. The details of objects of the issue are appearing on page 50. The part of the objects shall be funded from the term loan of ₹1000.00 lacs sanctioned by Syndicate Bank vide their sanction letter dated December 16, 2014. Though our Company has received sanction, the funds from banks shall be disbursed only on successful subscription of IPO. Till date our company has not deployed any amounts towards the objects of issue excluding issue expenses. Further, our Company shall be able to initiate the objects of issue only after completion of IPO due to paucity of funds. The proposed schedule of implementation of the objects of the Issue is based on our management's estimates. If the schedule of implementation is delayed for any reason whatsoever, including any delay in the completion of the Issue, we may face time and cost overruns and this may affect our financials.

**5. *Our business is dependent on our key customers and the loss of any significant customer could adversely affect our financial results.***

The loss of a significant customer or customers would have a material adverse effect on our financial results. The year-wise trend in revenue contribution of the top three customers of our company is as given under :

Financial Year	% of revenue from top 3 customers from Trading Income	% of revenue from top 3 customers from Rental Income
2011-12	42.94	56.71
2012-13	41.67	38.29
2013-14	83.50	34.10

For the financial year ended March 31, 2014, our top three customers have been substantial contributor for trading income and rental income. We cannot assure you that we can maintain the historical levels of business from these customers or that we will be able to replace these customers in case we lose any of them. Further the business with customers is based on repeat business, rather than yearly contracts.

**6. Our Company has experienced negative cash flows. Any negative cash flow in future could affect our results of operations.**

Our Company has experienced negative cash flows in last five financial years. The summary of same is represented below:

(₹ in lacs)						
Particulars	September 30, 2014	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
Net Cash from operating activities	(488.50)	(691.65)	(338.21)	9.91	38.73	35.50
Net Cash from investing activities	(6.05)	(141.68)	(29.48)	(570.81)	(75.49)	-
Net Cash from financing activities	344.75	983.36	367.51	561.02	36.81	(37.35)

Any negative cash flows in the future could adversely affect our Company's results of operation and financial condition. For details, please refer to 'Annexure III' under the chapter titled 'Financial Information' appearing on page number 111.

**7. We do not own the premises in which our corporate office and certain cold storage units are located and the same are on lease arrangement from Promoter. As a result we may face problem of relocation in case of termination of lease and may incur higher costs.**

The corporate office building and the land on which cold storage unit at Mettupalayam (excluding operational lease deed arrangements) is set up are not owned by us and the same have been taken on lease from the promoters. Our Company has entered into a lease arrangement dated January 16, 2015 with Mr. AK. Subramaniam for the corporate office building admeasuring 6400 sq.ft. for a period of 30 years. Our Company has also entered into a long term lease arrangement dated October 15, 2010 with Mr. AK.Subramaniam (promoter) & Mrs. S Sivamani (wife of Mr. AK.Subramaniam) for 100 cent of land at 956, B.K.Koil Road, Mettupalayam for a period of 30 years at a nominal lease amount of ₹10,000/- per year. We have entered into operational lease arrangement for two cold storage units for a period of 11 months and the same is owned by our present promoters.

Any non-renewal of the existing leases may force us to incur substantial expenditure in relocating our corporate office and setting up of new cold storage units at new locations. This may lead to loss of business and customers resulting in adverse effect on financials. For further details please refer 'Properties' appearing on page no. 86 of the DRHP.

**8. In past there are certain instances of delay in statutory filings under Companies Act, 1956 and the Companies Act, 2013.**

The Companies Act 1956 and The Companies Act, 2013 have prescribed certain timelines in connection with filing of documents with the Registrar of Companies. The filings can be in connection with various compliances such filing of return of allotment, increase in authorized capital, appointment of statutory auditor, registration of charges, filing of resolutions and agreements, etc. There have been certain instances wherein there has been a delay in filing of forms/compliances with Registrar of Companies. Our Company has made payment of additional charges in the instances of delay as prescribed under the Companies Act. We cannot assure you that our company shall do the filings with ROC in a timely manner. In the event, if there is substantial delay in filings with ROC or any other nature of non compliances, ROC may levy penal actions against our company or directors or KMP as prescribed under the Act. This may consequently have a material adverse effect on the financials and operations of the Company.

**9. *Certain statutory and regulatory filings made by our Company and corporate records are not available.***

Copies of the regulatory filings made by our Company in relation to increase in authorised capital and allotment of equity shares for the period upto 2004 are not available with our Company. Accordingly, we will be unable to submit these records to any regulatory or other authority, in the event we are requested or required to do so, which may adversely affect our business and operations from compliance perspective. The information given is on the basis of submission made by the management.

**10. *Our Company has a license agreement with KINFRA Industrial Park at Kanjikode in Palakkad and KINFRA Food Park at Malapuram near Calicut wherein our cold storages are operational. In terms of the license agreement our Company is required to execute a lease deed and the same has not been done. Further, our Company has also entered into lease deeds with promoters and the same have not been stamped or registered under the required law. In the event of any penal action initiated by any authorities our financials may have an adverse effect.***

Our Company (licensee) has a license agreement with KINFRA Industrial Park at Kanjikode in Palakkad and KINFRA Food Park at Malapuram, near Calicut (licensor) wherein our cold storages have been set up and operational. In terms of these agreements, our company is entitled to a lease in respect of the property for a period of 90 years reduced by the period of license (2 years) if the company completes construction of the building and commences production in the premises within the license period or any extension thereof. Our Company has complied with conditions of construction but we are yet to enter into lease agreement with KINFRA. Further, our lease deeds with promoters have not been stamped or registered as required under law. The details of the lease deeds entered with promoters is appearing in Business Overview Chapter on page 82.

In the event, there is substantial delay in executing of lease deed with KINFRA then our company may require to comply with conditions stipulated in the agreement wherein KINFRA has the right to remove the building and fixtures and restore the said premises to its original condition and the cost of such removal and restoration shall be realized from the said materials and the balance if any, from the licensee by adjustment against the amount deposited by the licensee. Further, our company has not stamped or registered the leased deed entered with the promoters irrespective of the period of lease. It is possible that our Company may be liable under relevant law for non compliance or any penal action and the same may have an adverse effect on the financials of our Company.

**11. *Our Company has issued equity shares during the last 12 months which may be at a price lower than the Issue Price.***

Our company has issued 30,24,931 equity shares in March 2014 at a issue price of ₹30/- per share to promoters, promoter group and other entities. We cannot assure you that our Company shall issue shares in IPO at price lower than the allotted price of ₹30/- per share.

**12. *Our Company's primary business income is from trading of agricultural commodities and storing of perishable commodities. The nature of commodity trading exposes our company to external risk such as monsoon, fluctuation in prices, government decisions, etc. Further, our company is also at a risk of spoilage of commodities stored in our cold storages.***

The company's primary business is trading in agricultural commodities and storage of perishable commodities. It sources the agricultural commodities from the farmers/open market/agents, stocks them in its warehouses and then sells to the wholesale market during appropriate season. The commoditised nature of the industry leaves little scope for the company to develop sustainable competitive advantages and exposes it to several external market forces such as inflation, monsoons and fluctuations in prices of commodities.

Our Company being cold storage service providers also rents out space to the farmers, traders, importers, exporters, etc. for specific period and commands rental for the same. The storage of perishable commodities exposes our company to risk of spoilage. In the event of any spoilage of commodities it may affect our



reputation, loss of existing/future business, etc. including risk of reimbursing the value of commodities resulting in material adverse effect on financials of company.

- 13. *Our promoters have interest in certain arrangements with our Company apart from the normal remuneration and holding in equity shares. The other interest includes lease arrangements for land, corporate office, operational lease arrangement for cold storages and proposed land to be acquired from issue proceeds. These arrangements with promoters of our company create substantially dependency. In the event of any willful termination of arrangements by promoters it shall result in adverse effect on operations and financials.***

Our Company has entered into certain arrangements with promoters to minimize the cost of operations and achieve economies of scale on account of operational efficiencies and synergies. These arrangements are detailed in the RF no.7 and RF no.2 appearing on page 13 and page 11. In the event, our promoters willfully terminate these arrangements it may have an adverse effect on the operations resulting in financial loss.

- 14. *Our Company does not have any long-term contracts with our customers which may adversely affect our results of operations.***

Our Company does not have entered into any long-term contracts with any of our customers nor do we have any marketing arrangement to promote our cold storage services. Further, we do not have any particular arrangement to sell our traded products as well. Our present sourcing and selling effort of storage space and traded agriculture commodity is through our promoter Mr. AKS.Saravanan. He has been instrumental in accessing the commodities markets across regions in India and creating a wide network of customers through his rich experience in this industry. In the event our promoter is unable to source repeat business from customers or they are unable to identify new customers, our company's growth prospects shall be affected. Further, this may have material adverse effect on operations resulting in losses and erosion in shareholder value.

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

Due to low entry barriers and many government incentives, the trading and cold storage industry is highly fragmented. There is substantial competition from unorganized players. The competition in this industry is generally to compete on key attributes such as technical competence, marketing network, pricing and timely delivery. Some of our competitors may have longer industry experience and greater financial, technical and other resources, which may enable them to react faster in changing market scenario and remain competitive. Growing competition may result in a decline in our market share and may affect our margins which may adversely affect our business operations and our financial condition.

- 16. *Our insurance coverage may not be adequate to protect us against certain operating hazards and this may have a material adverse effect on our business.***

Operating and managing a business involves many risks that may adversely affect our operations and the availability of insurance is therefore important to our operations. In addition, our Company cannot be certain that the existing coverage will be available in sufficient amounts to cover one or more large claims, or that our insurers will not disclaim coverage as to any claims. A successful assertion of one or more large claims against our Company that exceeds our available insurance coverage or that leads to adverse changes in our insurance policies, including premium increases or the imposition of a large deductible or coinsurance requirement, could adversely affect our financial condition and results of operations. Our Company has not availed key man insurance policies and business interruption / loss of profits insurance cover.

- 17. *We have in past entered into related party transactions and may continue to do in future.***

Our Company has entered into related party transactions with our Promoters and Promoter Group in the past. While our Company believes that all such transactions have been conducted on an arm's length basis and are accounted as per Accounting Standard 18, however there can be no assurance that we could not have achieved

more favourable terms had such transactions not been entered into with related parties. Furthermore, it is likely that we may enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations. For further details, please refer to 'Annexure XXVII' under the section titled 'Financial Information' on page number 134.

**18. *We are subject to the restrictive loan covenants of banks in respect of the term loans and working capital facilities availed or sanctioned from them.***

Our financing arrangements contain restrictive covenants whereby bank has right to amend, vary, alter portion or entire loan without assigning reason or change the terms and condition of loan at the time of revalidation including the rate of interest. Our Company has to indemnify the bank for any kind of loss or damage of the hypothecated assets from any cause or reason whatsoever or from any claims from any third parties. In the event we breach any covenants contained in certain of our financing arrangements, we may be required under the terms of such financing arrangements to immediately repay our borrowings either in whole or in part, together with any related costs. This may adversely impact our results of operations and cash flows. For further details on the term loans and working capital borrowings, please see "Financial Indebtedness" on page 141.

**19. *We have not entered into any definitive arrangements to monitor the utilization of the Issue Proceeds.***

As per the SEBI ICDR Regulation, appointment of monitoring agency is required only for Issue size above ₹50,000 lacs. Hence we have not appointed any monitoring agency and the deployment of Issue Proceeds as stated in the "Objects of the Issue" on page 50 of the DRHP is not subject to monitoring by any independent agency. Our Company has not declared or paid any cash dividends on the Equity Shares in the past. The future payment of dividends, if any, will depend upon our future earnings, financial condition, cash flows, working capital requirements and capital expenditure. There can be no assurance that we will be able to pay dividends. Additionally, we may be restricted in our ability to make dividend payments by the terms of any debt financing we may obtain in the future.

**20. *The loss of or shutdown of operations at our cold storages may have a material adverse effect on our business, financial condition and results of operations.***

The breakdown or failure of our equipments and/ or civil structure can disrupt our production schedules, resulting in performance being below expected levels. In addition, the development or operation of our facilities may be disrupted for reasons that are beyond our control, including explosions, fires, earthquakes and other natural disasters, breakdown, failure or sub-standard performance of equipment, improper installation or operation of equipment, accidents, operational problems, transportation interruptions, other environmental risks, and labour disputes. Our machineries may be susceptible to malfunction. If such events occur, the ability of our facilities may be adversely affected which may affect our business, financial condition and results of operations.

## **RISKS ASSOCIATED WITH INDIA AND INVESTMENTS IN INDIAN COMPANIES**

**21. *Our business is substantially affected by prevailing economic conditions in India.***

We are incorporated in India, and all of our assets and employees are located in India. As a result, we are highly dependent on prevailing economic conditions in India and our results of operations are significantly affected by factors influencing the Indian economy. Factors that may adversely affect the Indian economy, and hence our results of operations, may include:

- any increase in Indian interest rates or inflation;
- any scarcity of credit or other financing in India, resulting in an adverse impact on economic conditions in India;
- prevailing income conditions among Indian consumers and Indian corporations;
- volatility in, and actual or perceived trends in trading activity on, India's principal Stock Exchange(s);
- changes in India's tax, trade, fiscal or monetary policies;

- political instability, terrorism or military conflict in India or in countries in the region or globally, including in India's various neighboring countries;
- prevailing regional or global economic conditions, including in India's principal export markets; and
- other significant regulatory or economic developments in or affecting India or the industries in which we operate.

Any slowdown or perceived slowdown in the Indian economy, or in specific sectors of the Indian economy, could adversely impact our business and financial performance and the price of the Equity Shares.

**22. *Any downgrading of India's sovereign debt rating or a decline in India's foreign exchange reserves may adversely affect our ability to raise additional debt financing.***

Any adverse revisions by international rating agencies to the credit ratings of the Indian national government's sovereign domestic and international debt may adversely affect our ability to raise additional financing by resulting in a change in the interest rates and other commercial terms at which we may obtain additional financing. This could have a material adverse effect on our capital expenditure plans, business and financial performance. A downgrading of the Indian national government's debt rating may occur, for example, upon a change of government tax or fiscal policy outside our control.

**23. *Taxes and other levies imposed by the Government of India or other State Governments, as well as other financial policies and regulations, may have a material adverse effect on our business, financial condition and results of operations.***

Taxes and other levies imposed by the Central or State Governments in India that affect our industry include customs duties, excise duties, sales tax, income tax and other taxes, duties or surcharges introduced on a permanent or temporary basis from time to time. Imposition of any other taxes by the Central and the State Governments may adversely affect our results of operations.

**24. *A significant change in the Government of India's economic liberalization and deregulation policies could disrupt our business and cause the price of the Equity Shares to decline.***

Our assets and customers are located in India. The government of India has traditionally exercised and continues to exercise a dominant influence over many aspects of the economy. Its economic policies have had and could continue to have a significant effect on private sector entities, including us, and on market conditions and prices of Indian securities, including the Equity Shares. The present Indian government is headed by the Indian National Congress and is a coalition of several political parties. Any significant change in the government's policies or any political instability in India could adversely affect business and economic conditions in India and could also adversely affect our business, our financial performance and the price of the Equity Shares.

**25. *Investing in securities that carry emerging market risks can be affected generally by volatility in the emerging markets.***

The markets for securities bearing emerging market risks, such as risks relating to India, are, to varying degrees, influenced by economic and securities market conditions in other emerging market countries. Although economic conditions differ in each country, investors' reactions to developments in one country may affect securities of issuers in other countries, including India. A loss of investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy, including the movement of exchange rates and interest rates in India, which could adversely affect the Indian financial sector in particular. Any such disruption could have an adverse effect on our Company's business, future financial performance, financial condition and results of operations, and affect the price of the Equity Shares. Accordingly, the price and liquidity of the Equity Shares may be subject to significant fluctuations, which may not necessarily be directly or indirectly related to our financial performance.

**RISKS ASSOCIATED WITH THE EQUITY SHARES AND THIS ISSUE**

**26. *There has been no public market for our Equity Shares prior to this Offer. The Offer Price therefore may not be indicative of the value of our Equity Shares.***

Prior to this Offer, there has been no public market for our Equity Shares in India or elsewhere. The Offer Price as determined by our Company in consultation with the BRLM could differ significantly from the price at which our Equity Shares will trade subsequent to completion of this Offer. There can be no assurance that even after our Equity Shares have been approved for listing on the Stock Exchange, any active trading market for our Equity Shares will develop or be sustained after this Offer, or that the offering price will correspond to the price at which our Equity Shares will trade in the Indian public market subsequent to this Offer.

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

Under current Indian tax laws and regulations, capital gains arising from the sale of equity shares in an Indian company, including our Equity Shares, are generally taxable in India. Any gain realised on the sale of listed Equity Shares on the Stock Exchange held for more than 12 months will not be subject to capital gains tax in India if Securities Transaction Tax (“STT”) has been paid on the transaction. STT will be levied on and collected by the domestic Stock Exchange on which our Equity Shares are sold. Any gain realised on the sale of Equity Shares held for more than 12 months to an Indian resident, which are sold other than on the recognised stock exchanges and on which no STT has been paid, will be subject to long term capital gains tax in India. Furthermore, any gain realised on the sale of listed Equity Shares held for a period of 12 months or less will be subject to short term capital gains tax in India. Capital gains arising from the sale of our Equity Shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. 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 jurisdiction on a gain upon the sale of our Equity Shares. For further details, see the section titled “Statement of Tax Benefits” on page 66.

**28. *You will not be able to sell immediately on an Indian stock exchange any of the Equity Shares you purchase in the Issue until the Issue receives appropriate trading approvals***

The Equity Shares will be listed on the SME platform of the NSE. Pursuant to Indian regulations, certain actions must be completed before the Equity Shares can be listed and trading may commence. We cannot assure you that the Equity Shares will be credited to investors’ demat accounts, or that trading in the Equity Shares will commence, within the time periods specified above. Any delay in obtaining the approvals would restrict your ability to dispose of the Equity Shares.

Any failure or delay in obtaining the approval would restrict your ability to dispose of the Equity Shares. In accordance with section 73 of the Companies Act, in the event that the permission of listing the Equity Shares is denied by the Stock Exchange, we are required to refund all monies collected to investors.

**29. *After this Issue, the price of the Equity Shares may be highly volatile.***

The prices of the Equity Shares on the Indian Stock Exchange may fluctuate after this Issue as a result of several factors, including:

1. volatility in the Indian and global securities market or in the Rupee’s value relative to the U.S. dollar, the Euro and other foreign currencies;
2. our profitability and performance;
3. perceptions about our future performance or the performance of Indian auto component manufacturers in forging in general;
4. performance of our competitors and the perception in the market about investments in the cold storage industry;
5. changes in the estimates of our performance or recommendations by financial analysts;
6. significant developments in India’s economic liberalisation and deregulation policies; and
7. significant developments in India’s fiscal, environmental and other regulations.

There can be no assurance that an active trading market for the Equity Shares will be sustained after this Issue, or that the prices at which our Equity Shares have historically traded will correspond to the price at which the Equity Shares are offered in this Issue or the prices at which the Equity Shares will trade in the market subsequent to this Issue. The Indian stock markets have witnessed significant volatility in the past and the Equity Share price may be volatile and may decline post listing.

## PROMINENT NOTES

1. Our Company was originally incorporated on January 19, 2003 under the name and style “S. H. Cold Storage (P) Limited”. On December 01, 2014, the name of the firm was changed to “AKS Cold Storage (P) Limited” and subsequently the company was converted into public company pursuant to which a fresh certificate of incorporation dated December 09, 2014 was issued by Registrar of Companies, Kerala.
2. Public Issue of [●] Equity Shares for cash at a price of ₹[●] per Equity Share (including a share premium of ₹ [●] per Equity Share) aggregating to ₹3200.00 lacs by our Company, of which [●] Equity Shares will be reserved for subscription by Market Makers to the Issue (“Market Maker Reservation Portion”) The Issue less the Market Maker Reservation Portion i.e. Issue of [●] Equity Shares is hereinafter referred to as the “Net Issue”. The Issue and the Net Issue will constitute [●] % and [●] %, respectively of the post issue paid up Equity Share Capital of the Company.
3. Our Company’s net worth, as of September 30, 2014 and March 31, 2014 is ₹1221.94 lacs and ₹1136.22 lacs respectively.
4. The average cost of acquisition per equity share for Mr. AK.Subramaniam is ₹12.36 and for Mr. AKS.Saravanan is ₹10.81.
5. The net asset value per equity share September 30, 2014 and March 31, 2014 ₹29.12 and ₹27.07 respectively.
6. We have, in the course of our business, entered into transactions with related parties including our associate companies, key managerial personnel and their relatives. For details of related party transactions entered into by us please see “Financial Information- Annexure XXVII” on page 134 of this Draft Red Herring Prospectus.
7. There has been no financing arrangement whereby the Directors and/ or their relatives have financed the purchase by any other person of securities of our Company during the period of six months immediately preceding the date of filing of this DRHP with Stock Exchange.
8. All information shall be made available by the BRLM and our Company to the public and investors at large and no selective or additional information would be available only to a section of investors in any manner whatsoever.

Investors may contact the Lead Manager for any complaint, clarifications and information pertaining to the Issue. Any clarification or information relating to this Issue shall be made available by the Lead Manager to the public and investors at large and no selective or additional information would be made available only to a section of the investors in any manner. All grievances relating to ASBA process may be addressed to the Registrar to the Issue, with a copy to the relevant SCSBs, giving full details such as name, address of the applicants, application number, number of Equity Shares applied for, application amounts blocked, ASBA Account number and the Designated Branch of the SCSBs where the Application Form has been submitted by the ASBA Investor. For contact details please see “General Information” on page 30.

## SECTION III – INTRODUCTION

### SUMMARY OF INDUSTRY

#### State of Indian Economy

India is one of the most promising amongst the emerging economies. Amidst a tumultuous global economic scenario, India has weathered away these challenges. The country is enjoying an economic up-turn backed by strong policies and optimism surrounding the new government. The recent past saw the country facing tough times such as low growth, high inflation figures, etc. There have been significant changes in the Indian economy since the new government has commenced power.

The fiscal year of 2014-15 saw key reforms being made which has triggered the economic revival. In November, 2012, CPI inflation, stood at 11.2%, the current account deficit by the first quarter of 2013-14 had reached 4.6% of GDP, and normal foreign inflows until March 2014 were \$15 billion. As per the latest figures, Consumer Price Inflation (CPI) inflation rate is 5.1%, and the wholesale price inflation (WPI) is negative. Decline in international crude prices coupled with stringent monetary policy by the RBI with government's commitment towards fiscal prudence are possibly the main drivers to the declining inflation figures.

The current account deficit for the year 2015-16 is expected to be below 1.3% of GDP. Based on the new series, real GDP growth is expected to accelerate to 7.4%, making India the fastest growing large economy in the world. Improvement were seen in the Industrial and the service sector in 2014-15, however the agricultural sector was marred by inadequate rainfall. Foreign inflows since April 2014 have been about \$55 billion, hence India's foreign exchange reserves have increased to \$340 billion; the rupee has stabilized relatively during the period 2014-15, while there is been comparatively lesser volatility in the foreign exchange market.

In the fiscal 2014-15, the country experienced few reforms in the policies. Modifications were also made on the subsidies front to shun the excessive leakage of subsidies by launching a modified direct benefit transfer scheme. Further, deregulation of diesel prices and key changes to the domestic gas pricing policies were made.

Prospects for India looks very good as the government are committed to undertake the key reforms. These reforms would trigger foreign capital inflows thus building optimism in the Indian economy. International factors such as the dip in crude prices have acted in India's favour by helping ease the inflationary pressure.

The fiscal deficit target has been made to 3.9% in 2015-16, 3.5% in 2016-17 and 3% in 2017-18. The country is expected to leapfrog China by 2016. With a population of 1.27bn, India is expected to grow at 6.5% in 2016/17 says the IMF World Economic Outlook.

The following table illustrates the India's GDP Growth rate

2010	2011	2012	2013	2014E	2015E	2016E
10.3%	6.6%	4.7%	4.4%	5.4%	6.4%	6.8%

Source: IMF World Economic Outlook

#### Cold Chain Industry

##### Cold Storage:

Cold storage is a temperature controlled mechanism used for preserving products with a shelf life. Perishable food products such as fruits and vegetables which are highly temperature sensitive, requires a refrigerated environment to remain fresh. Losses of pre and post-harvest fruits and vegetables in India, is growing at an alarming rate.

Loss happens due to deterioration that sets in because of natural events such as temperature. A cold storage will slow down these natural processes considerably and hence increases its life. In order to protect against these losses a well developed cold chain industry is a must. A cold storage is the heart of the cold chain. Other activities such as handling, transportation, etc. are built around it. Cold storage will stretch the product's life cycle, enabling it to

remain saleable for a longer time. Keeping the quality of the produce intact at the point of sale is the most important reason to have cold storage.

**Industry size and growth:**

The industry is growing at a compounded annual growth rate (CAGR) of 26% and is expected to cross Rs 6,00,000 Cr. mark by 2017. Steps are being taken by the government to promote this sector. NABARD Warehousing Scheme 2013-14 envisages loans towards setting up and accelerating the development of cold chain infrastructure. This market is dominated by the unorganized sector. The industry as a whole is at a fledgling stage in India, and hence has huge growth potential.

India accounts to around 30% of losses in the post-harvest perishable farm output. Certain areas such as organised retail, food service industry, food processing, etc. have huge opportunities. Every year, fruits and vegetables wastage is estimated to range from 5.8% to 18% having value of ₹ 13309 crores. Investment in this industry is estimated to be around \$15bn.

For details please refer to Chapter 'Industry Overview' appearing on page no.73

## SUMMARY OF BUSINESS

We commenced the cold storage operations in the year 2007 at Aror, near Ernakulam, Kerala with a capacity of 5000 MT. Subsequently we have established additional three cold storage units at Mettupalayam [Tamil Nadu], Palakkad [Kerala] & in Malappuram near Calicut [Kerala] with each unit having capacity of 5000 MT. The unit at Mettupalayam commenced operations in May 2012. The unit at Palakkad commenced operation in January 2014 whereas the unit at Calicut has commenced operations in March 2014. Our Company has also entered into lease arrangement with the promoters for two cold storages that were functional under the banner of proprietary firms. All six cold storage units have capacity of 5000 MT each with aggregate capacity of 30,000 MT. The in-house cold storage facility and support services enable the management to efficiently handle the opportunities in commodities trading and reap benefits. We have the distinction of providing cold storage facilities exclusively dedicated to agricultural commodities in the region of Kerala. The facilities are specifically designed to suit the needs of the storage facilities required for agricultural commodities which are perishable in nature. Our storage facility supported with refrigerated logistics also assists the farmers to minimize post harvest losses of perishable produce.

We are a prominent company offering 'Cold Storage' infrastructure facility and have also developed expertise in trading of agriculture commodities. We are an established trader in the state of Tamil Nadu and Kerala dealing in potato, chillies, onions, apples and oranges. We have been able to conduct large transactions of trading in the recent past as the facilities of cold storage are available in-house. Some of our distinct transactions by the management in the recent past are as follows:

1. In the year 2012, we procured 2400 MT of potato from in and around Indore and transported the same to Mettupalayam by rail route where the entire train comprising of 42 wagons were unloaded and transferred to our cold storage. This enabled us to reduce the transportation cost by about ₹3/- per kg.
2. Similarly, in the year 2013, we procured 2400 MT seed potato from Jalandher and 2400 MT potato from Agra to Mettupalayam by rail route.
3. In the year 2014, the services were provided wherein 'dates' [1400 MT] were imported for the client from UAE directly to Calicut Port instead of Mumbai Port which is the largest centre for dates import. Our new facilities at Calicut were made available to the client saving a considerable transportation cost.

We position ourselves as 'multi commodity cold storage' infrastructure facility provider equipped to store wide range of agriculture produce that includes Horticulture, Spices, Pulses, Cereals and Dairy Products. Our Company has focus on storage compatibility requirements considering temperature, relative humidity, atmosphere protection from odour and sensitivity to other gases. The temperature levels largely range from 1<sup>0</sup> to 11<sup>0</sup> C depending on the nature of products. Our present commodity portfolio includes potatoes, oranges, apples, chillies, dates, pulses, spices and dairy products. We also trade in some of these commodities and in recent times trading has been major source of our revenues.

Our customers include farming community, local traders, importers & exporters, food processing industry who stores the products depending on the demand and seasonality. Till lately we have been receiving demand for the long term storage products which included potatoes, chillies, spices, etc. We extensively use our facilities to store the commodities in which we trade. This enhances the confidence of other trading community, farmers, food processing units to use our facilities. Normally, during seasonal times the traders of the respective commodities patronize our cold storage to store their produces. A major part of capacity is utilized for storing our own traded commodities alongwith that of our customers.

We are promoted by first generation entrepreneurs, Mr. AK.Subramaniam and Mr. AKS.Saravanan who have agricultural background with exposure to different agriculture produce. Presently, Mr. AKS.Saravanan is responsible for managing the operations of the Company.

We have been operating two cold storages upto third quarter of F.Y. 2013-14. The third cold storage unit at Palakkad and fourth cold storage at Calicut were commissioned during the fourth quarter of F.Y. 2013-14. During F.Y.2013-14 we have achieved total turnover of ₹2123.47 lacs with EBITDA of ₹352.68 lacs. Our total number of cold storages increased to six with acquisition of additional two cold storages belonging to proprietary firm of our promoters on lease



basis. During six month period ending September 30, 2014, we have been able to achieve turnover of ₹3559.70 lacs and EBITDA of ₹333.24 lacs.

### Competitive Strengths

1. **Domain Knowledge of Promoter** – Mr. AKS.Saravanan, is the first generation entrepreneur belonging to an agriculturist family. The family background of our promoter supports the domain expertise to identify the quality commodities for trading and equips to negotiate the prices in different commodity markets across India. Mr. AKS.Saravanan has been instrumental in setting up the cold storage operations and promoting the business by marketing and networking with farmers and traders. The technical know-how of cold storage construction has been added advantage in terms of cost saving for the Company. The overall domain knowledge of our promoter is expected to help us in mitigating risk inherent to the industry and effectively compete in the industry.
2. **Location Advantages** – We believe that the location of cold storage units plays vital role in enhancing revenue opportunities and tapping the market share. Our selection of cold storage locations are undertaken after considering cost benefit analysis that includes demand supply gap, geographical landscape, availability & accessibility of utility services and such other factors. Our locational details & advantages for each unit is as under:
  - a) **Aroor - Ernakulam** – Ernakulam is the major commercial city in Kerala. We opened the first cold storage facility located at Aroor, which is on the Ernakulam to Allapuzha highway providing ease of access for storage and transportation of commodities. This cold storage was completed in 2007 and has been providing the storage facility to traders and farmers of this region.
  - b) **Mettupalayam** – Mettupalayam is part of Coimbatore district and it is considered as one of the major trading and grading centre for vegetables like potato, cabbage, beetroot, carrot, cauliflower, beans and other chinese vegetables. This is our second cold storage facility and it was completed in May 2012 providing proximity and opportunity to tap the trading hub.
  - c) **Palakkad** – Our third unit is located at Wise Kinfra Park in Palakkad District of Kerala and has commenced operation in January 2014. The unit being located at industrial park provides assurance of continuous access to utilities which is necessary to run the cold storage. This location also has proximity to Coimbatore district in Tamil Nadu. This location was selected with a backdrop to tap the market of two metro cities of Palakkad and Coimbatore. The Palakkad region is one of the vast tamarind cultivating area which requires Cold Storage for throughout the year for consumption.
  - d) **Calicut-Malappuram** - The fourth unit is located at Kakkanchery Kinfra Food Park in Malapuram district on the Calicut – Ernakulam highway. The Calicut city is second largest commercial city of Kerala and it is known for the pulses and dates market. The lack of proper cold storage facilities in this region provides opportunity for the Company to tap the importers of dates and other perishable products.
3. **Favorable Government Policies** – The Government of India has been formulating policies and schemes to promote cold storage industry that shall assist in minimizing the wastage of agri produce to a large extent and also help the farmers to avoid any distress sale of commodities. Further, the availability of infrastructure to preserve perishable produce shall also minimize the demand supply gap affecting the food inflation in the country. The Ministry of Food Processing Industries in the NCCD Conclave with Nodal Officers for cold chain development in May 2014 estimated the annual wastage of fruits and vegetables to be in range of 5.8% to 18%. In order to reduce these wastages, the GOI has been providing various incentives to the industry.
4. **Fiscal Incentives** – The cold storage industry have been supported with number of the fiscal incentives provided by the government for a definite period. The following are the incentives available to us:
  - Section 80-IB of the Income Tax Act provides deductions in respect of profits from industrial undertakings related to Cold Chain. For the first 5 years the deductions are @ 100% and then @25/30% for next 5 years.
  - Under Section 35-AD of the Income tax Act 1961, deduction @ 150% is permitted for expenditure incurred on capital investment in setting up a cold chain facility.
  - Exempted from Service Tax

- All refrigeration machineries and Parts used for installation of cold storage, cold room or refrigerated vehicle, are exempted from Excise Duty
- Cold chain projects are eligible for External Commercial Borrowings
- Concessional rate of custom duty @ 5% on imported equipment for cold chain facility under the project import benefits.

### Business Strategies

1. **Expansion of cold storage units** – We believe that the cold storage capacity has skewed distribution with majority of capacity for the agricultural produce in the northern region of India. We are contemplating opening up of five more cold storages at the locations such as Coimbatore, Ooty, Thanjavur, Tuticorin and Chennai over a period of few years. Out of these five locations we are proposing to deploy IPO proceeds for setting up cold storage at Coimbatore, Ooty and Thanjavur and the same is proposed to commence operations in 18 months. We believe these locations have commercial significance which can be projected as storage and distribution hub to our customers. Further, we also have long term plan to set up cold storage in other regions of India in order to bridge the demand supply gap.
2. **Integrated Cold Storage Solution** – We presently operate cold storage units which can store agriculture produce that requires chilled temperature. These produce largely include potatoes, apples, oranges, chillies, spices, etc. where the temperature ranges from 1<sup>0</sup> to 11<sup>0</sup> C. We believe, going forward the demand for storage of multiple products shall increase and hence we propose to be an integrated cold storage player providing pre-cooling and controlled atmosphere storage. The fund raising towards the proposed objects of issue is a step to scale up our capacity and provide most of the value added services under one roof.
3. **Focus on bulk distribution of our traded products** – We ventured into business of trading of agriculture produce in order to optimally utilize the cold storage facilities and to scale up our revenues. We generally source the produce from different regions depending on the volume of produce, price, availability, accessibility, expected demand of produce during off seasons, etc. This enables us to sell the produce in the wholesale market at a profitable spread and create value for the shareholders. We propose to target our traded produce to bulk consumers such as Quick Service Restaurants, restaurants, hotels, canteens, etc within a city. This shall help us to build our network with customers other than wholesale market and also provide a scope to venture into last mile logistic services to certain geographical regions.
4. **Focus on technology** – We have been in the cold storage industry with operations in existence since 2007. While our promoters have been effectively monitoring the operations of company we believe that with the increase in number of cold storage units and trust of our customers it is necessary to support it with use of technology. We propose to set up IT infrastructure with Enterprise Resource Planning (ERP) system in our Company that shall assist us in managing inventory and accounting of cold storage warehouses.

## SUMMARY OF FINANCIAL INFORMATION

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

(₹ in lacs)

Particulars	Annexure	As at September 30, 2014	As at March 31, 2014	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
<b>Equity and liabilities</b>							
<b>Share Holder's fund</b>							
Equity share capital	V	419.68	419.68	117.19	117.19	80.00	80.00
Reserves and surplus	VI	802.26	716.55	(3.92)	10.83	(16.83)	(33.55)
<b>Sub-total</b>		1,221.94	1,136.22	113.26	128.01	63.17	46.45
Share Application Money		-	-	663.87	-	37.19	37.19
<b>Non-current liabilities</b>							
Long term borrowings	VII	733.85	800.47	735.22	801.33	213.38	178.52
Other long term liabilities	VIII	248.60	261.69	82.00	35.40	-	-
Deferred tax liabilities (net)	IX	36.51	25.41	13.23	8.04	7.77	6.63
<b>Sub total Non-Current Liabilities</b>		1,018.96	1,087.56	830.45	844.78	221.15	185.15
<b>Current liabilities</b>							
Short-term borrowings	X	1,937.95	1,513.49	774.93	386.82	400.31	398.35
Short- term provisions	XI	38.92	23.21	4.15	7.07	4.42	2.30
<b>Sub total Current liabilities</b>		1,976.86	1,536.70	779.08	393.89	404.72	400.64
<b>Total Liabilities</b>		4,217.75	3,760.49	2,386.66	1,366.68	726.23	669.42
<b>Assets</b>							
<b>Non-current Assets</b>							
Fixed assets:	XI-A						
(i) Tangible assets		1,666.29	1,737.68	553.96	130.63	193.71	216.39
(ii) Intangible assets		8.20	2.72	-	-	-	-
(iii) Capital work-in-progress		-	-	900.77	695.06	75.49	-
Long- term loans and advances	XII	53.76	53.76	53.63	52.54	3.69	3.69
<b>Sub Total non-current assets</b>		1,728.25	1,794.16	1,508.37	878.22	272.89	220.08
<b>Current Assets</b>							
Inventories	XIII	1,234.60	1,054.10	123.50	270.89	279.87	172.27
Trade receivables	XIV	375.65	197.98	28.50	27.90	11.85	8.10
Cash and bank balances	XV	0.34	150.13	0.11	0.29	0.17	0.12
Short- term loans and advances	XVI	863.79	550.43	720.51	184.37	154.87	264.00
Other current assets	XVII	15.13	13.68	5.68	5.01	6.58	4.84
<b>Sub Total current assets</b>		2489.51	1966.33	878.30	488.46	453.34	449.34
<b>Total Assets</b>		4,217.75	3,760.49	2,386.66	1,366.68	726.23	669.42

Note:

The above statement should be read with the Statement of Notes to Restated Summary Statements of the Company in Annexure IV.

This is the Summary Statement of Assets and Liabilities, As Restated, referred to in our report of even date.

## ANNEXURE II - SUMMARY STATEMENT OF PROFIT AND LOSSES, AS RESTATED

(₹ in lacs)

Particulars	Annexure	For the period ended	For the year ended				
		September 30, 2014	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
<b>I. Revenue</b>							
Revenue from Operations	<b>XVIII</b>	3,559.70	2,123.33	532.29	464.54	460.49	515.52
Other Income	<b>XIX</b>	-	0.14	0.11	0.25	-	-
<b>Total Revenue</b>		3,559.70	2,123.47	532.40	464.79	460.49	515.52
<b>II. Expenses</b>							
Purchase cost and changes in inventory	<b>XX</b>	3,059.48	1,669.55	301.77	279.36	254.95	312.13
Employee benefits expenses	<b>XXI</b>	17.28	14.31	13.01	6.50	5.80	4.62
Finance Costs	<b>XXII</b>	144.81	113.35	79.74	60.28	64.83	64.74
Depreciation Expense – Tangible Assets		71.97	99.63	64.30	14.33	22.68	25.77
Amortisation expenses – Intangible Assets		-	-	-	-	-	-
Other Expenses	<b>XXIII</b>	149.70	86.94	83.11	71.15	91.26	92.77
<b>Total Expenses</b>		3,443.23	1,983.78	541.93	431.62	439.53	500.02
Profit before tax		116.47	139.70	(9.53)	33.17	20.96	15.49
<b>Tax</b>							
Current Tax		19.66	12.03	-	5.24	3.09	1.36
Prior Period Tax		-	-	0.04	-	-	-
Deferred Tax		11.10	12.18	5.18	0.27	1.15	1.62
<b>Total Tax Expenses</b>		30.76	24.21	5.22	5.51	4.24	2.98
<b>Net Profit</b>		85.71	115.48	(14.75)	27.66	16.72	12.51

Note:

The above statement should be read with the Statement of Notes to Restated Summary Statements of the Company in Annexure IV.

This is the Summary Statement of Profits and Losses, As Restated, referred to in our report of even date.

## ANNEXURE III - SUMMARY STATEMENT OF CASH FLOW STATEMENT, AS RESTATED

(₹ in lacs)

Particulars	Six months period ended September 30, 2014	Year ended March 31, 2014	Year ended March 31, 2013	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>						
Net Profit before tax and extraordinary items	116.47	139.70	(9.53)	33.17	20.96	15.49
<b>Add Adjustments for:</b>						
Depreciation	71.97	99.63	64.30	14.33	22.68	25.77
Income tax – Deferred Tax	11.10	12.18	5.18	0.27	1.15	1.62
Finance Cost	144.81	113.35	79.74	60.28	64.83	64.74
Sub-Total	227.88	225.16	149.23	74.88	88.66	92.13
<b>Operating profit before working capital changes</b>	<b>344.34</b>	<b>364.86</b>	<b>139.70</b>	<b>108.05</b>	<b>109.62</b>	<b>107.62</b>
<b>Add Adjustments for:</b>						
Increase in trade payables	-	-	-	-	-	-
Increase in current liabilities	-	-	-	-	-	-
Increase in short-term provisions	15.70	19.06	(2.92)	2.66	2.12	0.44
Sub-Total	15.70	19.06	(2.92)	2.66	2.12	0.44
Sub-Total	360.05	383.92	136.78	110.70	111.74	108.06
<b>Less Adjustments for:</b>						
Decrease in Other current liabilities	-	-	-	-	-	-
Increase in receivables	177.67	169.48	0.60	16.05	3.75	(254.61)
Increase in inventories	180.50	930.60	(147.39)	(8.98)	107.60	50.42
Increase in other current assets	1.44	8.01	0.67	(1.57)	1.74	3.29
Increase in loans and advances	313.36	(170.08)	536.15	29.50	(109.14)	205.75
Sub-Total	672.98	938.00	390.02	35.01	3.95	4.85
<b>Cash generated from operations</b>	<b>(312.93)</b>	<b>(554.08)</b>	<b>(253.24)</b>	<b>75.70</b>	<b>107.80</b>	<b>103.21</b>
Less:						
Finance cost	144.81	113.35	79.74	60.28	64.83	64.74
Dividend payment	-	-	-	-	-	-
Income tax	30.76	24.21	5.22	5.51	4.24	2.98
Sub-Total	175.57	137.56	84.97	65.79	69.07	67.72
<b>Net Cash Flow from Operating activities (A)</b>	<b>(488.50)</b>	<b>(691.65)</b>	<b>(338.21)</b>	<b>9.91</b>	<b>38.73</b>	<b>35.50</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>						
<b>(Purchase of fixed assets-net, Capital WIP, Capital Advances &amp; Investments)</b>						
Increase in Fixed Assets	6.05	385.29	693.35	570.81	75.49	-
Increase in Capital (Share	-	(243.61)	(663.87)	-	-	-

Particulars	Six months period ended September 30, 2014	Year ended March 31, 2014	Year ended March 31, 2013	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010
Application Adv)						
Sub-Total	(6.05)	(141.68)	(29.48)	(570.81)	(75.49)	-
<b>Net Cash from Investing activities (B)</b>	<b>(6.05)</b>	<b>(141.68)</b>	<b>(29.48)</b>	<b>(570.81)</b>	<b>(75.49)</b>	<b>-</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>						
Increase in Borrowing						
Increase in Long Term Borrowings	(66.62)	65.24	(66.11)	587.96	34.86	(37.23)
Increase in Short Term Borrowings	424.46	738.56	388.12	(13.49)	1.96	(0.11)
Increase in Other Long Term Liabilities	(13.09)	179.69	46.60	35.40	-	-
Sub-Total	344.75	983.49	368.60	609.87	36.81	(37.35)
Increase in Long Term Advances	-	0.13	1.09	48.84	-	-
<b>Net cash flow generated from financing activities (C)</b>	<b>344.75</b>	<b>983.36</b>	<b>367.51</b>	<b>561.02</b>	<b>36.81</b>	<b>(37.35)</b>
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>(149.80)</b>	<b>150.03</b>	<b>(0.18)</b>	<b>0.12</b>	<b>0.05</b>	<b>(1.85)</b>
<b>Cash and Cash equivalents at the beginning of the period</b>	<b>150.13</b>	<b>0.11</b>	<b>0.29</b>	<b>0.17</b>	<b>0.12</b>	<b>1.97</b>
<b>Cash and Cash equivalents at the end of the period</b>	<b>0.34</b>	<b>150.13</b>	<b>0.11</b>	<b>0.29</b>	<b>0.17</b>	<b>0.12</b>

## THE ISSUE

The following table summarizes the Issue details:

<b>Equity Shares offered</b>	
<b>Fresh Issue of Equity Shares</b>	[●] Equity Shares, aggregating upto ₹3200 lacs
<i>of which:</i>	
Market Maker Reservation Portion	[●] Equity Shares, aggregating up to ₹ 160 lacs
<b>Qualified Institutional Buyers Portion</b>	Not more than [●] Equity Shares
<i>of which:</i>	
Available for Allocation to Mutual Funds	Upto [●] Equity Shares constituting 5% of the QIB Portion
Balance for all QIBs including Mutual Funds	[●] Equity Shares
<b>Non-Institutional Portion</b>	[●] Equity Shares constituting not less than 15% of the Issue
<b>Retail Portion</b>	[●] Equity Shares constituting not less than 35% of the Issue
<b>Pre and post-Issue Equity Shares</b>	
Equity Shares outstanding prior to the Issue	83,93,562 Equity Shares
Equity Shares outstanding after the Issue	[●] Equity Shares
<b>Use of Proceeds</b>	For details please refer to the chapter titled “ <i>Objects of the Issue</i> ” beginning on page number 50.

1. The Issue has been authorised by the shareholders of our Company *vide* a special resolution passed pursuant to section 62(1)(c) of the Companies Act, 2013 at the EGM held on December 19, 2014.
2. Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in the Non-Institutional Portion and Retail Portion would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Company, in consultation with the BRLM and the Designated Stock Exchange. However, under-subscription, if any, in the QIB Portion will not be allowed to be met with spill-over from other categories or a combination of categories.
3. Such number of Equity Shares representing 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the QIB Portion shall be available for allocation on a proportionate basis to QIBs including Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. In the event that the demand from Mutual Funds is greater than [●] Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by the Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Fund Portion. However, in the event of under-subscription in the Mutual Fund Portion, the balance Equity Shares in the Mutual Fund Portion will be added to the QIB Portion and allocated to QIBs (including Mutual Funds) on a proportionate basis, subject to valid Bids at or above Issue Price.

## GENERAL INFORMATION

**Registered Office of our Company**

43/1/G/2 - Near Keltron Road,  
Aroor, Alappuzha District,  
Kerala - 688 534, India.  
**Tel No:** +91 0478-2873011  
**Email:** md@akscoldstorage.com  
**Website:** www.akscoldstorage.com

**Corporate Office of our Company**

S.F.956, B.K. Koil Road,  
Mettupalayam- 641305  
**Tel No:** + 91 04254-225336  
**Email:** info@akscoldstorage.com

**Corporate Identification Number:** U63022KL2003PTC015881

**Address of the Registrar of Companies****Registrar of Companies, Ernakulam, Kerala**

Company Law Bhawan, BMC Road, Thrikkakara, Kochi – 682021, Kerala  
**Phone:** 0484-2423749/2421489 **Fax:** 0484-2422327

**Board of Directors**

*The Board of Directors of the Company comprises the following:*

<b>Name, Nationality and DIN</b>	<b>Designation</b>	<b>Age (years)</b>	<b>Address</b>
Mr. AK.Subramaniam <b>Nationality:</b> Indian <b>DIN:</b> 01401536	Non Executive and Non Independent Director	76	1-A, Saravana Illam, Mahadevapuram, 2nd Street, Mettupalayam, Coimbatore – 641305
Mr. AKS.Saravanan <b>Nationality:</b> Indian <b>DIN:</b> 01542566	Managing Director	43	1-A, Saravana Illam, Mahadevapuram, 2nd Street, Mettupalayam, Coimbatore – 641305
Mr. M.Ramakrishnan <b>Nationality:</b> Indian <b>DIN:</b> 00044848	Non-Executive Independent Director	61	Flat No. 5, First Floor, Mithila Apartments, Sathyamurthy Road, Ramnagar, Coimbatore - 641 009
Mr. G.Madankumar <b>Nationality:</b> Indian <b>DIN:</b> 07119231	Non-Executive Independent Director (Additional Director)	47	24/2C, Koilmedu, Kotagiri, Nilgiris – 643 217

For further details of our Directors, see “Our Management” on page 98.



**Company Secretary & Compliance Officer**

Mr. P. Nalla Senapathi  
S.F.956, B.K. Koil Road,  
Mettupalayam- 641305  
**Tel No:** + 91 04254- 225336  
**Email:** cs@akscoldstorage.com

**Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre- or post-Issue related problems, such as non-receipt of letters of Allotment, credit of Allotted shares in the respective beneficiary account and refund orders.**

All grievances relating to the Issue may be addressed to the Registrar, giving full details such as name, address of the applicant, number of Equity Shares Bid for, Bid Amount paid on submission of the Bid cum Application Form and the bank branch or collection centre where the Bid cum Application Form was submitted.

All grievances relating to the ASBA process may be addressed to the Registrar with a copy to the relevant SCSB and/ or the member of the Syndicate or the Sub-Syndicate Member (as applicable), giving full details such as name, address of applicant, application number, number of Equity Shares applied for, amount blocked on application and Designated Branch or the collection centre of the SCSBs and/or the Syndicate or the Sub-Syndicate Members (as applicable) where the Bid cum Application Form was submitted by the ASBA Bidder.

**Book Running Lead Manager**

**Keynote Corporate Services Limited**

The Ruby, 9<sup>th</sup> Floor,  
Senapati Bapat Marg,  
Dadar (West), Mumbai – 400028  
**Tel:** +91-22- 30266000-3  
**Fax:** +91-22- 3026 6088  
**E-mail:** mbd@keynoteindia.net  
**Website:** www.keynoteindia.net  
**Contact Person:** Mr. Girish Sharma  
**SEBI Registration No.:** INM 000003606

**Registrar to the Issue**

**S.K.D.C CONSULTANTS LIMITED**

Kanapathy Towers,  
3rd Floor  
1391/A-1, Sathy Road, Ganapathy,  
Coimbatore 641 006  
**Tel.:** +91-0422-6549995, 2539835-836; **Fax:** +91-0422- 2539837  
**Email:** info@skdc-consultants.com; **Website:** www.skdc-consultants.com  
**Contact Person:** Mr. K Narendra  
**SEBI Registration No.:** INR 000000775

**Statutory Auditor to the Company**

**M/s. RJC Associates**

**Chartered Accountants**

Flat F-1, 'B' Block, Aditya Apartments,  
1152, Trichy Road, Ramanathapuram,  
Coimbatore  
**Tel.:** +91 0422-2313577;  
**Email:** rjcasso@hotmail.com;  
**Contact Person:** R Jayachandran, FCA, ACS;

**Firm Registration No.:** 003496S

**Membership No.:** 021848

**Peer Review Auditor to the Company**

**CA A.M. Murugan**

**Chartered Accountant**

21/3, A- Block, First Floor, Krishna Apartments,

Vidyalaya Road, Salem -7

**Tel.:** +91 -0427-2330330

**Fax:** +91 – 0427-2416760

**Email:** sengotin@yahoo.com

**Contact Person:** Mr. A.M. Murugan

**Peer Review Certificate No.** 007410

**Membership No.:** 200/26431

**Market Maker**

As per Regulation 106(V) of the SEBI ICDR Regulations, 2009, the BRLM, will ensure compulsory Market Making in the manner specified by SEBI for a minimum period of three years from the date of listing of the Equity Shares of our Company.

[●] will act as the Market Maker.

**Syndicate Members**

[●]

**Self Certified Syndicate Banks**

The list of banks that have been notified by SEBI to act as SCSB for the ASBA process is provided on SEBI's website <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>. For details of the Designated Branches which shall collect Bid cum Application Forms from the ASBA Bidders, please refer to the above-mentioned link. Further, the branches of the SCSBs where the Syndicate at the Specified Locations could submit the Bid cum Application Form is provided on the website of SEBI at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>.

**Registered Brokers**

All the members of the recognised stock exchanges would be eligible to act as brokers to the Issue. The list of the Registered Brokers, including details such as postal address, telephone number and e-mail address, is provided on the website of NSE and BSE at <http://www.bseindia.com/Markets/PublicIssues/brokercentres=3> and [http://www.nseindia.com/products/content/equities/ipos/ipo\\_mem\\_terminal.htm](http://www.nseindia.com/products/content/equities/ipos/ipo_mem_terminal.htm), respectively.

**Bankers to the Issue and Escrow Collection Banks**

[●]

**Refund Bank**

[●]

**Bankers to the Company**

<b>Indian Bank</b> 212, Ooty Main Road, Mettupalayam, Coimbatore 641 301 <b>Tel:</b> +91 04254-222168; <b>Email:</b> mettupalayam_cbe@indianbank.co.in <b>Contact Person:</b> K.B. Sasireka	<b>Syndicate Bank</b> 661, Gujarat Samaj Building, R S Puram, Coimbatore 641 002 <b>Tel:</b> +91 0422 2552815; <b>Fax:</b> +91 0422 2553898; <b>Email:</b> br.6123@syndicatebank.co.in <b>Contact Person:</b> G.Vizayakumar
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**Brokers to the Issue**

All the members of the recognised stock exchange would be eligible to act as brokers to the Issue.

**Inter-se allocation of responsibilities**

Since Keynote Corporate Services Limited is the sole the Book Running Lead Manager to this Issue, statement of inter-se allocation responsibilities among Book Running Lead Manager is not applicable. However the responsibilities of the Book Running Lead Manager include:

Sl. No.	Activities
1.	Capital structuring with the relative components and formalities such as type of instruments, etc.
2	Due diligence of the Company's operations/management/ business plans/legal, etc. Drafting and design of offer document and of statutory advertisement including memorandum containing salient features of the Prospectus. The Lead Manager shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock exchange(s), RoC and SEBI including finalization of the Prospectus and filing with the RoC.
3	Drafting and approval of all publicity material other than statutory advertisement as mentioned above including corporate advertisement, brochure, etc.
4	Appointment of registrar and grading agencies to the Issue.
5	Appointment of all other intermediaries including bankers to the Issue, printers, advertising agency etc
6	Preparation of road show presentation
7	Institutional Marketing of the Offer <ul style="list-style-type: none"> <li>Finalise the list and division of investors for one to one meetings; and</li> <li>Finalising the international and domestic institutional road show schedule and investor meeting schedules</li> </ul>
8	Retail / Non-Institutional marketing strategy which will cover, inter alia, <ul style="list-style-type: none"> <li>Formulating marketing strategies, preparation of publicity budget;</li> <li>Finalising media, marketing and public relations strategy;</li> <li>Finalising centers for holding conferences for brokers, etc.;</li> <li>Finalising collection centers; and</li> <li>Follow-up on distribution of publicity and issue material including form, prospectus and deciding on the quantum of the issue material.</li> </ul>
9	Coordination with Stock Exchange
10	Management of Escrow Account(s), Finalising Allocation
11	Post application activities including coordination for non- institutional allocation, coordination with Registrar and Banks, intimation of allocation and dispatch of refund to Applicants, etc. The post issue activities of the issue will involve essential follow up steps, which include finalization of trading and dealing instruments and dispatch of certificates and demat delivery of shares, with the various agencies connected with the work such as Registrar to the Issue, Banker to the Issue and the bank handling refund business. The Lead Manager shall be responsible for ensuring that these agencies fulfill their functions and enable them to discharge the responsibility through suitable agreements with the Issuer Company.

**Credit Rating**

As this is an issue of Equity Shares, credit rating is not required.

**Expert**

Except for the Auditor's Report of the Auditors of our Company, we have not obtained any expert opinions.

**Trustees**

As this is an issue of Equity Shares, the appointment of trustees is not required.

**Monitoring Agency**

Since the Issue size does not exceed ₹ 50,000 Lacs, the appointment of a monitoring agency as per Regulation 16 of the SEBI Regulations is not required.

**Appraising Agency**

None of the objects of this Issue have been appraised by an independent agency.

**Book Building Process**

Book building, with reference to the Issue, refers to the process of collection of Bids on the basis of the Red Herring Prospectus within the Price Band.

The Issue Price will be finalized after the Bid / Issue Closing Date. The principal parties involved in the Book Building Process are:

- Our Company;
- The BRLM in this case being Keynote Corporate Services Limited, in this case being [●] the Syndicate Member(s) who are intermediaries registered with SEBI/ registered as brokers with NSE and eligible to act as Underwriters. The Syndicate Member(s) will be appointed by the BRLM;
- The Registrar to the Issue;
- Self Certified Syndicate Banks through whom ASBA Bidders would subscribe in this Issue; and
- Escrow Collection Bank(s).

The SEBI ICDR Regulations have permitted the Issue of securities to the public through the Book Building Process, wherein not more than 50% of the Issue shall be allotted on a proportionate basis to QIBs, of which 5% shall be reserved for Mutual Funds. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. 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 BRLM and the Designated Stock Exchange. Our Company will comply with the SEBI ICDR Regulations for this Issue. In this regard, our Company has appointed the BRLM to procure subscriptions to the Issue.

**In accordance with the SEBI ICDR Regulations, QIBs bidding in the QIBs portion are not allowed to withdraw their Bid(s) after the Bid/Issue Closing Date.** For further details, please refer "Terms of the Issue" on page 159 of the Draft Red Herring Prospectus.

QIBs and Non-Institutional Bidders shall compulsorily submit their Bids under the "ASBA Process", which would entail blocking of funds in the investor's bank account rather than immediate transfer of funds to the respective Escrow Accounts. Retail Individual Bidders have the option of submitting their Bids under the ASBA Process or through cheques/ demand drafts.

We will comply with the SEBI ICDR Regulations and any other ancillary directions issued by SEBI for this Issue. In this regard, we have appointed Keynote Corporate Services Limited as the Book Running Lead Manager to manage the Issue and procure subscriptions to the Issue.

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

**Retail Individual Bidders are advised to make their own judgment about investment through the ASBA process prior to submitting an ASBA Bid cum Application Form.**

**Illustration of Book Building and Price Discovery Process** *(Investors should note that this example is solely for illustrative purposes and is not specific to the Issue)*

Bidders can bid at any price within the price band. For instance, assume a price band of ₹ 20 to ₹ 24 per equity share, issue size of 3,000 equity shares and receipt of five bids from bidders, details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the bidding centres during the bidding period. The illustrative book below shows the demand for the equity shares of the issuer company at various prices and is collated from bids received from various investors.

Bid Quantity	Bid Amount (₹)	Cumulative Quantity	Subscription
500	24	500	16.67%
1,000	23	1,500	50.00%
1,500	22	3,000	100.00%
2,000	21	5,000	166.67%
2,500	20	7,500	250.00%

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

Steps to be taken by the Bidders for Bidding:

1. Check eligibility for making a Bid (see section titled “Issue Procedure – Who Can Bid?” on page 171;
2. Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid cum Application Form;
3. Except for Bids on behalf of the Central or State Governments and the officials appointed by the courts and residents of Sikkim, for Bids of all values, ensure that you have mentioned your PAN (see section titled “Issue Procedure – Permanent Account Number or PAN” on page 198);
4. Ensure that the Bid cum Application Form is duly completed as per instructions given in this Red Herring Prospectus and in the Bid cum Application Form;
5. Bids by QIBs will only have to be submitted to the BRLM and their affiliate Syndicate Members or SCSBs; and
6. Bids by ASBA Bidders will have to be submitted to the Designated Branches of the SCSBs except for ASBA Bids in the Specified Cities. In case of Specified Cities, ASBA Bids may either be submitted with the Designated Branches or with Syndicate or to the Syndicate Members in the Specified Cities. ASBA Bidders should ensure that their bank accounts have adequate credit balance at the time of submission to the SCSBs or the Syndicate Members to ensure that the Bid cum Application Form by ASBA Bidders is not rejected.

### Withdrawal of the Issue

Our Company, in consultation with the BRLM reserves the right not to proceed with the Issue at any time after the Bid Opening Date but before the Board meeting for Allotment, without assigning any reason thereof. In such an event

our Company would issue a public notice in the newspapers, in which the pre-issue advertisements were published, within two days of the closure of the Issue, 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 day of receipt of such notification. Our Company shall also promptly inform the Stock Exchange on which the Equity Shares are proposed to be listed.

If our Company withdraws the Issue after the Bid Closing Date, our Company shall state the reasons thereof in a public notice within two days of the closure of the Issue. The public notice shall be issued in the same newspapers where the pre-Issue advertisement had appeared. The Stock Exchange shall also be informed of such withdrawal.

Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approval 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 Stock Exchange.

### **Bid/ Issue Programme**

<b>Bid/ Issue Opens on</b>	[●], 2015
<b>Bid/ Issue Closes on</b>	[●], 2015

Bids and any revision in Bids shall be accepted **only between 10.00 a.m. and 3.00 p.m.** (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centers mentioned in the Bid cum Application Form or, in case of Bids submitted through ASBA, the Designated Branches of the SCSBs and the Syndicate ASBA Bidding Locations, **On the Bid/Issue Closing Date, Bids (excluding ASBA Bidders) shall be uploaded** until (i) 4.00 p.m. in case of Bids by QIB Bidders and Non-Institutional Bidders; and (ii) until 5.00 p.m. or until such time as permitted by the NSE in case of Bids by Retail Individual Bidders. It is clarified that Bids not uploaded in the book, would be rejected. Bids by ASBA Bidders shall be uploaded by the SCSB in the electronic system to be provided by the NSE.

In case of discrepancy of data between the Stock Exchange and the Designated Branches of the SCSBs, the decision of the Registrar to the Issue, in consultation with the BRLM, our Company and the Designated Stock Exchange, based on the physical / electronic records, as the case may be, of the ASBA Bid cum Application Forms shall be final and binding on all concerned. Further, the Registrar to the Issue may ask for rectified data from the SCSB.

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 Closing Date and, in any case, no later than 1.00 p.m (Indian Standard Time) on the Bid Closing Date. Bidders are cautioned that in the event a large number of Bids are received on the Bid Closing Date, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded will not be considered for allocation in the Issue. If such Bids are not uploaded, our Company, the BRLM and the Syndicate Members shall not be responsible. Bids will be accepted only on working days, i.e. Monday to Friday (excluding any public holiday).

On the Bid/ Issue Closing Date, extension of time will be granted by the Stock Exchange only for uploading the Bids received from Retail Individual Bidders, after taking into account the total number of Bids received upto the closure of timings for acceptance of Bid cum Application Forms and ASBA Bid cum Application Forms as stated herein and reported by the BRLM, the Stock Exchange within half an hour of such closure.

Our Company in consultation with the BRLM reserves the right to revise the Price Band during the Bidding Period in accordance with the SEBI ICDR Regulations. The Cap Price shall be less than or equal to 120% of the Floor Price. Subject to compliance with the immediately preceding sentence, the Floor Price can be revised up or down to a maximum of 20% of the Floor Price as originally disclosed at least two working days prior to the Bid /Issue Opening Date and the Cap Price will be revised accordingly.

**In case of revision in the Price Band, the Bidding Period will be extended for three additional Working Days after revision of the Price Band subject to the Bidding Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bidding Period, if applicable, will be widely disseminated by notification to the Stock Exchange, by issuing a press release, and also by indicating the change on the website of the BRLM, and at the terminals of the members of the Syndicate. In the event of any revision in the Price Band, whether**

upwards or downwards, the minimum application size shall remain [●] Equity Shares subject to the Bid Amount payable on such minimum application being in the range of ₹ [●] to ₹ [●].

### Underwriting Agreement

Our Company has entered into an Underwriting Agreement dated [●] with the Underwriters for the Equity Shares proposed to be offered through the Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, 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, as specified therein. The Underwriting Agreement is dated [●]. The Issue will be 100% underwritten.

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

Name, Address, Telephone, Fax, and Email of the Underwriters	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten (₹ in lacs)
[●]	[●]	[●]
[●]	[●]	[●]

*The abovementioned details would be finalized after the determination of Issue Price.*

In the opinion of our Board of Directors (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 abovementioned 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. If the Syndicate Member(s) fails to fulfill its underwriting obligations as set out in the Underwriting Agreement, the BRLM shall fulfill the underwriting obligations in accordance with the provisions of the Underwriting Agreement.

The underwriting agreement shall list out the role and obligations of each Underwriter.

### Market Making Agreement

[●] will act as the Market maker and has entered into an agreement dated [●] and agreed to receive or deliver the specified securities in the market making process for a period of three years from the date of listing of our Equity Shares or for a period as may be notified by amendment to SEBI ICDR Regulations.

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

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

1. The Market Maker shall be required to provide a 2-way quote for 75% of the time in a day. The same shall be monitored by the Stock Exchange. The spread (difference between the sell and the buy quote) shall not be more than 10%. 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 ₹ 100,000/- . However, the investors with holdings of value less than ₹ 100,000/- shall be allowed to offer their holding to the Market Maker 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. Execution of the order at the quoted price and quantity must be guaranteed by the Market Maker for the quotes given by him.
4. There would not be more than five Market Makers for a scrip at any point of time and the Market Makers may compete with other Market Makers for better quotes to the investors.
5. The Market Maker(s) shall have the right to terminate said arrangement by giving a six months notice or on mutually acceptable terms to the BRLM, who shall then be responsible to appoint a replacement Market Maker(s).

In case of termination of the above mentioned Market Making agreement prior to the completion of the compulsory Market Making period, it shall be the responsibility of the BRLM to arrange for another Market Maker in replacement during the term of the notice period being served by the Market Maker but prior to the date of releasing the existing Market Maker from its duties in order to ensure compliance with the requirements of regulation 106V of the SEBI (ICDR) Regulations, 2009. Further the company, the BRLM reserve the right to appoint other Market Makers either as a replacement of the current Market Maker or as an additional Market Maker subject to the total number of Designated Market Makers does not exceed five or as specified by the relevant laws and regulations applicable at that particulars point of time.

SEBI vide Circular no. CIR/MRD/DSA/31/2012 dated November 27, 2012 has prescribed inventory management limits to the market makers. The limits on the upper side for market maker during the market making process shall be based on the issue size and the same is as under:

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

In terms of the aforesaid circular, the following shall apply to market makers while managing their inventory during the process of market making:

- i. The exemption from threshold shall not be applicable for the first three months of market making and the market maker shall be required to provide two way quotes during this period irrespective of the level of holding.
- ii. Threshold for market making as prescribed will be inclusive of mandatory inventory of 5% of issue size at the time of allotment in the issue.
- iii. Any initial holdings over and above such 5% of issue size would not be counted towards the inventory levels prescribed.
- iv. Apart from the above mandatory inventory, only those shares which have been acquired on the platform of the exchange during market making process shall be counted towards the Market Maker's threshold.
- v. Threshold limit will take into consideration, the inventory level across market makers.
- vi. The market maker shall give two way quotes till he reaches the upper limit threshold, thereafter he has the option to give only sell quotes.
- vii. Two way quotes shall be resumed the moment inventory reaches the prescribed re-entry threshold.
- viii. In view of the market maker obligation, there shall be no exemption/threshold on downside. However, in the event the market maker exhausts his inventory through market making process on the platform of the exchange, the concerned stock exchange may intimate the same to SEBI after due verification.



## CAPITAL STRUCTURE

The capital structure of our Company and related information as at the date of this RHP, prior to and after the proposed Issue, is set forth below:

(₹ In lacs except per share data)		
Particulars	Aggregate Nominal Value	Aggregate Value at Issue Price
<b>Authorised share capital</b>		
2,00,00,000 Equity Shares of ₹10/- each	2000.00	[●]
<b>Issued, subscribed and paid-up share capital before the Issue</b>		
83,93,562 Equity Shares of ₹10/- each	839.35	[●]
<b>Present Issue in terms of the Draft Red Herring Prospectus</b>		
[●] Equity Shares	[●]	3200.00
Of Which		
[●] Equity Shares at a premium of ₹[●]/- per Equity Share reserved as Market Maker Portion	[●]	160.00
<b>Net Issue to Public of Which</b>		
a) QIB Portion of upto [●] Equity Shares, being not more than 50% of the Issue	[●]	1520.00
Of Which		
Mutual Fund Portion is [●] Equity Shares, being 5% of the QIB Portion	[●]	76.00
Other QIBs (including Mutual Funds) [●] Equity Shares	[●]	1444.00
b) Non-Institutional portion of not less than [●] Equity Shares, being not less than 15% of the Issue	[●]	456.00
c) Retail Portion of not less than [●] Equity Shares, being not less than 35% of the Issue	[●]	1064.00
[●] Equity Shares at a premium of ₹[●]/- per Equity Share being Net Issue to public	[●]	[●]
<b>Issued, subscribed and paid-up share capital after the Issue</b>		
[●] Equity Shares	[●]	[●]
<b>Securities premium account</b>		
Before the Issue		185.31
After the Issue*		[●]

\* - The Securities Premium Account after the Issue shall be determined after the Book Building Process.

1. This Issue has been authorised by the board resolution dated December 11, 2014 and special resolution passed pursuant to Section 62(1)(c) of the Act, 2013 at the EGM of the shareholders of our Company held on December 19, 2014;
2. Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in the Non-Institutional Portion and Retail Portion would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Company, in consultation with the BRLM and the Designated Stock Exchange. However, under-subscription, if any, in the QIB Portion will not be allowed to be met with spill-over from other categories or a combination of categories.

3. Such number of Equity Shares representing 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the QIB Portion shall be available for allocation on a proportionate basis to QIBs including Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. In the event that the demand from Mutual Funds is greater than [●] Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by the Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Fund Portion. However, in the event of under-subscription in the Mutual Fund Portion, the balance Equity Shares in the Mutual Fund Portion will be added to the QIB Portion and allocated to QIBs (including Mutual Funds) on a proportionate basis, subject to valid Bids at or above Issue Price

**Details of increase in Authorised share capital since incorporation**

Increased From	Increased to	Date Resolution	of	AGM/EGM
-	₹ 60.00 Lacs consisting of 6,00,000 Equity Shares	Incorporation	-	-
₹ 60.00 Lacs consisting of 6,00,000 Equity Shares	₹ 80.00 Lacs comprising of 8,00,000 Equity Shares	February 2004	05,	EGM
₹ 80.00 Lacs comprising of 8,00,000 Equity Shares	₹ 200.00 Lacs comprising of 20,00,000 Equity Shares	February 2012	17,	EGM
₹ 200.00 Lacs comprising of 20,00,000 Equity Shares	₹ 500.00 Lacs comprising of 50,00,000 Equity Shares	March 26, 2014		EGM
₹ 500.00 Lacs comprising of 50,00,000 Equity Shares	₹ 2000.00 Lacs comprising of 2,00,00,000 Equity Shares	December 2014	03,	EGM

**Notes to capital structure**

1. |Share capital history of our Company

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

Date of the allotment of Equity Shares	No. of Equity Shares	Face Value (₹)	Issue Price (₹)	Nature of consideration	Nature of allotment	Cumulative number of Equity Shares	Cumulative Securities Premium (₹)
Incorporation	90,000	10/-	10/-	Cash	Subscription to Memorandum of Association	90,000	0.00
August 2003	18, 5,10,000	10/-	10/-	Cash	Further allotment of shares	6,00,000	0.00
February 2004	12, 2,00,000	10/-	10/-	Cash	Further allotment of shares	8,00,000	0.00
March 2012	29, 3,71,850	10/-	10/-	Cash	Further allotment of shares	11,71,850	0.00
March 2014	31, 30,24,931	10/-	30/-	Cash	Further allotment of shares	41,96,781	604.99
December 2014	11, 41,96,781	10/-	N.A.	Bonus (1:1)	Bonus	83,93,562	N.A.

Our Company has not issued any Equity Shares for consideration other than cash except for the bonus issued on 11/12/2014.

## 2. Build-up of Promoters' share capital, Promoters' contribution and lock-in

### a) Built-up of Mr. AK.Subramaniam

Date of Allotment/ Transfer/ Acquisition	No. of Equity Shares	Face Value (₹)	Issue/ Acquisition Price (₹)	Nature of payment of consideration	Nature of Allotment	Source of Funds
Incorporation	30,000	10/-	10/-	Subscription to Memorandum of Association	Cash	
August 18, 2003	1,20,000	10/-	10/-	Further Allotment	Cash	
February 12, 2004	30,000	10/-	10/-	Further Allotment	Cash	
February 20, 2012	3,10,000	10/-	10/-	Transfer	Cash	Own Funds
March 29 ,2012	50,000	10/-	10/-	Further Allotment	Cash	
March 31, 2014	14,45,833	10/-	30/-	Further allotment of shares	Cash	
December 05, 2014	60,930	10/-	30/-	Transfer	Cash	
December 11, 2014	20,46,763	10/-	N.A.	Bonus		NA
<b>Total</b>	<b>40,93,526</b>					

### b) Built-up of Mr. AKS.Saravanan

Date of Allotment/ Transfer/ Acquisition	No. of Equity Shares	Face Value (₹)	Issue/ Acquisition Price (₹)	Nature of payment of consideration	Nature of Allotment	Source of Funds
Incorporation	20,000	10/-	10/-	Subscription to Memorandum of Association	Cash	
August 18, 2003	80,000	10/-	10/-	Further allotment of shares	Cash	
February 12, 2004	20,000	10/-	10/-	Further allotment of shares	Cash	
February 20, 2012	90,000	10/-	10/-	Transfer	Cash	Own Funds
March 29 ,2012	166850	10/-	10/-	Further allotment of shares	Cash	
March 31, 2014	4,23,335	10/-	30/-	Further allotment of shares	Cash	
December 05, 2014	1,00,000	10/-	30/-	Transfer	Cash	
December 05, 2014	(5)	10/-	Nil		N.A.	NA

Date of Allotment/ Transfer/ Acquisition	No. of Equity Shares	Face Value (₹)	Issue/ Acquisition Price (₹)	Nature of payment of consideration	Nature of Allotment	Source of Funds
December 11, 2014	9,00,185	10/-	N.A	Bonus	N.A.	NA
<b>Total</b>	<b>18,00,365</b>					

#### 4. Details of Promoters' contribution locked in for 3 (three) years

As per clause (a) sub-regulation (1) Regulation 32 of the SEBI ICDR Regulations and in terms of the aforesaid table, an aggregate of 20% of the post-Issue Equity Share Capital of our Company shall be locked in for a period of 3 years from the date of Allotment ("Minimum Promoters' Contribution"). The details of such lock-in are given below:

Date of Acquisition and when made fully paid-up	No. of Equity Shares locked in	Face Value (₹)	Issue/ Acquisition Price	Nature of Allotment	Nature of Consideration (Cash/other than cash. etc)	% of pre- Issue paid- up capital	% of post-Issue paid-up capital
<b>Mr. AK.Subramaniam</b>							
Incorporation	30,000	10/-	10/-	Subscription to Memorandum of Association	Cash	[●]	[●]
August 18, 2003	1,20,000	10/-	10/-	Further Allotment	Cash	[●]	[●]
February 12, 2004	30,000	10/-	10/-	Further Allotment	Cash	[●]	[●]
February 20, 2012	3,10,000	10/-	10/-	Transfer	Cash	[●]	[●]
March 29, 2012	50,000	10/-	10/-	Further Allotment	Cash	[●]	[●]
March 31, 2014	14,45,833	10/-	30/-	Further allotment of shares	Cash	[●]	[●]
December 05, 2014	60,930	10/-	30/-	Transfer	Cash	[●]	[●]
December 11, 2014	20,46,763	10/-	N.A.	Bonus	Bonus	[●]	[●]
	<b>40,93,526</b>					[●]	[●]
<b>Mr. AKS.Saravanan</b>							
Incorporation	20,000	10/-	10/-	Subscription to Memorandum of Association	Cash	[●]	[●]
August 18, 2003	80,000	10/-	10/-	Further allotment of shares	Cash	[●]	[●]
February 12, 2004	20,000	10/-	10/-	Further allotment of shares	Cash	[●]	[●]
February 20, 2012	90,000	10/-	10/-	Transfer	Cash	[●]	[●]
March 29, 2012	166850	10/-	10/-	Further allotment of shares	Cash	[●]	[●]

Date of Acquisition and when made fully paid-up	No. of Equity Shares locked in	Face Value (₹)	Issue/ Acquisition Price	Nature of Allotment	Nature of Consideration (Cash/other than cash. etc)	% of pre-Issue paid-up capital	% of post-Issue paid-up capital
March 31, 2014	4,23,335	10/-	30/-	Further allotment of shares	Cash	[●]	[●]
December 05, 2014	99,995	10/-	30/-	Transfer	Cash	[●]	[●]
December 11, 2014	9,00,185	10/-	N.A	Bonus	N.A.	[●]	[●]
<b>Total</b>	<b>18,00,365</b>						

Note: The Equity Shares held by the Promoter during the preceding 1 (one) year maybe issued/acquired at a price lower than the price at which the Equity Shares may be offered to the public in the Issue. Our promoters have issued an undertaking dated February 23, 2015 to pay to the Company the difference between the price at which equity shares are offered in the initial public offer and the price at which the equity shares had been acquired in order to comply with Regulation 32 & 33 of SEBI (ICDR) Regulations, 2009. Further, the differential amount shall be brought in atleast one day prior to the date of opening of the issue and it will be kept in an escrow account with a scheduled commercial bank. This amount shall be released to the Company alongwith the release of issue proceeds.

The Promoters' contribution has been brought in to the extent of not less than the specified minimum amount. We confirm that specific written consent has been obtained from our Promoters whose Equity Shares form part of Promoters' contribution, to lock-in their Equity Shares for a period of 3 years to ensure Minimum Promoters' Contribution.

We confirm that the Minimum Promoters' Contribution of 20% which is subject to lock-in for three years does not consist of:

- Equity Shares acquired during the preceding 3 (three) years for consideration other than cash and revaluation of assets or capitalization of intangible assets;
- Equity Shares acquired during the preceding 3 (three) years resulting from a bonus issue by utilisation of revaluations reserves or unrealised profits of the Issuer or from bonus issue against Equity Shares which are ineligible for computation of Promoters' contribution;

#### a) Details of share capital locked in for 1 (one) year

Pursuant to Regulation 36(b) and Regulation 37 of the SEBI ICDR Regulations, the Promoters' holding in excess of Minimum Promoters' Contribution and the entire pre-Issue share capital held by persons other than Promoters' shall be locked-in for a period of 1 (one) year from the date of Allotment in this Issue.

#### b) Other requirements in respect of lock-in

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

Provided that securities locked in as Promoters' Contribution for 3 (three) years under Regulation 36(a) of the SEBI ICDR Regulations may be pledged only if, in addition to fulfilling the above requirement, the loan has been granted by such scheduled commercial bank or public financial institution for the purpose of financing one or more of the objects of the Issue.

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

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

Save and except as mentioned below, there has been no transactions in Equity Shares by the Directors, Promoters and Promoter Group entities during 6 (six) months preceding the filing of this RHP with the Stock Exchange

**6. Shareholding pattern of our Company (as per clause 37 of SME Equity listing agreement) as on the date**

Category Code	Category of Shareholder	Number of Shareholders	Total No. of shares	Number of shares held in demat form	Total shareholding as a percentage of total number of shares		Post Issue	
					As a % of (A+B) (VI)	As a % of (A+B+C) (VI)	No. of Shares (VIII)	As a % (IX)
(I)	(II)	(III)	(IV)	(V)	As a % of (A+B) (VI)	As a % of (A+B+C) (VI)	No. of Shares (VIII)	As a % (IX)
(A)	Promoter and Promoter Group							
(1)	Indian							
(a)	Individuals/ HUF	4	83,93,557	Nil	100.00	100.00	83,93,562	[●]
(b)	Central Government/ State Government	-	-	-	-	-	-	-
(c)	Bodies Corporate	-	-	Nil	Nil	Nil	-	-
(d)	Financial Institutions/ Banks	-	-	-	-	-	-	-
(e)	Any Others (specify)	-	-	-	-	-	-	-
	Sub-Total (A)(1)	4	83,93,557	Nil	100.00	100.00	83,93,562	[●]
(2)	Foreign	-	-	-	-	-		
	Sub Total (A)(2)	-	-	-	-	-		
	Total holding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)	4	83,93,557	Nil	100.00	100.00	83,93,562	[●]
(B)	Public							

Category Code	Category of Shareholder	Number of Shareholders	Total No. of shares	Number of shares held in demat form	Total shareholding as a percentage of total number of shares		Post Issue	
					As a % of (A+B) (VI)	As a % of (A+B+C) (VI)	No. of Shares (VIII)	As a % (IX)
	Shareholding							
(1)	Institutions							
(a)	Mutual Funds/ UTI	-	-	-	-	-		
(b)	Financial Institutions/Banks	-	-	-	-	-		
(c)	Central Government/ State Government	-	-	-	-	-		
(d)	Venture Capital Funds	-	-	-	-	-		
(e)	Insurance Companies	-	-	-	-	-		
(f)	Foreign Institutional Investors	-	-	-	-	-		
(g)	Foreign Venture Capital Investors	-	-	-	-	-		
(h)	Nominated Investors (as defined in Chapter XA of SEBI (ICDR) Regulations)	-	-	-	-	-		
(i)	Market Makers	-	-	-	-	-	[•]	[•]
(j)	Any other, specify	-	-	-	-	-		
	Sub-Total (B)(1)	-	-	-	-	-		
(2)	Non Institutions							
(a)	Bodies Corporate	-	-	-	-	-		
(b)	Individuals							
	i) Holding nominal share capital upto ₹1 lac	5	5	Nil	Negligible	Negligible	[•]	[•]
	ii) Holding nominal share capital in excess of ₹ 1 lac.	-	-	-	-	-		
(c)	Any Other(specify)							
	Sub-Total (B)(2)	5	5	Nil	Negligible	Negligible		

Category Code	Category of Shareholder	Number of Shareholders	Total No. of shares	Number of shares held in demat form	Total shareholding as a percentage of total number of shares		Post Issue	
					As a % of (A+B) (VI)	As a % of (A+B+C) (VI)	No. of Shares (VIII)	As a % (IX)
					e			
	Total Public shareholding (B)=(B)(1)+(B)(2)	-	-	-	-	-		
	TOTAL (A)+(B)	9	83,93,562	Nil	100.00	100.00	[•]	[•]
(C)	Shares held by Custodians and against which Depository Receipts have been issued	-	-	-	-	-		
	GRAND TOTAL (A)+(B)+(C)	9	83,93,562	Nil	100.00	100.00	[•]	[•]

Note:

- As on date, none of the Equity Shares of our Company have been pledged or otherwise encumbered.

Statement showing shareholding of persons belonging to the category of Promoter and Promoter Group and Non Promoters as on the date

Sr. No.	Name of the Shareholder	No. of Equity Shares	Shares as a percentage of total number of Equity Shares
<b>A) Promoter &amp; Promoter Group</b>			
1	Mr. AK.Subramaniam	40,93,526	48.77
2	Mr. AKS.Saravanan	18,00,365	21.45
3	Mrs. S. Kalai Selvi	17,21,666	20.51
4	Mrs. S. Sivamani	7,78,000	9.27
<b>B) Non Promoters</b>		5	Negligible
<b>Total</b>		<b>83,93,562</b>	<b>100.00%</b>

## 7. Particulars of top ten shareholders:

(a) Particulars of the top ten shareholders as on the date of the Draft Red Herring Prospectus:

Sr. No.	Name of the Shareholder	No. of Equity Shares	Shares as a percentage of total number of Equity Shares
1	Mr. AK.Subramaniam	40,93,526	48.77
2	Mr. AKS.Saravanan	18,00,365	21.45
3	Mrs. S.Kalai Selvi	17,21,666	20.51
4	Mrs. S.Sivamani	7,78,000	9.27
5	Mr. R.Ramakrishnan	1	Negligible
6	Mr. D.Senthilkumar	1	Negligible



Sr. No.	Name of the Shareholder	No. of Equity Shares	Shares as a percentage of total number of Equity Shares
7	Mr. Murugan P	1	Negligible
8	Mr. Francis. C	1	Negligible
9	Mr. Anandkumar P	1	Negligible
	<b>Total</b>	<b>83,93,562</b>	<b>100</b>

(b) Particulars of top ten shareholders ten days prior to the date of the Draft Red Herring Prospectus:

Sr. No.	Name of the Shareholder	No. of Equity Shares	Shares as a percentage of total number of Equity Shares
1	Mr. AK.Subramaniam	40,93,526	48.77
2	Mr. AKS.Saravanan	18,00,365	21.45
3	Mrs. S.Kalai Selvi	17,21,666	20.51
4	Mrs. S.Sivamani	7,78,000	9.27
5	Mr. R.Ramakrishnan	1	Negligible
6	Mr. D.Senthilkumar	1	Negligible
7	Mr. Murugan P	1	Negligible
8	Mr. Francis. C	1	Negligible
9	Mr. Anandkumar P	1	Negligible
	<b>Total</b>	<b>83,93,562</b>	<b>100</b>

(c) Particulars of the top ten shareholders two years prior to the date of the Draft Red Herring Prospectus

Sr. No.	Name of the Shareholder	No. of Equity Shares	Shares as a percentage of total number of Equity Shares
1	Mr. AK.Subramaniam	540000	46.08
2	Mr. AKS.Saravanan	376850	32.16
3	Mrs. S. Kalai Selvi	100000	8.53
4	Mrs.Indramani	25000	2.13
5	Mrs. Ruckmani	25000	2.13
6	Mr. A. Dandapani	25000	2.13
7	Mr. A Shanmugam	25000	2.13
8	Mrs. Ramathilagam	25000	2.13
9	Mr. R Rathanamala	15000	1.28
10	Mr. A K Karupasamy	15000	1.28
	<b>Total</b>	<b>11,71,850</b>	<b>100</b>

8. The aggregate number of equity shares purchased or sold by the promoter group and/or by the directors of our Company and their immediate relatives within six months immediately preceding the date of DRHP is as under:

Sl. No	Name of Promoter/Promoter Group	Date of Transaction	Number of Shares Purchased	Purchase Price (₹)
1	Mr. AK.Subramaniam	December 05, 2014	60,930	30/-
2	Mr. AKS.Saravanan		1,00,000	30/-

Sl. No	Name of Promoter/Promoter Group	Date of Transaction	Number of Shares Purchased	Purchase Price (₹)
3	Mrs. S.Kalai Selvi		3,89,000	30/-
4	Mrs. S.Sivamani		3,85,000	30/-

\* Our promoter Mr. AKS.Saravanan has transferred 5 equity shares to 5 individuals on December 05, 2014 for without consideration to satisfy the statutory requirements of minimum number of shareholders.

9. There are no financing arrangements whereby our Promoters, Promoter Group, our Group Companies, our Directors and their relatives have financed the purchase by any other person of the Equity Shares of our Company during the period of 6 months immediately preceding the date of filing of the DRHP with the Stock Exchange.
10. An over-subscription to the extent of 10% of the Issue can be retained for the purpose of rounding off to the nearer multiple of minimum allotment lot while finalizing the allotment, subject to minimum allotment being equal to [●] Equity Shares, which is the minimum Bid size in this Issue. Consequently, the actual allotment may go up by a maximum of 10% of the Issue as a result of which the post-Issue paid up capital after the Issue would also increase by the excess amount of allotments so made. In such an event, the Equity Shares held by the Promoters and subject to lock-in shall be suitably increased so as to ensure that 20% of the post-Issue paid up capital is locked-in.
11. Our Company has not raised any bridge loans against the Issue proceeds.
12. Neither our Company, nor the directors or the Promoters, or the BRLM have entered into any buy-back and/or standby arrangements for the purchase of Equity Shares of our Company.
13. As on the date of this DRHP, none of the Equity Shares of our Company have been pledged or otherwise encumbered.
14. There are no outstanding warrants, financial instruments or any rights, which would entitle the Promoters or the shareholders of our Company or any other person any option to acquire any of the Equity Shares.
15. As of date of this DRHP, our Company has not issued any equity shares under any employee stock option scheme.
16. As on the date of this DRHP, our Company has not made any public issue or rights issue of any kind or class of securities since incorporation.
17. The Equity Shares of our Company are fully paid up and there are no partly paid up Equity Shares as on the date of this DRHP.
18. No further issue of capital by way of issue of bonus shares, preferential allotment, rights issue or public issue or in any other manner which will affect the equity capital of our Company, shall be made during the period commencing from the filing of the DRHP with the Stock Exchange to the date on which the Equity Shares issued are listed or application moneys refunded on account of the failure of the Issue.
19. Further, our Company has no intention to alter the equity capital structure by way of split/ consolidation of the denomination of the shares, or issue of shares on preferential basis or issue of bonus rights or public issue of shares or any other securities for a period of six months from the date of opening of the Issue.
20. Except as disclosed in the chapter titled “Our Management” on page 98 of this DRHP, none of our directors or key managerial personnel holds any Equity Shares.

21. As on the date of this DRHP, none of the Equity Shares of our Company have been issued and allotted in terms of scheme approved under sections 391-394 of the Companies Act.
22. Our Company has not revalued its fixed assets since incorporation.
23. Our Company, Directors, Promoters or Promoter Group shall not make any payments direct or indirect, discounts, commissions, allowances or otherwise under this Issue.
24. There shall be only one denomination of Equity Shares, unless otherwise permitted by law. Our Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.
25. As on the date of this DRHP, the total number of holders of Equity Shares is 9 (Nine)
26. None of the Equity Shares have been issued to Promoter or member of the Promoter Group or any member of our Company for consideration other than cash.
27. As on the date of this DRHP, the BRLM to the Issue does not hold any Equity Shares of our Company.

## OBJECTS OF THE ISSUE

The Objects of the Issue is to raise resources to part finance:

- Cost of setting up cold storages at Coimbatore, Thanjavur & Ooty
- Purchase Reefer Trucks
- Working capital
- Expenditure towards General Corporate Purpose
- Meet the expenses of the issue

The main object clause of our Memorandum of Association and objects incidental to the attainment of the main objects enables us to undertake the existing activities and the activities for which funds are being raised by us through this Issue.

The Fund requirement is based on the current business plan. In view of the competitive and dynamic nature of the industry in which we operate, we may have to revise our business plan from time to time and consequently the fund requirement may change.

### Issue Proceeds and Net Issue Proceeds

Sl. No	Particulars	Amount (₹ In lacs)
1	Gross Proceeds to be raised from the Issue	3200.00
2	Issue Expenses	[•]
	Net Issue Proceeds	[•]

### Utilisation of Net Issue Proceeds

We intend to utilize the net Proceeds of the Issue for financing the above mentioned objects. The details of utilization of Proceeds are as per the table set forth below:

Sl. No	Objects of Issue	Amount (₹ In lacs)	Estimated Amount to be utilized from Net Issue Proceeds, Term Loan and Internal Accruals	
			2015-16	2016-17
1	Setting up of cold storages	3091.84	1800.00	1291.84
2	Working Capital	780.00	780.00	0.00
3	Purchase of Reefer Trucks	60.00	0.00	60.00
4	General Corporate Purposes	[•]	[•]	[•]
	<b>Total</b>	[•]	[•]	[•]

Further we believe that the listing of our equity shares will benefit the Company by enhancing its visibility.

### Means of Finance

Particulars	Amount (₹ In lacs)
Public issue of equity shares	3200.00
Loan from Syndicate Bank	1000.00
Internal Accruals	[•]
<b>Total Means of Finance</b>	[•]

## Firm Arrangement

The requirements of the objects detailed above are intended to be funded from the Proceeds of the Issue, Term Loan and internal accruals. Accordingly, we confirm that there is no requirement for us to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised from the proposed Issue

Our Company has been sanctioned term loan from Syndicate Bank, R. S. Puram branch, Coimbatore for the complete project. The important terms and conditions of the Sanction of term loan by Syndicate Bank vide its letter no.187/6123ADV/2014 dated December 16, 2014 are as given below:

Amount	₹1000.00 lacs
Margin (%)	25%
Rate of Interest	BR+2.50+0.25=13.00%
Repayment Terms	84 equated monthly installments of ₹18.19 lacs
Security	<p><b>Primary</b> Exclusive charge on the proposed land to be purchased and building to be constructed at Ooty, Coimbatore, Thanjavur and corporate office building at Mettupalayam valued at ₹3,795.26 lacs. First Charge on Reefer Trucks to be purchased at the cost of ₹60.00 lacs</p> <p><b>Collateral</b> Second charge on the existing UREM of properties held under consortium. Value of Land, Building, Plant &amp; Machinery of AKS Cold Storage Project at Mettupalayam, Pallakad &amp; Calicut and Reefer Van</p>
Personal Guarantee	Mr. AK.Subramaniam, Mr. AKS.Saravanan Ms. S.Sivamani Mr. D.Senthil Kumar
Other Terms of Sanction:	<ul style="list-style-type: none"> <li>The release is subject to successfully subscription of IPO as per project information memorandum.</li> <li>The proceeds of the IPO are to be routed through an Escrow account to be opened at the Coimbatore branch of the Syndicate Bank.</li> <li>Release of the facilities shall be done after obtention of necessary permission from our FGMO.</li> </ul>

## DETAILS OF THE OBJECTS OF THE ISSUE

Rationale for setting up of cold storages at Coimbatore, Thanjavur & Ooty:

Tamil Nadu state is a home to various agricultural commodities cultivated in India which are seasonal in nature. The state is also a home to horticultural produces like Potato, Carrot, Cabbage, beatroot etc. Hence our Company proposes to set up three cold storages in Tamil Nadu region in order to store agriculture produce under uniform controlled temperatures and make them available throughout the year for meeting the demand in this region. Accordingly our company proposes to set up a cold storages at Coimbatore to cater to Pollachi, Udumalpet , Palani and Dindigul region.

The proposed cold storage at Thanjavur will be in the centre of the East Tamilnadu to cater to the Cauvery belt of the Tamilnadu's cultivating region.

The third cold storage is proposed to be set up at Ooty in Nilgiri Region where horticulture products and Indian spices are produced in abundance.

## 1. Setting up of Cold Storages

We propose to set up three cold storages, one each at Coimbatore, Thanjavur & Ooty at a total cost of ₹3091.84 lacs. The details of the cost of the project are given as under:

Particulars	Amount (₹ In lacs)			
	Coimbatore	Thanjavur	Ooty	Total
Purchase of Land	60.00	60.00	60.00	180.00
Land & Site Development	40.00	40.00	40.00	120.00
Construction of Cold Storage Building & Pre-Cooling Building	636.02	594.52	575.00	1805.52
Setting up Refrigeration unit & insulation of chambers of Cold Storage & Pre Cooling building	176.54	220.15	177.56	574.25
Weigh Bridge	NA	39.80	NA	39.80
Grading Yard	NA	35.85	35.85	71.70
Drying Yard	43.20	40.15	40.15	123.50
Preliminary & Pre Operative Expenses	177.07			177.07
<b>Total cost of project</b>				<b>3091.84</b>

### 1.1. Purchase of Land:

We have entered into a Memorandum of Understanding (MOU) dated November 11, 2014 with Ms. S. Sivamani, wife of our Promoter Mr. AK.Subramaniam to purchase 100 cents of land at Coimbatore, South Taluk, Arisipalayam village and 80 cents of land at Ooty, Kunda Taluk, Balakula village for a consideration of ₹60.00 lacs each aggregating to ₹120.00 lacs. The site at Coimbatore is located on the highway between Coimbatore and Pollachi. The land is free from encumbrance & has clear title and the same is registered in the name of Ms. S. Sivamani.

Our Company proposes to purchase three acres of land at Thanjavur for an approximate consideration of ₹60 lacs. The land is yet to be identified.

### 1.2. Site Development

We propose to incur an approximate expense of ₹40.00 lacs for the site development at each location. The estimate is based on the quotation dated December 26, 2014 provided by M/s Vijay Associates. The cost would include filling and leveling of land, erecting compound wall, security cabin, labour quarters and Borewell etc.

### 1.3. Cold Storage Buildings and Pre Cooling Buildings

We propose to construct Cold Storage buildings at Coimbatore, Thanjavur and Ooty and Pre cooling buildings at Coimbatore and Thanjavur. The pre cooling chambers helps to maintain the quality of produce that are brought to be stored in cold storages. The produce brought from ambient temperature and stored directly in the cold storage chambers may impact its water content resulting in shrinkages. In order to retain the quality of produce it is stored in pre cooling chambers wherein the temperature is stepped down

gradually and then subsequently the produce is transferred to cold storage chambers. We do not propose any pre cooling chambers at Ooty as the ambient temperature of this region largely complements the cold storage temperature. We have obtained quotation from M/s Vijay Associates; Civil Engineering Contractors dated December 26, 2014 for construction of cold storage buildings and pre cooling buildings. The total estimated cost as per the quotations received is ₹1805.52 lacs.

The detailed breakup of the cost at various centres is as given below:

- 1.3.1. Coimbatore** – We propose to set up cold chamber unit having total capacity of 5000 MT. The unit shall comprise of ground floor and three floors with three chambers on each floor. This unit shall primarily cater to the agriculture produce requiring temperature between 1<sup>0</sup>- 11<sup>0</sup>C

Sl. no	Description	Type of Construction	Area (Sq. ft)	Rate per Sq. ft (₹)	Amount (₹ In lacs)
<b>Cold Storage Building</b>					
1.	Basement (below Ground Level)	Earth work excavation, PCC, RCC Footing, Column, Beam, Earth filling	15,300	375	57.38
2.	Ground Floor	PCC, CC Flooring, Ellias Pattern Flooring over thermacool, RCC column, Beam, Perforated RCC Slab, Brick work, Plastering	15,300	700	107.10
3.	First Floor	RCC Columns, Beam, Perforated RCC Slab, Brick Work, Plastering	15,300	750	114.75
4.	Second Floor	RCC Columns, Beam, Perforated RCC Slab, Brick Work, Plastering	15,300	800	122.40
5.	Third Floor	RCC Columns, Beam, Perforated RCC Slab, Brick Work, Plastering	15,300	850	130.05
6.	Machine Room	Earth work Excavation, Earth Filling, PCC, Ellias Pattern Flooring, RCC Column, Beam, RCC Roof Slab, Brick Work, Plastering Compressor fitting work, doors windows fixation	1,428	1,450	20.71
7.	Condensing tank	Earth work Excavation, Earth Filling, PCC, Ellias Pattern Flooring, RCC Column, Beam, RCC Wall Brick work, Plastering	990	1,200	11.88
	Miscellaneous	Stair Case, Lift Provision Above cold storage Building Aluminium Roof, White Wash			30.25
	<b>Sub Total</b>				<b>594.52</b>
<b>Pre Cooling Storage Building</b>					
	Basement (Below Ground Level)	Earth work Excavation, PCC, RCC Footing, Column, Beam, Earth Filling	825	375	3.09
	Ground Floor	PCC, CC Flooring, Ellias Pattern Flooring over thermacool RCC column, Beam, Perforated RCC Slab, Brick work, Plastering	825	700	5.78
	First Floor	RCC Columns, Beam, Perforated RCC Slab, Brick Work, Plastering	825	750	6.19

Sl. no	Description	Type of Construction	Area (Sq. ft)	Rate per Sq. ft (₹)	Amount (₹ In lacs)
	Second Floor	RCC Columns, Beam, Perforated RCC Slab, Brick Work, Plastering	825	800	6.60
	Third Floor	RCC Columns, Beam, Perforated RCC Slab, Brick Work, Plastering	825	850	7.01
	Miscellaneous	Staricase, Lift Provision Above cold storage Building Aluminium Roof, White Wash			12.83
	<b>Sub Total</b>				<b>41.50</b>
	<b>Total</b>				<b>636.02</b>

### 1.3.2. Thanjavur

We propose to set up cold chamber unit having total capacity of 5000 MT. The unit shall comprise of ground floor and four floors with three chambers on each floor. This unit shall primarily cater to the agriculture produce requiring temperature between 1<sup>0</sup>- 11<sup>0</sup>C

Sl. no	Description	Type of Construction	Area (Sq. ft)	Rate per Sq. ft (₹)	Amount (₹ In lacs)
<b>Cold Storage Building</b>					
1.	Basement (Below Ground Level)	Earth work excavation, PCC, RCC Footing, Column, Beam, Earth filling	9,984	400	39.94
2.	Ground Floor	PCC, CC Flooring, Ellias Pattern Flooring over thermacool, RCC column, Beam, Perforated RCC Slab, Brick work, Plastering	9,984	800	79.87
3.	First Floor	RCC Columns, Beam, Perforated RCC Slab, Brick Work, Plastering	9,984	850	84.86
4.	Second Floor	RCC Columns, Beam, Perforated RCC Slab, Brick Work, Plastering	9,984	900	89.86
5.	Third Floor	RCC Columns, Beam, Perforated RCC Slab, Brick Work, Plastering	9,984	950	94.85
6.	Fourth Floor	RCC Columns, Beam, Perforated RCC Slab, Brick Work, Plastering	9,984	1,000	99.84
7.	Machine Room	Earth work Excavation, Earth Filling, PCC, Ellias Pattern Flooring, RCC Column, Beam, RCC Roof Slab, Brick Work, Plastering Compressor fitting work, doors windows fixation	1,428	1,450	20.70
8.	Condensing tank	Earth work Excavation, Earth Filling, PCC, Ellias Pattern Flooring, RCC Column, Beam, RCC Wall Brick work, Plastering	990	1,200	11.88
	Miscellaneous	Stair Case, Lift Provision Above cold storage Building Aluminium Roof, White Wash			33.20
	<b>Sub Total</b>				<b>555.00</b>



Sl. no	Description	Type of Construction	Area (Sq. ft)	Rate per Sq. ft (₹)	Amount (₹ In lacs)
<b>Pre Cooling Storage Building</b>					
1.	Standalone Structure	Earth work excavation, PCC, RCC Column Beam, Lintel, Sun Side, CC Flooring, Brick Work and Plastering, Roof Truss and Aluminium sheet Roof Joineries	3950	1000	39.50
	<b>Sub Total</b>				<b>39.50</b>
	<b>Total</b>				<b>594.50</b>

### 1.3.3. Ooty

The cold chamber at Ooty is proposed to be set up with a total capacity of 5,000 MT. The unit shall comprise of ground floor and four floors with 10 chambers on each floor. This unit shall cater to the horticulture produce requiring temperature between 1<sup>0</sup>- 11<sup>0</sup>C.

Sl. no	Description	Type of Construction	Area (Sq. ft)	Rate per Sq. ft (₹)	Amount (₹ In lacs)
<b>Cold Storage Building</b>					
1.	Basement (below Ground Level)	Earth work excavation, PCC, RCC Footing, Column, Beam, Earth filling	9,984	410	40.93
2.	Ground Floor	PCC, CC Flooring, Ellias Pattern Flooring over thermacool, RCC column, Beam, Perforated RCC Slab, Brick work, Plastering	9,984	820	81.87
3.	First Floor	RCC Columns, Beam, Perforated RCC Slab, Brick Work, Plastering	9,984	870	86.87
4.	Second Floor	RCC Columns, Beam, Perforated RCC Slab, Brick Work, Plastering	9,984	920	91.85
5.	Third Floor	RCC Columns, Beam, Perforated RCC Slab, Brick Work, Plastering	9,984	970	96.84
6.	Fourth Floor	RCC Columns, Beam, Perforated RCC Slab, Brick Work, Plastering	9,984	1,020	101.84
7.	Machine Room	Earth work Excavation, Earth Filling, PCC, Ellias Pattern Flooring, RCC Column, Beam, RCC Roof Slab, Brick Work, Plastering Compressor fitting work, doors windows fixation	1,428	1,470	20.99
8.	Condensing tank	Earth work Excavation, Earth Filling, PCC, Ellias Pattern Flooring, RCC Column, Beam, RCC Wall Brick work, Plastering	990	1,220	12.08
9.	Miscellaneous	Stair Case, Lift Provision Above cold storage Building Aluminium Roof, White Wash			41.73
	<b>Total</b>				<b>575.00</b>

#### 1.4. Weigh Bridge

We propose to construct a structure for setting up Weigh Bridge of upto 50 tonnes capacity in Thanjavur at an estimated cost of ₹13.80 lacs. The cost is based on the quotations received from M/s Vijay Associates dated December 26, 2014. We have also obtained quotation from M/s Weigh Tronics Systems dated December 26, 2014 amounting to ₹26 lacs for assembling of Weigh Bridge set. The other locations shall have weighing scales to handle the volume of commodities.

#### 1.5. Drying Yard Building

To further add value to our services rendered, we propose to set up drying yards at all 3 locations.

The drying yard helps to reduce the high moisture content in the agricultural commodities prior to the storing in the pre cooling chambers. Subsequently the commodities are transferred to cold storage chambers. The break up of the cost of setting up of drying yard building based on the quotation received from M/s Vijay Associates dated December 26, 2014 is as under:

Sl. No	Particulars	Coimbatore			Thanjavur			Ooty		
		Rate/ Sq. ft	Sq. ft	Amount (₹ in lacs)	Rate/ Sq. ft	Sq. ft	Amount (₹ in lacs)	Rate/ Sq. ft	Sq. ft	Amount (₹ in lacs)
1.	Drying Yard construction	425	10,165	43.20	450	8,922.50	40.15	470	8,543	40.15
	<b>Total Cost</b>			<b>43.20</b>			<b>40.15</b>			<b>40.15</b>
	<b>Grand Total</b>									<b>123.50</b>

#### 1.6. Grading Hall Building

We propose to set up grading hall facility at Thanjavur and Ooty locations for an estimated cost of ₹35.85 lacs each. These locations have proximity to farming gates and shall be used as procurement centres of agriculture and horticulture produce. The grading hall shall help to clean, sort, grade and pack the produce at the cold storage providing additional value added services to its customers. The cost break up of grading hall is as under:

Sl. No	Particulars	Thanjavur			Ooty		
		Rate/ Sq. ft	Sq. ft	Amount (₹ in lacs)	Rate/ Sq. ft	Sq. ft	Amount (₹ in lacs)
1.	Grading hall construction	900	3,984	35.85	930	3,855	35.85
	<b>Total Cost</b>			<b>35.85</b>			<b>35.85</b>
	<b>Grand Total</b>						<b>71.70</b>

#### 1.7 Setting up of refrigeration machineries and insulation of chambers in Cold Storage Buildings and Pre cooling Buildings

We have obtained quotations from M/s Singh Engineers dated December 26, 2014 for setting up refrigeration unit and insulation of the chambers in the cold storage and Pre Cooling buildings at Coimbatore, Thanjavur and Ooty. The estimated cost for the complete set up at mentioned locations aggregates to ₹574.23 lacs. The details of the quotations for each location are as under:

## ➤ Setting up refrigeration unit in cold storage chambers

Sl. No	Specification	Qty	Coimbatore	Thanjavur	Ooty
			Amount (₹ in lacs)		
1	Kirloskar KC400 mode Ammonia compressors	1	5.25	5.25	5.25
	Metolex MX 300 mode Ammonia compressors	2	4.60	4.60	4.60
2	High and Low Oil pressure Gauges.	2	0.70	0.70	0.70
3	100 HP 55kw x 1450 RPM, TEFC sq.cage, class F insulation	1	2.45	2.45	2.45
	60 HP 55 kW x 1450 RPM, TEFC Sq.cage, class F insulation	1	1.86	1.86	1.86
4	Motor pulleys and Bed frame arrangements	2	0.90	0.90	0.90
5	Electrical Panel Board	1	7.85	7.85	7.85
6	Open type Tube Condenser and standard accessories	1	8.50	8.50	8.50
7	Condenser Water Circulation Pump 10 HP	2	0.65	0.65	0.65
8	Ammonia Liquid Receiver and valves	1	3.25	3.25	3.25
9	Refrigeration lines and its accessories	Set	4.75	4.75	4.75
10	Water line and its accessories	Set	1.50	1.50	1.50
11	Electrical Wiring for Cooling Coil and up to EB Power room.	Lot	6.25	6.25	6.25
12	Water Spray for RH and Defrosting arrangements	Lot	2.50	2.50	2.50
13	Required Initial charge of Ammonia and Refrigeration grade oil	Lot	4.86	4.86	4.86
14	cooling coil and its accessories	Lot	19.25	26.75	26.75
15	CIP Fog pipe & blower	1	4.50	4.50	4.50
16	125 KVA Generator	1	8.00	8.00	8.00
17	Chambers lighting with fittings	set	4.65	4.65	4.65
	<b>Sub - Total Cost (A)</b>		<b>92.27</b>	<b>99.77</b>	<b>99.77</b>
	<b>Grand Total</b>				<b>291.81</b>

## ➤ Estimate for supply of fixing of high density thermocol slab and erection commissioning charges for Cold Storage Building

Sl. No	Particulars	Coimbatore			Thanjavur			Ooty		
		Rate/ Sq. ft	Sq. ft	Amount (₹ in lacs)	Rate/ Sq. ft	Sq. ft	Amount (₹ in lacs)	Rate/ Sq. ft	Sq. ft	Amount (₹ in lacs)
1.	Ceiling	90	14080	12.67	90	9984	8.98	90	9984	8.98
2.	Flooring	55	14080	7.74	55	9984	5.49	55	9984	5.49
3.	Outer Walls	75	21824	16.37	75	25600	19.20	75	25600	19.20
4.	Partition	45	15488	6.97	45	57600	25.92	45	57600	25.92

	Walls									
5.	Doors	28000	13	3.64	15000	65	9.75	15000	65	9.75
6.	Windows	15000	13	1.95	6500	130	8.45	6500	130	8.45
	<b>Total Cost</b>			<b>49.34</b>			<b>77.79</b>			<b>77.79</b>
	<b>Grand Total</b>									<b>204.92</b>

➤ **Setting up refrigeration unit in pre cooling chambers**

Sl .No	Specification	Qty	Coimbatore	Thanjavur
			Amount (₹ in lacs)	Amount (₹ in lacs)
1	Kirloskar KC200 mode Ammonia compressors	1	3.40	NA
	Kirloskar KC300 mode Ammonia compressors	1	NA	3.85
2	High and Low Oil pressure Gauges.	1	0.34	0.34
3	40 HP 55 kW x 1450 RPM, TEFC Sq.cage, class F insulation	1	1.74	NA
	60 HP 55 kW x 1450 RPM, TEFC Sq.cage, class F insulation	1	NA	1.94
4	Motor pulleys and Bed frame arrangements	1	0.45	0.45
5	Electrical Panel Board	1	2.65	NA
	Electrical Panel Board	1	NA	3.85
6	Open type Tube Condenser and standard accessories	1	2.15	3.65
7	Condenser Water Circulation Pump 5 HP	2	0.375	NA
	Condenser Water Circulation Pump 7.5 HP	2	NA	0.475
8	Ammonia Liquid Receiver and valves	1	1.15	1.65
9	Refrigeration lines and its accessories	Set	1.25	1.45
10	Water line and its accessories	Set	0.22	0.22
11	Electrical Wiring for Cooling Coil and up to EB Power room.	Lot	1.65	1.93
12	Water Spray for RH and Defrosting arrangements	Lot	0.47	0.47
13	Required Initial charge of Ammonia and Refrigeration grade oil	Lot	0.85	1.10
14	cooling coil and its accessories	Lot	4.65	6.75
15	40 KVA Generator	1	3.15	NA
	63 KVA Generator	1	NA	4.36
16	Chambers lighting with fittings	set	1.405	1.745
	<b>Sub - Total Cost of the Machinery (C)</b>		<b>25.90</b>	<b>34.23</b>
	<b>Grand Total</b>			<b>60.13</b>

➤ Estimate for supply of fixing of high density thermocol slab and erection commissioning charges for Pre Cooling Building

Sl. No	Particulars	Coimbatore			Thanjavur		
		Rate/Sq. ft	Sq. ft	Amount (₹ in lacs)	Rate/Sq. ft	Sq. ft	Amount (₹ in lacs)
1.	Ceiling	90	3120	2.808	90	3360	3.024
2.	Flooring	55	3120	1.716	55	3360	1.848
3.	Outer Walls	75	5040	3.78	75	4160	3.12
4.	Doors	18000	4	0.72	18000	2	0.36
	<b>Total Cost of the Insulation (D)</b>			<b>9.02</b>			<b>8.35</b>
	<b>Grand Total</b>						<b>17.37</b>

### 1.8 Preliminary & pre-operative expenses

The company has earmarked an amount of ₹177.07 lacs as preliminary and pre-operative expenses which include interest during construction period and processing charges of the term loan sanctioned by Syndicate Bank.

## 2 Working Capital Requirement

The detailed calculation of the working capital requirement of the Company is as under:

Particulars	2013-14		2014-15 (Estimated)		2015-16 (Projected)	
	Holding Levels (No. of days/Months)	Amount (₹ in Lacs)	Holding Levels (No. of days/Months)	Amount (₹ in Lacs)	Holding Levels (No. of days/Months)	Amount (₹ in Lacs)
<b>(A) Current Assets</b>						
Traded Goods	4.86	1,054.10	5.43	3,258.05	7.05	3,470.75
Receivables	4.23	748.41	1.87	1,009.96	2.40	1,506.75
Other Current Assets	1.23	163.81	0.50	269.59	1.03	646.38
<b>Total Current Assets (A)</b>		1966.32		4537.60		5623.88
<b>(B) Current Liabilities &amp; Provisions</b>						
Creditor for Purchase	-	NA	2.00	1200.00	2.71	1335.97
Creditor for Expenses	-	23.21	-	42.62	-	69.46
<b>Total Current Liabilities (B)</b>		23.21		1242.62		1405.44
<b>Working Capital Gap (WCL) (A) – (B)</b>		1943.10		3294.98		4218.44
<b>Actual/ projected net working capital available</b>		429.61		894.98		1038.44
<b>Maximum permissible bank finance</b>		1513.49		2400.00		3180.00
<b>To be financed by:</b>						
Bank limits		1513.49		2400.00		2400.00
Public Issue		Nil		Nil		780.00

Particulars	Holding Days in a Month	Justification
<b>Current Asset</b>		
Traded Goods	7.05	Our company being a Cold Storage infrastructure company, for providing platform for preserving the Agricultural Commodities up to the next crop, which varies from 6 months to 1 year, the holding level represents the storage of harvested commodities till next season. While the average holding up to previous years was in the range of 5 to 6 months, due to availability of higher storage capacity it is expected that the company shall hold up to 7 months stock
Receivables	2.40	Normal trading terms for sale of Agricultural commodities for such high volume trade is 90 days and the company expects to realise the credit sale within the period of 75 days. The holding level has gone up from 1.87 months to 2.40 months due to increase in the volume
Other Current Assets	1.03	Other current assets include cash and other operational advances, expected to be held around 40 days of turnover, which need to be held for maintaining the working capital cycle.
<b>Current Liabilities</b>		
Creditors - Purchase	2.71	The Company does not purchase commodities on credit. The Company during 2014-15, took over the Cold Storage operations of the Proprietary concerns of the Directors on operational lease and expects to use the Bank credit available for the proprietary concerns for purchase of commodities. Hence those credit limits are shown as Creditors for purchases
Expenses outstanding	-	Expense credit outstanding are for a period of less than a month, which is normal in the course of the business of the organisation

Presently we have been sanctioned working capital limits to the extent of ₹ 2,400.00 lacs vide consortium arrangement dated March 28, 2014 between Indian Bank, Mettupalayam Branch and Syndicate Bank, R.S. Puram branch wherein Indian Bank is acting as the Lead Bank. We are proposing to raise working capital requirements from the public issue to the extent of about ₹ 780.00 lacs. We will approach our existing banker for the additional working capital facilities at the appropriate time as and when required.

### 3. Purchase of Reefer Trucks

We propose to purchase two reefer trucks to provide connectivity to farmers and traders from the farm gate to our cold storage. We believe that availability of additional facilities like reefer truck shall draw the customers to our cold storages to store the agriculture produce. We have obtained quotation from T V Sundram Iyengar & Sons Limited dated 20/09/2014 of ₹13.91 lacs for purchase of one truck. The aggregate purchase cost of two trucks is estimated at ₹27.82 lacs. These trucks shall be subsequently installed with refrigeration systems for a total estimated cost of ₹32.17 lacs. We have obtained quotation from Southern Refrigeration Systems Pvt. Ltd. dated December 26, 2014 for the purposes. The total estimated cost for the reefer trucks is estimated at ₹60.00 lacs.

### 4. General Corporate Purposes

We propose to utilize an amount of ₹[●] lacs towards including but not restricted to, future growth requirements, strategic initiatives, renovation of existing office premise(s), implementation of technological support for effective administration such as ERP set up, installation of CCTVs, etc, various marketing initiatives and otherwise meeting the exigencies faced in the ordinary course of business, or any other purposes as approved by our Board.

Our management, in response to the competitive and dynamic nature of the industry, will have the discretion to revise its business plan from time to time, and consequently, our funding requirement and deployment of funds may also change. In accordance with the policies of our Board, our management will have flexibility in utilizing the proceeds earmarked for general corporate purposes.

#### Issue Expenses

The Issue related expenses consist of underwriting fees, selling commission, fees payable to the Lead Manager, Legal Counsels, Auditors, processing fee to the SCSBs, Escrow Bankers and Registrars to the Issue, printing and stationery expenses, advertising and marketing expenses and all other incidental and miscellaneous expenses for listing the Equity Shares on the Stock Exchange. Our Company intends to use approximately ₹[●] lacs towards these expenses for the Issue. The break-up for the Issue expenses is as follows:

The break-up of issue expenses is as under:

Activity	Estimated Expense	(₹ in lacs)
		% of Issue Expenses
Fees to intermediaries	[●]	[●]
Advertising and marketing expenses	[●]	[●]
Printing and Stationary & Distribution	[●]	[●]
Statutory and other miscellaneous expenses	[●]	[●]
<b>Total estimated Issue expenses</b>	<b>[●]</b>	<b>[●]</b>

#### Schedule of Implementation

Particulars of Capital Expenditure	Coimbatore		Thanjavur		Ooty	
	Apr-15	Apr-15	May-15	Jun-15	Apr-15	Apr-15
Land	Apr-15	Apr-15	May-15	Jun-15	Apr-15	Apr-15
Site Development	Apr-15	May-15	Jun-15	Aug-15	Apr-15	May-15
Cold Storage Construction	May-15	Apr-16	Aug-15	Sep-16	Jun-15	May-16
Pre Cooling Construction	Jun-15	Mar-16	Jan-16	Apr-16	NA	NA
Grading Hall	NA	NA	Jan-16	Apr-16	Nov-15	Feb-16
Drying Yard	Dec-15	Feb-16	Jan-16	Apr-16	Dec-15	Feb-16
Weigh Bridge	NA	NA	Jan-16	Apr-16	NA	NA

Apart from above, our Company proposes to deploy funds towards purchase of reefer trucks during F.Y.2016-17.



### **Sources & deployment of Funds**

Our Company has deployed ₹7.50 lacs as of February 07, 2015 towards the “Objects of the Issue” as certified by our Statutory Auditors, M/s RJC Associates, Chartered Accountants, towards Issue expenses. The same has been financed from the internal accruals of our Company.

### **Interim Use of Funds**

The management, in accordance with the policies set up by the Board, will have flexibility in deploying the proceeds received from the Issue. Pending utilization for the purposes described above, the Company intends to temporarily invest the funds in high quality interest or dividend bearing liquid instruments including deposits with banks for the necessary duration. Such investments would be in accordance with any investment criteria approved by the Board of Directors from time to time.

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

Since the Issue size does not exceed ₹50,000 Lacs, the appointment of a monitoring agency as per Regulation 16 of the SEBI Regulations is not required. As required under the listing agreements with the Stock Exchange, the Audit Committee appointed by our Board will monitor the utilisation of the Issue proceeds. We will disclose the utilisation of the proceeds of the Issue, including interim use, under a separate head in our quarterly/half yearly financial disclosures and annual audited financial statements until the Issue Proceeds remain unutilised, to the extent required under the applicable law and regulation. We will indicate investments, if any, of unutilised proceeds of the Issue in our Balance Sheet for the relevant Financial Years subsequent to our listing of our Equity Shares on the SME Platform of NSE.

Pursuant to clause 52 of the SME Equity Listing Agreement, our Company shall on a half yearly basis disclose to the Audit Committee the uses and applications of the proceeds of the Issue. On an annual basis, our Company shall prepare a statement of funds utilised for purposes other than those stated in the Draft Prospectus and place it before the Audit Committee. Such disclosure shall be made only until such time that all the proceeds of the Issue have been utilised in full. The statement shall be certified by the statutory auditors of our Company.

Our Company shall be required to inform material deviations in the utilisation of the proceeds of the Issue to the Stock Exchange(s) and shall also be required to simultaneously make the material deviations/adverse comments of the Audit committee/monitoring agency public through advertisement in newspapers.

No part of the Proceeds from the Issue will be paid by us as consideration to our Promoters, Promoter Group, our Directors, Group Companies or Key Managerial Personnel, except in the normal course of our business.

### **Basic terms of the issue**

The Equity shares being offered are subject to the provision of the Companies Act, 2013, our Memorandum and Articles of Association, the terms of this offer document and other terms and conditions as may be incorporated in the Allotment advice and other documents /certificates that may be executed in respect of the issue. The Equity shares shall also be subjected to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, RBI, ROC and /or other authorities as in force on the date of issue and to the extent applicable.

**BASIS OF ISSUE PRICE****QUALITATIVE FACTORS**

1. Domain Knowledge of Promoter
2. Location Advantages
3. Favourable Government Policies
4. Fiscal Incentives

**QUANTITATIVE FACTORS**

Information presented in this section is derived from the financial statements certified by the Statutory Auditors of the Company.

**1. Earnings Per Share (EPS) (on ₹ 10 /- per share)**

Year Ended	EPS	Weight
F.Y. 2011-12	2.36	1
F.Y. 2012-13	(1.26)	2
F.Y. 2013-14	2.75	3
<b>Weighted Average EPS</b>	<b>1.77</b>	

EPS based on audited financial results for six months ended September 30, 2014 is ₹2.04

**2. Price/Earning (P/E) ratio in relation to Issue Price of ₹ [●] per Equity Share of ₹10 each**

- a. P/E based on basic and diluted EPS at the lower end and higher end of the Price Band is [●] and [●] respectively.
- b. P/E based on basic and diluted EPS as per our restated financial statements for year ended March 31, 2014 at the lower end and higher end of the Price Band is [●] and [●] respectively.

**3. Return on Net Worth ("RoNW")**

Year ended	RoNW(%)	Weight
March 31, 2012	21.61	1
March 31, 2013	(13.02)	2
March 31, 2014	10.16	3
<b>Weighted Average</b>	<b>8.68</b>	

**4. Minimum Return on Increased Net Worth after the Issue needed to maintain Pre-Issue EPS for the year ended March 31, [●]**

<b>At lower end of the Price Band</b>	<b>[●]</b>
<b>At higher end of the Price Band</b>	<b>[●]</b>

**5. Net Asset Value ("NAV") per Equity Share of face value ₹10 each**

Year ended	NAV (in ₹)	Weight
March 31, 2012	10.92	1
March 31, 2013	9.67	2
March 31, 2014	27.07	3
<b>Weighted Average</b>	<b>18.58</b>	

NAV based on audited financial results for six months ended September 30, 2014 is ₹29.12

**6. Industry Average P/E**

	Name of the Company	P/E Multiple based on price as on February 27, 2015
Highest	Karnimata Cold Storage Limited	103.05
Lowest	Snowman Logistics Limited	47.36
Industry Average*		-

\*There is no separate industry classification made for cold storage companies in the publicly available sources and hence the data cannot be provided.

**7. Comparison with Industry Peers**

Particulars	FV per equity share (₹)	Net Sales/ Net Revenue from Operations (₹ in lacs)	PAT/ Profit for the Year (₹ in lacs)	EPS (₹)	NAV per share (₹)	RoNW (%)	P/E
	<b>F.Y.2013-14</b>						
AKS Cold Storage Limited	10	2123.33	115.48	2.75	27.07	10.16	N.A.
<b>Peer Group</b>							
Karnimata Cold Storage	10	396.47	6.63	0.18	12.58	1.04	103.05
Snowman Logistics Limited	10	15340.68	2247.92	1.90	17.83	10.16	47.36

**Notes:**

1. EPS considered is basic and diluted
2. Financial information of our Company is based on the restated financial information for FY 2013-14
3. Financial Information (Standalone) of the Peer Group is based on and derived from the Annual Report of FY 2013-14 and/or the financial statements filed with BSE
4. P/E has been calculated on EPS of F.Y.2013-14 vis-a-vis Stock Price as on February 27, 2015

**The face value of Equity Shares of our company is ₹ 10 and the Issue Price is [●] time of the Face Value.**

The Issue Price of ₹ [●] has been determined by us in consultation with the BRLM on the basis of assessment of market demand from investors through the Book- Building Process and is justified based on the above factors. The face value of the Equity Shares is ₹10 each. The Issue Price is [●] times the face value at the lower end of the price band and [●] times the face value at the higher end of the Price Band.

On the basis of the above parameters the Issue Price of ₹[●] per share is justified.

**STATEMENT OF TAX BENEFITS**

To,  
The Board of Directors,  
AKS COLD STORAGE LIMITED,  
Regd Off : S.F.No.43/1/G/2, Alapuzha Main Road,  
Aroor - 688 534,  
Alapuzha District.  
Kerala.

Dear Sirs,

**Subject: Statement of Possible Tax Benefits**

We hereby certify that the enclosed annexure states the possible tax benefits available to AKS Cold Storage Limited (the "Company") and to the Equity Shareholders of the Company under the provisions of the Income-tax Act, 1961 and Wealth Tax Act, 1957, presently in force in India.

Several of these benefits are dependent on the Company or its Equity Shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its Equity Shareholders to derive tax benefits is dependent upon fulfilling such conditions. 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. A shareholder is advised to consult his/ her/ their own tax consultant with respect to the tax implications arising out of their participation in the proposed Initial Public Offer of Equity Shares of the Company particularly in view of ever changing tax laws in India. We do not express any opinion or provide any assurance as to whether:

- a) The Company or its Equity Shareholders will continue to obtain these benefits in future; or
- b) The conditions prescribed for availing the benefits have been / would be met. The contents of this annexure are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company and the provisions of the Income- Tax Act, 1961 and Wealth Tax Act, 1957 as of date. This report is intended solely for your information and for the inclusion in the offer documents in connection with the proposed initial public offer of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

Yours Sincerely,

**For M/s. RJC Associates,  
Chartered Accountants (FRN 003496S)**

Sd/-

**R Jayachandran**

[Partner]

Membership No. [021848]

Date: [11/02/2015]

Place: [Coimbatore]

## STATEMENT OF POSSIBLE TAX BENEFITS

The information provided below sets out the possible tax benefits available to the Company and the Equity Shareholders in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares, under the current tax laws presently in force in India. It is not exhaustive or comprehensive and is not intended to be a substitute for professional advice. Investors are advised to consult their own tax consultant with respect to the tax implications of an investment in the Equity Shares particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail.

### SPECIAL TAX BENEFITS TO THE COMPANY

1. Sec. 35AD of Income Tax Act: In accordance with section 35AD of Income Tax Act, an assessee shall be allowed a deduction in respect of the whole of any expenditure of capital nature incurred, wholly and exclusively, for the purposes of any specified business carried on by him during the previous year in which such expenditure is incurred by him. Specified business includes "Setting up and operating a cold chain facility". According to this section the company will get 150% deduction in respect of all types of Capital Expenditure (except cost of Land, Goodwill & Financial Instrument) in relation to cold chain facility in the previous year in which the capital expenditure is incurred. Further as per Section 73A, any loss, computed in respect of any specified business referred to in section 35AD, which includes Cold Chain Facility, shall not be set off except against profits and gains, if any, of any other specified business. Where for any assessment year any loss computed in respect of the specified business has not been wholly set off, so much of the loss as is not so set off or the whole loss where the assessee has no income from any other specified business, shall, subject to the other provisions, be carried forward to the following assessment year, and
  - i It shall be set off against the profits and gains, if any, of any specified business carried on by him assessable for that assessment year; and
  - ii If the loss cannot be wholly set off, the amount of loss not so set off shall be carried forward to the following assessment year and so on (i.e. Indefinite Period).

Hence unless & until the whole of the loss is not so set off, the company will pay the tax under section 115-JB of the income tax act. i.e. presently 18.5 % of the book profits.

2. Sec. 80IB (11A): In accordance with Sec. 80IB(11A) The amount of deduction in a case of [an undertaking deriving profit from the business of processing, preservation and packaging of fruits or vegetables or [meat and meat products or poultry or marine or dairy products or] from] the integrated business of handling, storage and transportation of foodgrains, shall be hundred per cent of the profits and gains derived from such undertaking for five assessment years beginning with the initial assessment year and thereafter, twenty-five per cent (or thirty per cent where the assessee is a company) of the profits and gains derived from the operation of such business in a manner that the total period of deduction does not exceed ten consecutive assessment years and subject to fulfillment of the condition that it begins to operate such business on or after the 1st day of April, 2001

Provided that the provisions of this section shall not apply to an undertaking engaged in the business of processing, preservation and packaging of meat or meat products or poultry or marine or dairy products if it begins to operate such business before the 1st day of April, 2009.

### GENERAL TAX BENEFITS TO THE COMPANY

#### (Under the Income-Tax Act)

1. In accordance with section 10(34), dividend income (referred to in section 115-O) will be exempt from tax.
2. In case of loss under the head "Profit and Gains from Business or Profession", it can be set-off with other income and the excess loss after set-off can be carried forward for set-off with the business income of the next eight Assessment Years.
3. In accordance with section 32(1)(ii), the company can claim depreciation on specified tangible (being Buildings, Plant & Machinery, Computer and Vehicles) and intangible assets (being Knowhow, Copyrights, Patents, Trademarks, Licenses, Franchises or any other business or commercial rights of similar nature acquired on or after 1st April, 1998) owned by it and used for the purpose of its business. "Cold Storage" by itself is a

Plant and accordingly, the Company is eligible to claim Depreciation on the entire cold Storage building also @15% as applicable to the Plant and Machinery. In case of any new plant and machinery (other than ships and aircraft) that will be acquired and installed by the company engaged in the business of manufacture or production of any article or thing, the company will be entitled to a further sum equal to twenty per cent of the actual cost of such machinery or plant subject to conditions specified in section 32 of the Act. However, this company being a Cold Storage operator, this additional depreciation benefit is not available to this Company.

4. In case of loss under the head "Profit and Gains from Business or Profession", it can be set-off with other income and the excess loss after set-off can be carried forward for set-off with the business income of the next eight Assessment Years.
5. If the company invests in the equity shares of another company, as per the provisions of Section 10(38), any income arising from the transfer of a long term capital asset being an equity share in a company is not includible in the total income if the transaction is chargeable to securities transaction tax.
6. Income received in respect of the units of mutual fund specified under clause 10(23D) or income received in respect of units from administrator of the specified undertakings or income received in respect of units from the specified company is exempt from tax in the hand of the company, under section 10(35) of the I.T.Act.
7. In accordance with section 112, the tax on capital gains on transfer of listed shares, where the transaction is not chargeable to securities transaction tax, held as long term capital assets will be the lower of:
  - 20 percent (plus applicable surcharge and "Education Cess") of the capital gains as computed after indexation of the cost. Or
  - 10 percent (plus applicable surcharge and "Education Cess") of the capital gains as computed without indexation.
8. In accordance with Section 111A capital gains arising from the transfer of a short term asset being an equity share in a company and such transaction is chargeable to securities transaction tax, the tax payable on the total income shall be the aggregate of (i) the amount of income-tax calculated on such short term capital gains at the rate of 15 percent (plus applicable surcharge and "Education Cess") and (ii) the amount of income-tax payable on the balance amount of the total income as if such balance amount were the total income.
9. In accordance with section 35D, the company is eligible for deduction in respect of specified preliminary expenditure incurred by the company in connection with extension of its undertaking or in connection with setting up a new unit for an amount equal to 1/5th of such expenses for each of the five successive previous years beginning with the previous year in which the extension of the undertaking is completed or the new unit commences production or operation, subject to conditions and limits specified in that section.
10. In accordance with section 35DDA, the company is eligible for deduction in respect of payments made to its employees in connection with their voluntary retirement for an amount equal to 1/5th of the amount so paid for that previous year, and the balance in four equal installments for each of the succeeding previous years subject to conditions specified in that section.
11. In accordance with section 35, the company is eligible for –
  - Deduction in respect of any expenditure (not being in the nature of capital expenditure) on scientific research related to the business subject to conditions specified in that section.
  - As per section 35(2AA) a deduction of 200% shall be allowed as a deduction of the sum paid by the company, to a National Laboratory or a University or an Indian Institute of Technology or a specified person as specified in this section with a specific direction that the sum shall be used for scientific research undertaken under a programme approved in this behalf by the specified authority subject to conditions specified in that section.
12. In accordance with section 80-IA, the company can claim, subject to fulfillment of certain conditions, deduction of an amount equal to hundred percent of the profits and gains derived from the business of, development of Infrastructure facilities including construction of roads, bridges, rail systems, highways, irrigation projects, ports etc, for Ten consecutive assessment years out of Twenty years beginning from the year in which the company develops such facility.

13. The amount of tax paid under section 115JB by the company for any assessment year beginning on or after April 1, 2006 will be available as credit for ten years succeeding the assessment year in which MAT credit becomes allowable in accordance with the provisions of section 115JAA of the Act.

#### **Section 115O**

- Tax on distributed profits of domestic companies.
- Any amount declared, distributed or paid by company by way of dividend shall be charged to additional income tax at the rate of 15% plus applicable surcharge and education cess.

#### **Tax Rates**

- The tax rate is 30%
- The surcharge on Income Tax is 5%, only if the taxable income is in the range of ₹1 Crore to ₹10 Crores; The Surcharge shall be 10% if the net income exceeds ₹10 Crores. Education Cess is 2% and Higher Education cess is 1%.

#### **SPECIAL TAX BENEFITS TO THE SHAREHOLDERS OF THE COMPANY - Nil**

#### **GENERAL TAX BENEFITS TO THE SHAREHOLDERS OF THE COMPANY**

##### **I. Under the Income-Tax Act**

##### **A. Resident**

1. In accordance with section 10(34), dividend income declared, distributed or paid by the company (referred to in section 115-O) on or after April 1, 2003 will be exempt from tax.
2. Shares of the Company held as capital asset for a period of more than twelve months preceding the date of transfer will be treated as a long term capital asset.
3. In accordance with section 10(38), any income arising from the transfer of a long term capital asset being an equity share in a company is not includible in the total income if the transaction is chargeable to securities transaction tax.
4. As per the provision of section 71, if there is a loss under the head "Capital Gain", it cannot be set-off with the income under any other head. Section 74 provides that the short term capital loss can be set-off against any long term capital gain. But Long Term Capital Loss cannot be set-off against short term capital gain.
5. In accordance with section 112, the tax on capital gains on transfer of listed shares, where the transaction is not chargeable to securities transaction tax, held as long term capital assets will be the lower of :
  - a. 20 percent (plus applicable surcharge and "Education Cess") of the capital gains as computed after indexation of the cost. Or
  - b. 10 percent (plus applicable surcharge and "Education Cess") of the capital gains as computed without indexation.
6. In accordance with Section 111A capital gains arising from the transfer of a short term asset being an equity share in a company and such transaction is chargeable to securities transaction tax, the tax payable on the total income shall be the aggregate of
  - (i) the amount of income-tax calculated on such short term capital gains at the rate of 15 percent (plus applicable surcharge and "Education Cess" ) and
  - (ii) the amount of income-tax payable on the balance amount of the total income as if such balance amount were the total income.
7. In accordance with section 54EC, long-term capital gains arising on transfer of the shares of the company on which securities transaction tax is not payable, shall be exempt from tax if the gains are invested within six months from the date of transfer in the purchase of a long-term specified asset. The long-term specified asset notified for the purpose of investment is Rural Electrification Corporation Ltd. (REC) and National Highways Authority of India (NHAI). Notification issued by Government of India specifies that no such bonds will be issued to a person exceeding ₹50 lacs. If only a part of the capital gain is so invested, the exemption would be limited to the amount of the capital gain so invested. If the specified asset is transferred or converted into money at any time within a period of three years from the date of acquisition, the amount of capital gains on which tax

was not charged earlier shall be deemed to be income chargeable under the head "Capital Gains" of the year in which the specified asset is transferred.

8. In accordance with section 54ED, capital gain arising on the transfer of a long-term capital asset being listed securities on which securities transaction tax is not payable, shall be exempt from tax provided the whole of the capital gain is invested within a period of six months in equity shares forming part of an eligible issue of capital.

If only a part of the capital gain is so invested, the exemption would be limited to the amount of the capital gain so invested. If the specified equity shares are sold or otherwise transferred within a period of one year from the date of acquisition, the amount of capital gains on which tax was not charged earlier shall be deemed to be income chargeable under the head "Capital Gains" of the year in which the specified equity shares are transferred. The cost of the specified equity shares will not be eligible for deduction under section 80C.

9. In accordance with section 54F, long-term capital gains arising on the transfer of the shares of the company held by an individual or Hindu Undivided Family on which securities transaction tax is not payable, shall be exempt from capital gains tax if the net consideration is utilized, within a period of one year before, or two years after the date of transfer, in the purchase of a new residential house, or for construction of a residential house within three years. Such benefit will not be available if the individual or Hindu Undivided Family.

- Owns more than one residential house, other than the new residential house, on the date of transfer of the shares; or
- purchases another residential house within a period of one year after the date of transfer of the shares; or
- constructs another residential house within a period of three years after the date of transfer of the shares; and
- the income from such residential house, other than the one residential house owned on the date of transfer of the original asset, is chargeable under the head "Income from house property"

If only a part of the net consideration is so invested, so much of the capital gains as bears to the whole of the capital gain the same proportion as the cost of the new residential house bears to the net consideration shall be exempt. If the new residential house is transferred within a period of three years from the date of purchase or construction, the amount of capital gains on which tax was not charged earlier, shall be deemed to be income chargeable under the head "Capital Gains" of the year in which the residential house is transferred.

## **B. Non-Residents**

- a. In accordance with section 10(34), dividend income declared, distributed or paid by the company (referred to in section 115-O) will be exempt from tax.
- b. In accordance with section 10(38), any income arising from the transfer of a long term capital asset being an equity share in a company is not includible in the total income, if the transaction is chargeable to securities transaction tax.
- c. In accordance with section 48, capital gains arising out of transfer of capital asset being shares in the company, and such transaction is not chargeable to securities transaction tax, shall be computed by converting the cost of acquisition, expenditure in connection with such transfer and the full value of the consideration received or accruing as a result of the transfer into the same foreign currency as was initially utilized in the purchase of the shares and the capital gains computed in such foreign currency shall be reconverted into Indian currency, such that the aforesaid manner of computation of capital gains shall be applicable in respect of capital gains accruing /arising from every reinvestment thereafter and sale of shares or debentures of an Indian company including the Company.
- d. In accordance with section 112, the tax on capital gains on transfer of listed shares, where the transaction is not chargeable to securities transaction tax, held as long term capital assets will be at the rate of 20% (plus applicable surcharge and additional surcharge called as "Education Cess").
- e. In accordance with Section 111A capital gains arising from the transfer of a short term asset being an equity share in a company and such transaction is chargeable to securities transaction tax, the tax payable on the total income shall be the aggregate of (i) the amount of income-tax calculated on such short term capital gains at the rate of 15 percent (plus applicable surcharge and "Education Cess") and (ii) the amount of income-tax payable on the balance amount of the total income as if such balance amount were the total income.



- f. In accordance with section 54EC, long-term capital gains arising on transfer of the shares of the company on which securities transaction tax is not payable, shall be exempt from tax if the gains are invested within six months from the date of transfer in the purchase of a long-term specified asset. The long-term specified asset notified for the purpose of investment is Rural Electrification Corporation Ltd. (REC) and National Highways Authority of India (NHAI). Notification issued by Government of India specifies that no such bonds will be issued to a person exceeding ₹50 lacs.

If only a part of the capital gain is so invested, the exemption would be limited to the amount of the capital gain so invested. If the specified asset is transferred or converted into money at any time within a period of three years from the date of acquisition, the amount of capital gains on which tax was not charged earlier shall be deemed to be income chargeable under the head "Capital Gains" of the year in which the specified asset is transferred.

- g. In accordance with section 54ED, capital gain arising on the transfer of a long-term capital asset being listed securities on which securities transaction tax is not payable, shall be exempt from tax provided the whole of the capital gain is invested within a period of six months in equity shares forming part of an eligible issue of capital.

If only a part of the capital gain is so invested, the exemption would be limited to the amount of the capital gain so invested. If the specified equity shares are sold or otherwise transferred within a period of one year from the date of acquisition, the amount of capital gains on which tax was not charged earlier shall be deemed to be income chargeable under the head "Capital Gains" of the year in which the specified equity shares are transferred. The cost of the specified equity shares will not be eligible for deduction under section 80C.

- h. In accordance with section 54F, long-term capital gains arising on the transfer of the shares of the company held by an individual or Hindu Undivided Family on which securities transaction tax is not payable, shall be exempt from capital gains tax if the net consideration is utilized, within a period of one year before, or two years after the date of transfer, in the purchase of a new residential house, or for construction of a residential house within three years. Such benefit will not be available if the individual or Hindu Undivided Family.

- Owns more than one residential house, other than the new residential house, on the date of transfer of the shares; or
- purchases another residential house within a period of one year after the date of transfer of the shares; or
- constructs another residential house within a period of three years after the date of transfer of the shares; and
- the income from such residential house, other than the one residential house owned on the date of transfer of the original asset, is chargeable under the head "Income from house property".

If only a part of the net consideration is so invested, so much of the capital gains as bears to the whole of the capital gain the same proportion as the cost of the new residential house bears to the net consideration shall be exempt. If the new residential house is transferred within a period of three years from the date of purchase or construction, the amount of capital gains on which tax was not charged earlier, shall be deemed to be income chargeable under the head "Capital Gains" of the year in which the residential house is transferred.

### C. Non-Resident Indians

Further, a Non-Resident Indian has the option to be governed by the provisions of Chapter XII-A of the Income-tax Act, according to which:

1. In accordance with section 115E, income from investment or income from long-term capital gains on transfer of assets other than specified asset of the company shall be taxable at the rate of 20% (plus applicable surcharge and "Education Cess"). In case of income by way of long term capital gains in respect of a specified asset, shall be chargeable at 10% plus applicable surcharge and "Education Cess")
2. In accordance with section 115F, subject to the conditions and to the extent specified therein, long -term capital gains arising from transfer of shares of the company acquired out of convertible foreign exchange, and on which securities transaction tax is not payable, shall be exempt from capital gains tax if the net consideration is invested within six months of the date of transfer in any specified asset.
3. In accordance with section 115G, it is not necessary for a Non-Resident Indian to file a return of income under section 139(1), if his total income consists only of investment income earned on shares of the company acquired out of convertible foreign exchange or income by way of long-term capital gains earned on transfer of shares of

the company acquired out of convertible foreign exchange, and the tax has been deducted at source from such income under the provisions of Chapter XVII-B of the Income Tax Act.

4. In accordance with section 115-I, where a Non-Resident India opts not to be governed by the provisions of Chapter XII-A for any assessment year, his total income for that assessment year (including income arising from investment in the Company) will be computed and tax will be charged according to the other provisions of the Income-tax Act.
5. As per the provisions of section 90, the NRI shareholder has an option to be governed by the provisions of the tax treaty, if they were beneficial than the domestic law wherever India has entered into Double Taxation Avoidance\ Agreement (DTAA) with the relevant country.

#### **D. Foreign institutional investors (FIIs)**

1. In accordance with section 10(34), dividend income declared, distributed or paid by the company (referred to in section 115-O) on or after April 1, 2003 will be exempt from tax in the hands of Foreign Institutional Investors (FIIs).
2. In accordance with section 115AD, FIIs will be taxed at 10% (plus applicable surcharges and "Education Cess") on long-term capital gains in respect of securities (other than units referred to in section 115AB) listed in a recognized stock exchange in India in accordance with the provisions of the Securities Contracts (Regulation) Act, 1956 (42 of 1956 ), and any rules made there under
3. In accordance with section 10(38), any income arising from the transfer of a long term capital asset being an equity share in a company is not includible in the total income, if the transaction is chargeable to securities transaction tax.

#### **E. Mutual Funds**

In accordance with section 10(23D), any income of:

- i. a Mutual fund registered under the Securities and Exchange Board of India Act 1992 or regulations made there under;
- ii. such other Mutual Fund set up by a public sector bank or a public financial institution or authorized by the Reserve Bank of India subject to such conditions as the Central Government may, by notification in the Official Gazette, specify in this behalf, will be exempt from income-tax.

#### **F. Under the Wealth Tax and Gift Tax Acts**

1. "Asset" as defined under-section 2(ea) of the Wealth-tax Act, 1957 does not include shares in companies and hence, these are not liable to wealth-tax.

Gift tax is not leviable in respect of any gifts made on or after October 1, 1998. Therefore, any gift of shares will not attract gift-tax.

However, if there is a transfer of "Asset" for in adequate Consideration then the difference between the actual price of the asset and the consideration shall be treated as a Deemed income under Sec.56 of the Income Tax Act.

## SECTION IV – ABOUT OUR COMPANY

### INDUSTRY OVERVIEW

#### State of Indian Economy

India is one of the most promising amongst the emerging economies. Amidst a tumultuous global economic scenario, India has weathered away these challenges. The country is enjoying an economic up-turn backed by strong policies and optimism surrounding the new government. The recent past saw the country facing tough times such as low growth, high inflation figures, etc. There have been significant changes in the Indian economy since the new government has commenced power.

The fiscal year of 2014-15 saw key reforms being made which has triggered the economic revival. In November, 2012, CPI inflation, stood at 11.2%, the current account deficit by the first quarter of 2013-14 had reached 4.6% of GDP, and normal foreign inflows until March 2014 were \$15 billion. As per the latest figures, Consumer Price Inflation (CPI) inflation rate is 5.1%, and the wholesale price inflation (WPI) is negative. Decline in international crude prices coupled with stringent monetary policy by the RBI with government's commitment towards fiscal prudence are possibly the main drivers to the declining inflation figures.

The current account deficit for the year 2015-16 is expected to be below 1.3% of GDP. Based on the new series, real GDP growth is expected to accelerate to 7.4%, making India the fastest growing large economy in the world. Improvement were seen in the Industrial and the service sector in 2014-15, however the agricultural sector was marred by inadequate rainfall. Foreign inflows since April 2014 have been about \$55 billion, hence India's foreign exchange reserves have increased to \$340 billion; the rupee has stabilized relatively during the period 2014-15, while there is been comparatively lesser volatility in the foreign exchange market.

In the fiscal 2014-15, the country experienced few reforms in the policies. Modifications were also made on the subsidies front to shun the excessive leakage of subsidies by launching a modified direct benefit transfer scheme. Further, deregulation of diesel prices and key changes to the domestic gas pricing policies were made.

Prospects for India looks very good as the government are committed to undertake the key reforms. These reforms would trigger foreign capital inflows thus building optimism in the Indian economy. International factors such as the dip in crude prices have acted in India's favour by helping ease the inflationary pressure. The fiscal deficit target has been made to 3.9% in 2015-16, 3.5% in 2016-17 and 3% in 2017-18.

The country is expected to leapfrog China by 2016. With a population of 1.27bn, India is expected to grow at 6.5% in 2016/17.

*Source: Union Budget 2014-15, Union Budget Economy Outlook 2014-15 IMF World Economic Outlook, World Bank, Times of India article "India to outpace China growth by FY17: IMF" dated 21<sup>st</sup> Jan, 2015*

The following table illustrates the India's GDP Growth rate

2010	2011	2012	2013	2014E	2015E	2016E
10.3%	6.6%	4.7%	4.4%	5.4%	6.4%	6.8%

*Source: IMF World Economic Outlook*

#### Economic Growth Drivers

Few factors which will stimulate India's growth are:

1. *Greater spending power:* Inflationary pressure has reduced since 2014 amidst the slump in fruits and vegetable prices since September, 2014. Global crude oil prices have seen a steep fall since April, 2014. Reduction in interest rates by the RBI in March, 2015 (Repo Rate: 7.50%) will make loans cheaper. These factors in turn will lead to increased spending as the spending power of the common man increases and help in the overall growth of the economy.
2. *Business Opportunity:* Prospects of doing business has improved considerably under the new government. FDI limits for Insurance and Defense has been eased to 49%. Also, 100 % FDI is allowed for cold storage and food processing under the automatic route. This has been done with a view to encourage foreign investment in these sectors.

3. *Greater reach:* A strong dissemination mechanism will help companies to cater to a larger audience of consumers. Government's initiatives to beef up India's infrastructure will help the overall economic development. Powerful transport and distribution channel will help companies to tap the rural sector as well.
4. *Impetus to manufacturing:* The new government's initiative to transform India into a manufacturing destination with easing the conditions to do business will attract more investments. Government is pitching the 'Make in India' campaign to lure foreign companies to invest in India. Employment scenario would improve considerably, hence benefitting the country's growth path.
5. *Consumer cognizance:* The power of social media and mobile media has increased consumer awareness. Consumers use various websites to educate themselves regarding a number of things. Greater internet penetration being its key driver.
6. *Rapidly expansion in service sector:* India ranks second in the world behind China as far as growth in service sector goes. It is growing at a CAGR of 9% compared to China's 10.9% during the period 2001-2012. This sector has huge business opportunities in the future. This sector holds the key to India's economic progression.
7. *Tax Reforms:* The reform in the Goods and Services Tax (GST) would help boost the Indian economy. GST would revamp the overall tax structure of the country, replacing the state specific tax with a uniform tax concept. Passing the bill unanimously in the parliament is a huge challenge for the new government.
8. *Subsidy:* Government needs to assess its subsidy bill. The leakage in subsidy needs to be stopped to have the country's fiscal deficit in control. Considering the poverty condition in India, complete elimination of subsidy is not possible in India, however, rationalizing the subsidy issue is something the new government is looking forward to achieve.
9. *Corporate Tax rate:* The corporate tax rate has been reduced from the current rate of 30% to 25% over the next four years. This move would help to infuse competitiveness in the Indian domestic industry.

*Source: Union Budget 2014-15, Times of India article "Economic Survey: India has second fastest growing services sector" dated 9th July, 2014, Ministry of Agriculture, RBI*

## **Cold Chain Industry**

### **Cold Storage:**

Cold storage is a temperature controlled mechanism used for preserving products with a shelf life. Perishable food products such as fruits and vegetables which are highly temperature sensitive, requires a refrigerated environment to remain fresh. Losses of pre and post-harvest fruits and vegetables in India, is growing at an alarming rate.

Loss happens due to deterioration that sets in because of natural events such as temperature. A cold storage will slow down these natural processes considerably and hence increases its life. In order to protect against these losses a well developed cold chain industry is a must. A cold storage is the heart of the cold chain. Other activities such as handling, transportation, etc. are built around it. Cold storage will stretch the product's life cycle, enabling it to remain saleable for a longer time. Keeping the quality of the produce intact at the point of sale is the most important reason to have cold storage.

### **Food Loss**

Food losses refer to the decrease in edible food mass throughout the part of the supply chain that specifically leads to edible food for human consumption. Food losses take place at production, postharvest and processing stages in the food supply chain. Food losses occurring at the end of the food chain (retail and final consumption) are rather called "food waste", which relates to retailers' and consumers' behavior. "Food" waste or loss is measured only for products that are directed to human consumption, excluding feed and parts of products which are not edible.

## Types of Food loss

### Vegetable commodities and products:

- Agricultural production: Losses occurring while harvesting of agriculture produce due to mechanical damage or spillage.
- Postharvest handling and storage are the losses that occur due to spillage and also when the produce decays due to excessive handling when transported from farm to end consumers.
- Processing: including losses due to spillage and spoilage that occurs when the produce is subject to either industrial processing or domestic processing.
- Distribution losses occur in market areas when the products remain unsold for a long period.
- Consumption including losses and waste during consumption at the household level.

### Animal commodities and products:

- Breeding loss occurs due to animal deaths during the breeding operation. For fish, losses refer to discards during fishing. For milk, losses refer to decreased milk production due to cow sickness.
- Postharvest handling and storage: Excessive, unhygienic handling during the transport to slaughterhouse, during slaughtering process and transport from slaughterhouse to end user. Involves spillage losses in case of fish and dairy products.
- Processing: Due to spillage losses during slaughtering and industrial and domestic processing of meat and dairy products.
- Distribution losses occur in market areas when the products remain unsold for a long period.
- Consumption: includes losses and waste at the household level.

Production of agricultural products is of great importance to meet the demands. For a country like India which has a huge population, food wastage needs to be curbed to meet the massive demands. The end consumers need to be made aware of the impact of such huge amount of food losses.

### Post-harvest food loss

Although, the production of agricultural produce is large, food security and food inflation are major issues to be addressed. India is probably the only country in the world to have varied food grain production. Being an agriculturally driven economy, India needs to give prime importance to reducing post-harvest losses.

The food processing industry in India is divided into three segments:

- Organized
- Unorganized
- Small Scale

India ranks 2<sup>nd</sup> behind China in food production. Once the food products are harvested, it is subject to physical, chemical and microbial actions. Degradation process accelerates once these produces are harvested. The estimated loss in fruits and vegetables is around 20-30%. Without proper technique, this estimate would rise in the future. Value addition and quality preservation of food products is gaining huge importance due to diversity in socio-economic conditions, industrial growth, urbanization, etc.

*Source: APEDA, TNAU Agritech Portal – Post harvest technology*

### Post-harvest processes

- Washing
- Cleaning
- Grading
- Separation
- Drying and dehydration
- Sun Drying
- Curing
- Cooling
- Packaging
- Transportation

### Main Reasons for Post-Harvest Losses

#### A) During Harvesting:

- Harvesting of fruits at improper maturity.

- Harvesting not done properly
- Harvesting equipments are not clean
- Harvesting during warmest part of the day
- Exposures to unnecessary high temperature

## B) During Transportation

- Poor driving
- Overloading trucks
- Absence of refrigerated trucks
- Poor road connectivity between farm and storage

## C) During Packaging or Grading Process

- Poor quality checking standards
- Unhygienic handling
- Stuffing into packages

## D) During Storage

- Improper ventilation facility
- Unhygienic handling
- Improper temperature control mechanism
- Overloading stacks

**Status and potential of cold storage facilities in India:**

India ranks 1<sup>st</sup> and 2<sup>nd</sup> worldwide in production of fruits and vegetables, respectively. This is contrary to the fact that we report a pre/post harvest loss of around 25-30%. The first cold store in India was reported to have been established in Calcutta in 1892. Although there is significant progress in the cold chain industry, it has not been enough to host the large amount of agricultural produce.

Annual fruits and vegetable production in India is estimated to be around 130 MT which forming 18% of the total agricultural output of the country. Availability of varied climatic conditions and packing operations is helping the agricultural production in India. Improved and effective methodologies are available today to boost the production. But, this is not supported with enough cold storage facilities causing congestion in the supply chain. Cold storages in India cater only to a few types of products such as potato, grapes, apple, etc. There are lot more products which need the presence of cold store facilities and these opportunities are yet to be explored and capitalised upon. Following table shows the contribution of Manufacturing, Agriculture and FPI on GDP of India.

Source: APEDA, TNAU Agritech Portal – Post harvest technology, TNAU Agritech Portal – Agricultural Marketing and Agri – Business, Ministry of Agriculture, NCCD

Contribution of Food Processing Industries to Gross Domestic Product at 2004-05 Prices (Rs. Crore)							
S. No.	Description	2008-09	2009-10	2010-11	2011-12	2012-13	
	GDP at Factor Cost, Of which	41,58,676	45,16,071	49,18,533	52,47,530	54,82,111	
1	GDP-Agriculture*	5,88,757	5,92,110	6,47,305	6,82,016	6,90,646	
2	GDP: Manufacturing	6,56,302	7,30,435	7,95,152	8,54,098	8,63,876	
3	GDP-FPI	60,378	58,752	67,508	82,063	84,522	
	Growth (%)						AAGR \$
4	GDP at Factor Cost	6.7	8.6	8.9	6.7	4.5	7.1
5	GDP-Agriculture*	-0.1	0.6	9.3	5.4	1.3	3.3
6	GDP: Manufacturing	4.3	11.3	8.9	7.4	1.1	6.6
7	GDP-FPI	5.3	-2.7	14.9	21.6	3.0	8.4
	Share of FPI in GDP (%)						Average
8	GDP FPI as a share of GDP in Agriculture*	10.3	9.9	10.4	12.0	12.2	11.0
9	GDP FPI as a share of GDP in Manufacturing	9.2	8.0	8.5	9.6	9.8	9.0
Source: National Accounts Statistics-2014; * Excludes Forestry & Logging; \$: Five Year Average Annual Growth Rate							
GDP: Sum of GVA (value of output less the value of input used up in the process of production) of all resident producer units of the economy during the reference period.							

The preceding table is a clear indication that the agriculture and the food processing industry (FPI) have a major bearing on India's GDP. Stemming the agricultural and processed food wastage would help improve the country's GDP, thus putting forth a solid cold chain mechanism should be given highest priority.

Source: MOFPI

#### Government initiatives

The Indian Government has recognised the importance of the cold chain industry. Initiative has been taken to study the region-wise production of agricultural commodities and also the region-wise cold storage requirement. Few other steps taken by the Government are as below:

- Government of India and the Ministry of Agriculture promulgated an order known as "Cold Storage Order, 1964" under Section 3 of the Essential Commodities Act, 1955.
- Section 80-IB of the I-T Act, 1961 allows 100% deductions in respect of profit for the first 5 years followed by 25/30% for the next 5 years.
- Section 35-AD allows 150% deductions for expenses with respect to the capital investment in cold chain.
- NABARD Warehousing Scheme 2013-14 envisages loans towards setting up and accelerating the development of cold chain infrastructure.
- National Center for Cold Chain Development (NCCCD) a body for development of cold chain industry has been established as a registered society to work in collaboration with the industry and various stake holders.
- 100% FDI allowed for cold storage under the automatic route.
- Ministry of Food Processing Industries has put forth the Cold Chain Scheme for the development of cold chain infrastructure in the country.
- As per the Union Budget 2015-16, service tax exemption has been given to certain pre – cold storage services in relation to fruits and vegetables.

(Rs. in crore)

S. No.	Name of the scheme	Position from December 2013 to May 2014		Position from June 2014 to December 2014.	
		Funds released (in Rs.)	No. of Projects completed	Funds released (in Rs.)	No. of Projects completed
1.	<b>Infrastructure Development:-</b>				
	a) Mega Food Park	23.41	-	46.97	5
	b) Integrated Cold Chain	76.66	07	102.96	10
	c) Modernisation of Abattoirs	5.18	02	9.55	-
2.	<b>Technology Up-gradation</b>	20.24	137	131.86	778
3.	<b>Quality Assurance, Codex Standards &amp; Promotional Activities</b>	9.70	39	29.32	51
4.	<b>Human Resources Development</b>	0.62	23	2.20	86
5.	<b>Strengthening of Institutions</b>	25.48	02	33.72	04
6.	<b>National Mission of Food Processing</b>	34.99	12	94.27	22
	<b>Total</b>	<b>207.35</b>		<b>444.38</b>	

- Ministry of Food Processing (MOFPI), with the help of its various schemes is putting lot of efforts to protect the sovereignty of the food products. Major importance is being given to the integrated cold chain development as till date the ministry has sanctioned 112 projects with total grants of ₹ 935.16 Cr and private funds of ₹1826.11 Cr. However, setting up massive cold storage infrastructure is very important for India as an economy. 20 projects are to be commissioned in the year 2015.

Source: Union Budget 2014-15, MOFPI, NABARD

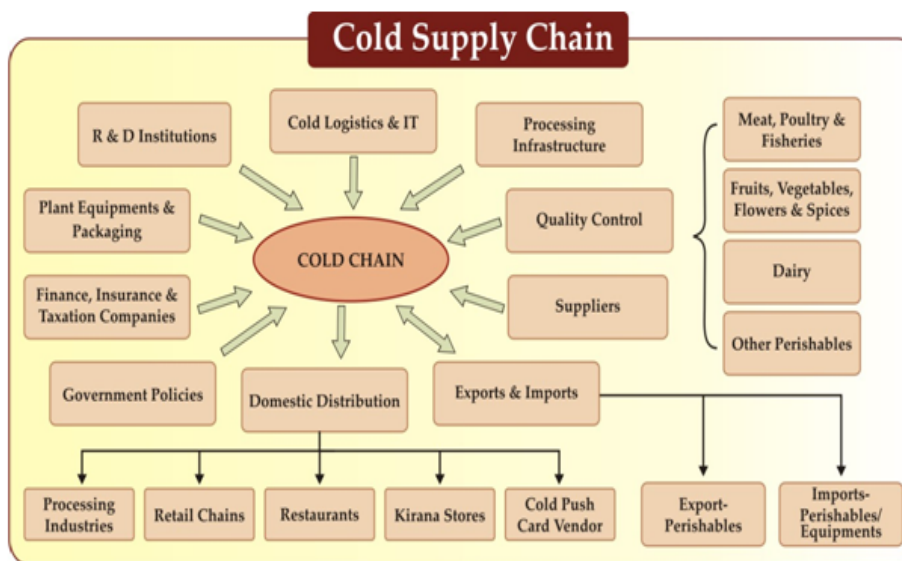
#### Industry size and growth:

The industry is growing at a compounded annual growth rate (CAGR) of 26% and is expected to cross Rs 6,00,000 Cr. mark by 2017. Steps are being taken by the government to promote this sector. NABARD Warehousing Scheme 2013-14 envisages loans towards setting up and accelerating the development of cold chain infrastructure. This market is dominated by the unorganized sector. The industry as a whole is at a

fledgling stage in India, and hence has huge growth potential. India accounts to around 30% of losses in the post-harvest perishable farm output. Certain areas such as organised retail, food service industry, food processing, etc. have huge opportunities. Every year, fruits and vegetables wastage is estimated to range from 5.8% to 18% having value of ₹13309 crores. Investment in this industry is estimated to be around \$15bn.

Source: Business Standard article “UP leads in coldchain warehouse capacity in India” dated 4<sup>th</sup> July, 2014. IME Institute of Mechanical Engineers: A TANK OF COLD: CLEANTECH LEAPFROG TO A MORE FOOD SECURE WORLD., MOFPI

The figure bellow illustrates the steps involved in a cold chain.



Source: MOFPI

### Storage conditions necessary of food storage:

Commodities that are perishable in nature such as food, marine products, pharmaceuticals, etc. are stored in the cold stores. Cold stores are not used to destroy the staling agents such as fungi, bacteria, etc. It is mainly used with a view to decelerate this process, hence improving the shelf life of the produce. Every type of perishable commodity has its own shelf life depending on which the duration it must be kept in a cold store is decided.

Types of commodities that require cold stores are:

- Commodities which are alive from production to sale. e.g. fruits and vegetables,
- Commodities available in processed form e.g. meat and fish products, and
- Commodities for which cold temperature is favourable e.g. beer, tobacco, khandsari, etc.

Fruits and vegetables are exposed to decaying actions of micro-organisms. These micro-organism actions are considerably slowed down under cold temperature thus preserving the sovereignty of these produces. Occasion arises when the quality of these commodities deteriorate during transit. Temperature controlled vehicles (Reefer Vehicles) are used in this case.

On the other hand, preserving the commodities such as meat, fish, etc. is a totally different challenge as it is very vulnerable to dead tissue decays. Such products must be handled and refrigerated properly to avoid losses.

Using latest technology, the temperature of the cold stores must be monitored at all times as most of the commodities are very temperature sensitive. Few other commodities are vulnerable to oxidation effects and hence become rancid if proper cooling and packing is not provided.

### Technology used in Cold Storage:

Principle involved in refrigeration system:



- **Vapour absorption refrigeration system (VARS)**

VARS uses heat energy thus making it cost effective. But its performance as compared to VCRS is less. As the cost of energy consumption is increasing, this proves to be viable option of refrigeration.

- **Vapour compression refrigeration system (VCRS)**

VCRS uses mechanical energy to create cooling effect. It compresses the refrigerant and also is lot more effective than the VARS system. Initially the VARS system was used for domestic purposes until the invention of VCRS which provided better output.

**Desired Storage Environment of Fruits and Vegetables in the cold storage**

Commodity	Temperature (Degree Celsius)	Relative Humidity (%)
Apple	-1 - 3	90 - 98
Apricots	-0.5 - 0	90 - 95
Avocado	7 - 13	85 - 90
Asparagus	0 - 2	95 - 97
Beans, green	4 - 7	90 - 95
Beet root	0 - 2	95 - 97
Broccoli	0 - 2	90 - 95
Black berry	-0.5 - 0	95 - 97
Cabbage	0 - 2	90 - 95
Carrots	0 - 2	90 - 95
Cauliflower	0 - 2	90 - 95
Cherries	0.5 - 0	90 - 95
Cucumber	7 - 10	90 - 95
Brinjal	0 - 2	90 - 95
Grapes	-1 - 1	85 - 90
Lemons	4 - 15	86 - 88
Lettuce	0 - 1	95 - 98
Lime	3 - 10	85 - 90
Mango	11 - 18	85 - 90
Melon water	2 - 4	85 - 90
Orange	0 - 10	85 - 90
Peach	-1 - 1	88 - 92
Potato	1.5 - 4	90 - 94

Source: TNAU Agritech Portal Agricultural Marketing & Agri-business

### **Cold Chain Industry growth drivers:**

1. *Growth in retail:*

The Indian retail sector is one of the most promising as far as emerging economies are concerned. Retail in India is expected to notch the figure of \$850bn. The traditional or the unorganized retail forms almost 75% of the retail market and it is expected to grow to \$650bn by 2020 with the remaining going with the organised section.

2. *Growth in demand:*

The demand for perishable food products are increasing at an alarming rate. On the other hand the supply is feeble. A huge amount of the fruits and vegetables go waste while in transit from the farmers to the markets to the consumers. A strong supply chain is thus necessary.

3. *Growth in fresh and processed food sector:*

The 2013 National Horticulture Database says that, India produced 81.285 MMT of fruits and 162.19 MMT of vegetables. This trend will continue in the future. As our country's population is growing, it would be great challenge to meet the demands. Export revenue of fresh fruits and vegetables has increased by 46% to ₹ 8760.94 Cr. 2013-14 from ₹5986.69 Cr. in 2012-13. On the other hand, export figures of processed food also have increased by 23.91% from ₹ 2779.55 Cr. in 2012-13 to ₹ 3444.30 Cr. in 2013-14. This shows that the international demands also need to be addressed. India's food security and capacity to meet the world food demand depends a lot on how the cold chain industry develops.

4. *Entry ease:*

The industry in India is at its nascent stage. The country is in need of ample number of cold stores and hence, barrier to new entry is less. There are many areas in India which doesn't have cold storage facilities. Setting up cold stores in these unexplored areas makes it a viable business option. Although there are many players in this industry, difficulty of entering is relatively low.

*Source: FICCI Sector Profile, APEDA*

### **Threats and Opportunities in Cold Storage Industry:**

1. *Feeble infrastructure:*

Potato constitutes almost 75% of the volumes. There are huge prospects as far as cold storage of milk products; marine products, etc. are concerned. Meeting the high volume urban demand is a big challenge. Lack of logistic support coupled with a weak supply chain is the cause of major problems in this industry. Only a cost effective, environment friendly and sustainable cold chain infrastructure can suffice. Investments in this front to provide cost effective, innovative solutions will help overcome this challenge

2. *Rapid Urbanisation:*

There has been a significant change in the consumption pattern of the Indian population. Urban people have moved from a cereal diet to a diet which consists of fruits, vegetables, fish, meat, etc. On one hand the demand for these produce is increasing and on the other hand there is massive amount of food loss. Investment in cold chain is essential to connect the producers to these emerging market opportunities.

3. *Storage capacity:*

India has a total production of more than 500MMT of horticulture and non-horticulture produces, but it has a cold storage capacity of approximately 31MMT which is less than 10% of the total production. This is the main reason for massive amount of food loss in India. Space seems to be a major constraint and hence, capacity enhancement would be very beneficial for farmers, consumers, etc. as it will help curb the wastage. For an emerging economy like India, shunning wastage would help in increased revenue from exports thus tackling the problems of trade deficit.

4. *Too much handling:*

The fruits and vegetables produced are subject to a lot of handling once it is harvested. There are a lot of touch points before it reaches the cold storage. It might so happen that the food becomes stale before it reaches the cold storage. Transit time from the farmers to cold storage needs to be reduced considerably to avoid wastage. This is a major area of concern and needs immediate action.

5. *Temperature sensitivity:*

The post harvest fruits and vegetables are very sensitive to changes in temperature. Every type of fruit and vegetable has its own temperature tolerance level. If this threshold is flouted it will be rendered unusable.

6. *Fuel and energy cost:*

Fuel and energy consumption in case of a cold chain is massive. India has abundance of renewable sources of energy. Creating a technologically advanced system which is both cost effective and eco-friendly would be advantageous. Using solar power as a source of energy is also a possible solution.

7. *Uneven distribution of cold chain:*

Huge concentration of cold chain on a single commodity has led to uneven distribution. Proper source-destination planning needs to be done so as to streamline the process. Since, majority of the cold stores

are located in the northern part of India, by the time the produce from the other parts reach these locations it becomes stale making it unfit for human consumption. Cold stores must be equally distributed in all parts of the country to minimize wastage.

8. *Lack of transport system:*

Since the cold stores in the country are oddly distributed, there is a need for temperature controlled refrigerated transport facility (Reefer Vehicles) for the produces to be shipped from one location to the other. National Center for Cold Chain Development (NCCCD) estimates a requirement of 60,000 reefer vehicles.

9. *Seasonal fluctuation:*

The impact of climatic changes on overall production is massive. India is a country which is totally depends on its monsoon. Irregular monsoon thus hits the revenue. The food processing industry is heavily dependent on the production. Availability of cold storage facility is very important as far as meeting off seasonal demands.

10. *Controlling emission:*

CO<sub>2</sub>, CFC and other greenhouse gases are few of the by-products of cold warehousing and distribution. These gases contribute to most of the environmental hazards. Earth's protective ozone layer is depleted because of these dangerous gases. Developing an eco-friendly set-up would prevent the earth's atmosphere from deterioration.

**Source: MOFPI**

## BUSINESS OVERVIEW

We commenced the cold storage operations in the year 2007 at Aror, near Ernakulam, Kerala with a capacity of 5000 MT. Subsequently we have established additional three cold storage units at Mettupalayam [Tamil Nadu], Palakkad [Kerala] & in Malappuram near Calicut [Kerala] with each unit having capacity of 5000 MT. The unit at Mettupalayam commenced operations in May 2012. The unit at Palakkad commenced operation in January 2014 whereas the unit at Calicut has commenced operations in March 2014. Our Company has also entered into lease arrangement with the promoters for two cold storages that were functional under the banner of proprietary firms. All six cold storage units have capacity of 5000 MT each with aggregate capacity of 30,000 MT. The in-house cold storage facility and support services enable the management to efficiently handle the opportunities in commodities trading and reap benefits. We have the distinction of providing cold storage facilities exclusively dedicated to agricultural commodities in the region of Kerala. The facilities are specifically designed to suit the needs of the storage facilities required for agricultural commodities which are perishable in nature. Our storage facility supported with refrigerated logistics also assists the farmers to minimize post harvest losses of perishable produce.

We are a prominent company offering 'Cold Storage' infrastructure facility and have also developed expertise in trading of agriculture commodities. We are an established trader in the state of Tamil Nadu and Kerala dealing in potato, chillies, onion, apples and oranges. We have been able to conduct large transactions of trading in the recent past as the facilities of cold storage are available in-house. Some of our distinct transactions by the management in the recent past are as follows:

1. In the year 2012, we procured 2400 MT of potato from in and around Indore and transported the same to Mettupalayam by rail route where the entire train comprising of 42 wagons were unloaded and transferred to our cold storage. This enabled us to reduce the transportation cost by about ₹3/- per kg.
2. Similarly, in the year 2013, we procured 2400 MT seed potato from Jalandher and 2400 MT potato from Agra to Mettupalayam by rail route.
3. In the year 2014, the services were provided wherein 'dates' [1400 MT] were imported for the client from UAE directly to Calicut Port instead of Mumbai Port which is the largest centre for dates import. Our new facilities at Calicut were made available to the client saving a considerable transportation cost.

We position ourselves as 'multi commodity cold storage' infrastructure facility provider equipped to store wide range of agriculture produce that includes Horticulture, Spices, Pulses, Cereals and Dairy Products. Our Company has focus on storage compatibility requirements considering temperature, relative humidity, atmosphere protection from odour and sensitivity to other gases. The temperature levels largely range from 1<sup>0</sup> to 11<sup>0</sup> C depending on the nature of products. Our present commodity portfolio includes potatoes, oranges, apples, chillies, dates, pulses, spices and dairy products. We also trade in some of these commodities and in recent times trading has been major source of our revenues.

Our customers include farming community, local traders, importers & exporters, food processing industry who stores the products depending on the demand and seasonality. Till lately we have been receiving demand for the long term storage products which included potatoes, chillies, spices, etc. We extensively use our facilities to store the commodities in which we trade. This enhances the confidence of other trading community, farmers, food processing units to use our facilities. Normally, during seasonal times the traders of the respective commodities patronize our cold storage to store their produces. A major part of capacity is utilized for storing our own traded commodities alongwith that of our customers.

We are promoted by first generation entrepreneurs, Mr. AK.Subramaniam and Mr. AKS.Saravanan who have agricultural background with exposure to different agriculture produce. Presently, Mr. AKS.Saravanan is responsible for managing the operations of the Company.

We have been operating two cold storages upto third quarter of F.Y. 2013-14. The third cold storage unit at Palakkad and fourth cold storage at Calicut were commissioned during the fourth quarter of F.Y. 2013-14. During F.Y.2013-14 we have achieved total turnover of ₹2123.47 lacs with EBITDA of ₹352.68 lacs. Our total number of cold storages increased to six with acquisition of additional two cold storages belonging to proprietary firm of our promoters on lease basis. During six month period ending September 30, 2014, we have been able to achieve turnover of ₹3559.70 lacs and EBITDA of ₹333.24 lacs.

## Competitive Strengths

4. **Domain Knowledge of Promoter** – Mr. AKS.Saravanan, is the first generation entrepreneur belonging to an agriculturist family. The family background of our promoter supports the domain expertise to identify the quality commodities for trading and equips to negotiate the prices in different commodity markets across India. Mr. AKS.Saravanan has been instrumental in setting up the cold storage operations and promoting the business by marketing and networking with farmers and traders. The technical know-how of cold storage construction has been added advantage in terms of cost saving for the Company. The overall domain knowledge of our promoter is expected to help us in mitigating risk inherent to the industry and effectively compete in the industry.
5. **Location Advantages** – We believe that the location of cold storage units plays vital role in enhancing revenue opportunities and tapping the market share. Our selection of cold storage locations are undertaken after considering cost benefit analysis that includes demand supply gap, geographical landscape, availability & accessibility of utility services and such other factors. Our locational details & advantages for each unit is as under:
  - e) **Aroor - Ernakulam** – Ernakulam is the major commercial city in Kerala. We opened the first cold storage facility located at Aroor, which is on the Ernakulam to Allapuzha highway providing ease of access for storage and transportation of commodities. This cold storage was completed in 2007 and has been providing the storage facility to traders and farmers of this region.
  - f) **Mettupalayam** – Mettupalayam is part of Coimbatore district and it is considered as one of the major trading and grading centre for vegetables like potato, cabbage, beetroot, carrot, cauliflower, beans and other chinese vegetables. This is our second cold storage facility and it was completed in May 2012 providing proximity and opportunity to tap the trading hub.
  - g) **Palakkad** – Our third unit is located at Wise Kinfra Park in Palakkad District of Kerala and has commenced operation in January 2014. The unit being located at industrial park provides assurance of continuous access to utilities which is necessary to run the cold storage. This location also has proximity to Coimbatore district in Tamil Nadu. This location was selected with a backdrop to tap the market of two metro cities of Palakkad and Coimbatore. The Palakkad region is one of the vast tamarind cultivating area which requires Cold Storage for throughout the year for consumption.
  - h) **Calicut-Malappuram** - The fourth unit is located at Kakkanchery Kinfra Food Park in Malapuram district on the Calicut – Ernakulam highway. The Calicut city is second largest commercial city of Kerala and it is known for the pulses and dates market. The lack of proper cold storage facilities in this region provides opportunity for the Company to tap the importers of dates and other perishable products.
6. **Favorable Government Policies** – The Government of India has been formulating policies and schemes to promote cold storage industry that shall assist in minimizing the wastage of agri produce to a large extent and also help the farmers to avoid any distress sale of commodities. Further, the availability of infrastructure to preserve perishable produce shall also minimize the demand supply gap affecting the food inflation in the country. The Ministry of Food Processing Industries in the NCCD Conclave with Nodal Officers for cold chain development in May 2014 estimated the annual wastage of fruits and vegetables to be in range of 5.8% to 18%. In order to reduce these wastages, the GOI has been providing various incentives to the industry.
4. **Fiscal Incentives** – The cold storage industry have been supported with number of the fiscal incentives provided by the government for a definite period. The following are the incentives available to us:
  - Section 80-IB of the Income Tax Act provides deductions in respect of profits from industrial undertakings related to Cold Chain. For the first 5 years the deductions are @ 100% and then @25/30% for next 5 years.
  - Under Section 35-AD of the Income tax Act 1961, deduction @ 150% is permitted for expenditure incurred on capital investment in setting up a cold chain facility.
  - Exempted from Service Tax
  - All refrigeration machineries and Parts used for installation of cold storage, cold room or refrigerated vehicle, are exempted from Excise Duty
  - Cold chain projects are eligible for External Commercial Borrowings
  - Concessional rate of custom duty @ 5% on imported equipment for cold chain facility under the project import benefits.

## Business Strategies

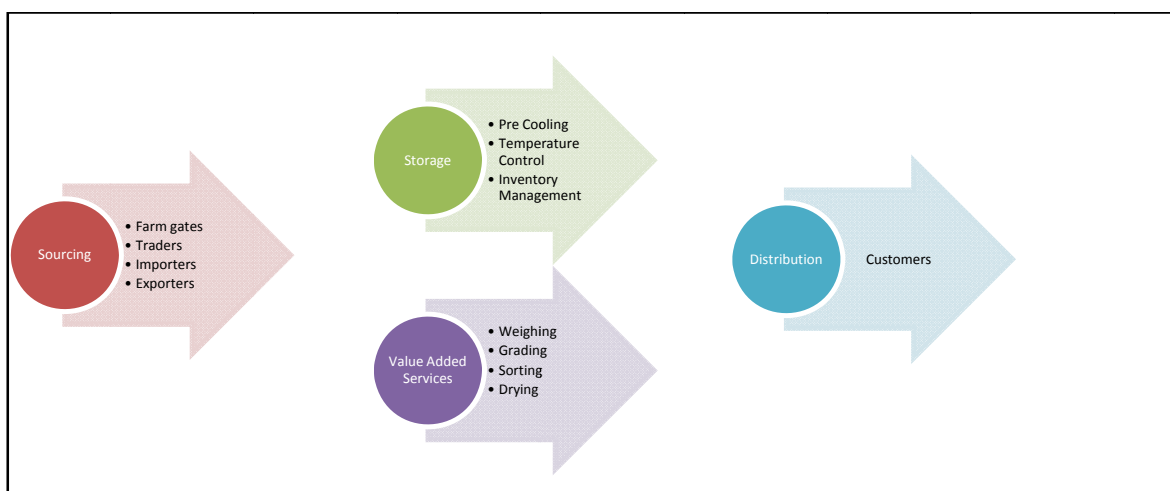
1. **Expansion of cold storage units** – We believe that the cold storage capacity has skewed distribution with majority of capacity for the agricultural produce in the northern region of India. We are contemplating opening up of five more cold storages at the locations such as Coimbatore, Ooty, Thanjavur, Tuticorin and Chennai over a period of few years. Out of these five locations we are proposing to deploy IPO proceeds for setting up cold storage at Coimbatore, Ooty and Thanjavur and the same is proposed to commence operations in 18 months. We believe these locations have commercial significance which can be projected as storage and distribution hub to our customers. Further, we also have long term plan to set up cold storage in other regions of India in order to bridge the demand supply gap.
2. **Integrated Cold Storage Solution** – We presently operate cold storage units which can store agriculture produce that requires chilled temperature. These produce largely include potatoes, apples, oranges, chillies, spices, etc. where the temperature ranges from 1<sup>0</sup> to 11<sup>0</sup> C. We believe, going forward the demand for storage of multiple products shall increase and hence we propose to be an integrated cold storage player providing pre-cooling and controlled atmosphere storage. The fund raising towards the proposed objects of issue is a step to scale up our capacity and provide most of the value added services under one roof.
3. **Focus on bulk distribution of our traded products** – We ventured into business of trading of agriculture produce in order to optimally utilize the cold storage facilities and to scale up our revenues. We generally source the produce from different regions depending on the volume of produce, price, availability, accessibility, expected demand of produce during off seasons, etc. This enables us to sell the produce in the wholesale market at a profitable spread and create value for the shareholders. We propose to target our traded produce to bulk consumers such as Quick Service Restaurants, restaurants, hotels, canteens, etc within a city. This shall help us to build our network with customers other than wholesale market and also provide a scope to venture into last mile logistic services to certain geographical regions.
4. **Focus on technology** – We have been in the cold storage industry with operations in existence since 2007. While our promoters have been effectively monitoring the operations of company we believe that with the increase in number of cold storage units and trust of our customers it is necessary to support it with use of technology. We propose to set up IT infrastructure with Enterprise Resource Planning (ERP) system in our Company that shall assist us in managing inventory and accounting of cold storage warehouses.

## Products & Services

We provide 'Cold Storage' facility to the farming community, traders, importers and exporters. Our source of revenue is from renting out the storage space to our customers and trading of agriculture commodities. Our cold storages have been adhering to technical standards as prescribed by 'National Horticulture Board' for setting up cold storages. Each of our cold storage has a capacity of 5000 MT with capability to store multiple commodities. We are amongst the very few cold storage service providers to cater agriculture produce exclusively in the region of Kerala which is largely dominated with marine cold storage facilities. We also provide value added services such as weighing, grading, sorting and drying facility. These services provide an added advantage to our company making it one of the preferred cold storages in the Tamil Nadu and Kerala region. The grading facility of agricultural produce enhances the value of produce and enables farmers/traders to seek higher prices.

## Business Process Flowchart

Our typical process flow representation is depicted below:



### Technology

The standard technical process to be followed is as under:

**Temperature:** The temperature in the multi commodity cold store chambers has to be kept within + 1°C of the recommend temperature of the produce being stored. For storing at temperatures close to freezing point of the commodity, for increasing storage life, even a narrow range may be needed.

**Humidity Range:** The humidity (RH) is dependent on the produce storage requirements and may vary from 95% to 98% RH in case of fresh fruits and vegetables like grapes, kiwi fruit, carrots, cabbage etc and lower in the range of 65% - 75% RH in case of onion and garlic.

**Carbon dioxide Levels (CO<sub>2</sub>):** The recommended CO<sub>2</sub> level is not more than 4000 PPM during loading and 2000 PPM during holding.

**Loading Rate:** The refrigeration system capacity is based on 4% to 5% loading rates of the total cold store capacity. The loading pattern is also a design consideration for sizing the storage chamber capacity for optimal utilization and performance.

In case separate pre-cooling chambers are provided in the multi commodity storage facility, the load per batch is to be considered along-with initial and final desired product temperature, pull down rate etc while sizing the pre-cooling chambers and the refrigeration requirements

**Cold Storage operation:** Operation of cold storage should have huge variation in power requirement throughout its running period. The cold storage generally starts functioning from first day of February when loading of the agri produces inside the chamber begin. Entire loading of agri produces is generally completed by last week of March/April, after which the same are locked and temperature inside the chamber is brought down to the desired range, i.e. 36° F (+) 1° F. This period is called as the loading period. After this the holding period starts where it is only required to maintain the temperature at the proper range, and cooling load requirement become almost half during this period. Even during the loading period, requirement of cooling load varies. Maximum cooling load is negotiable towards the end of loading of produces i.e. last week of March/April.

### Plant & Machinery

The following is list of major plant and machinery owned by our Company:

- Ammonia compressors
- High and Low Oil pressure Gauges
- Motor pulleys and Bed frame arrangements
- Electrical Panel Board
- Tube Condenser and standard accessories
- Condenser Water Circulation Pump

- Ammonia Liquid Receiver and required valves
- Water Spray for RH and Defrosting arrangements
- CIP Fog Pipe & Blower
- Diesel Generator

#### Cold Storage Properties

Sl. No.	Cold Storage Locations	Land	Building	Lessor/Licensor	Tenure of Lease
1	S.F. No. 43/g/2/1 Near Keltron Road, Aroor, Alapuzha District, Kerala	Owned		Not Applicable	
2	956, B.K.Koil Road, Mettupalayam, Tamil Nadu	Leased	Owned	Mr. AK Subramaniam (Promoter)	30 years
3	Survey Nos. 502/ 2 Part, 3 Part, 4 Part, 5 Part, 6 Part & 507/1 Part, Village Pudurseri Central, Palakkad, Kerala	Licensed	Owned	Kerala Industrial Infrastructure Development Company	88 years
4	Resurvey no. 220, part, village Chelembra, Tirungadi, Malappuram, Kerala	Licensed	Owned	Kerala Industrial Infrastructure Development Company	88 years
5	956, B.K.Koil Road, Mettupalayam, Tamil Nadu	Leased		AK Cold Storage (Proprietary Firm)	11 Months
6	956, B.K.Koil Road, Mettupalayam, Tamil Nadu	Leased		SS Cold Storage (Proprietary Firm)	11 Months

#### Other Properties

Our company has entered into lease arrangement on January 16, 2015 with Mr. AK.Subramaniam, and his wife, Mrs. S. Sivamani, for a building admeasuring 6400 sq ft. located at S.F. 956, B.K.Koil Road, Mettupalayam, Tamil Nadu. This building is taken on long term lease of 30 years for administrative purposes at a nominal lease rent of ₹20,000 per year. Our Company has paid an interest free deposit of ₹1.00 lac to the lessor.

#### Logistics

We are equipped with transportation facility and presently own five reefer vehicles having aggregate capacity of 35 MT. We also have access to two ambient temperature vehicles. We arrange for transportation of commodities from the farm gate or pick up point to our cold storages on demand basis.

#### Power & Fuel

Electricity is utmost critical for us to maintain the quality of agricultural commodities. We have been sanctioned power supply from Kerala State Electricity Board for Units at Aroor, Palakkad and Malappuram respectively. Further, our units at Mettupalayam have been sanctioned power supply from Tamil Nadu Electricity Board

In order to ensure uninterrupted power supply at these cold storage units we have also deployed back up diesel generators with capacity of 125 KVA at each locations.

#### Water

We have limited water requirement for the purposes of condensation process and for the employees residing in the vicinity of cold storage unit. The water requirement at Palakkad and Calicut is provided by Kinfra Integrated Industrial & Textile Park and at other locations it is provided by local statutory body. Further, the water requirements at new locations shall be sourced from local statutory bodies



### Manpower

We mainly employ unit operators, technicians and administrative staff. The nature of industry does not demand significant manpower to be employed to carry out the operations of cold storages. We have not entered into any arrangement for the contract labours and it is sufficed from the surrounding vicinity. As on Feb, 2015 there are 13 employees excluding the key managerial personnel.

Pursuant to the proposed expansion as mentioned in the chapter 'Objects of the Issue', we propose to add around 15 employees to carry out operations of new cold storage units.

### Marketing & Selling Arrangement

We do not have any marketing and/or selling arrangement with any of our customers to rent out the cold storage space. Further, we do not have any particular arrangement to sell our traded products as well. Our present sourcing and selling effort of storage space and traded commodity is through our promoter Mr. AKS.Saravanan. He has been instrumental in accessing the commodities markets across regions in India and creating a wide network of customers through his rich experience in this industry. Further, the shortage of cold storage units in the existing locations has created substantial demand for the storage space.

### Competition

We face competition in Tamil Nadu and Kerala from unorganised sectors as there are government incentives. Further, this industry do not have any entry barrier.

### Capacity Utilisation

Our each cold storage unit has capacity of 5000 MT to cater multiple products. Our capacity of the stores in last three financial years and the projected capacity levels from the expected commencement period is presented below

		Historical			Projected*		
Sl. No.	Cold Storage Location	2011-12	2012-13	2013-14	2014-15 (Estimated)	2015-16	2016-17
Existing Locations							
1.	Ernakulam	90.62%	90.10%	91.43%	97.08%	91.66%	94.26%
2.	Palakkad	N.A.	N.A.	24.75%	67.41%	95.48%	98.19%
3.	Calicut	N.A.	N.A.	24.75%	97.08%	98.21%	98.19%
4.	Mettupalayam**	N.A.	65.95%	91.67%	67.41%	95.48%	98.19%
Proposed Locations							
5.	Ooty	NA	NA	NA	0.00%	0.00%	88.54%
6.	Coimbatore	NA	NA	NA	0.00%	0.00%	88.54%
7.	Thanjavur	NA	NA	NA	0.00%	0.00%	88.54%

NA – Not Applicable, \*Management Estimate

\*\* Cold Storage under Operational lease w.e.f November 10, 2014 not included in historical data but included in estimated and projected data.

### Technical and Financial Collaboration

As on the date of this DRHP, we have not entered into any technical and financial collaboration.

### Export obligation

As on date, we do not have any export obligation

**Purchase of Property from Issue Proceeds**

We have entered into an MOU with our promoters for purchase of property at Ooty & Coimbatore for setting up of new cold storages that shall be funded from the issue proceeds. The total consideration payable to our promoter for the purchase of land at Ooty & Coimbatore is ₹60.00 lacs each. The details of the land are as under:

Sl. No	Land Details#	Proposed Cost of Acquisition* (₹ in lacs)	Name of Vendor & Relation	Area	Mode of Payment
1	Ooty**	60.00	Mrs. S. Sivamani – Wife of Mr. AK. Subramaniam	100 cents	Cash
2	Coimbatore**	60.00	Mrs. S. Sivamani – Wife of Mr. AK. Subramaniam	80 cents	Cash
3	Thanjavur^	60.00	Land is yet to be identified	300 cents	Cash
	<b>Total Cost of Land</b>	<b>180.00</b>			

\*Does not include any cost towards stamp duty and registration charges or any other miscellaneous charges.

#the title of land is free from all encumbrances

^Management estimate

\*\*The market value of the land at Ooty & Coimbatore is estimated by Er. N.S. Vaidyanathan B.E, B.Tech, M.I.E, F.I.V, Chartered Engineer, M 118912-e-10/04/2000 vide valuation report dated October 23, 2014.

**Operational Lease Deed**

Our Company entered into operational lease deed with the respective sole proprietary firm of Mr. AK Subramaniam and Mr. AKS.Saravanan for the cold storage at Mettupalayam having capacity of 5000 MT each on November 10, 2014. The details of the operational lease deed are as under:

Sl. No	Name of Firm	Name of Proprietor	Location of Cold Storage	Lease Rent Per Month (₹ In lacs)	Deposit (₹ In lacs)	Period	Terms
1	AKS Cold Storage	Mr. AK.Subramaniam	955, B.k. Koil Street, Mettupalayam, 641 305	2.00	10.00	11 Months	<ul style="list-style-type: none"> <li>Electricity charges, maintenance charges, insurance premium to be paid by Company.</li> <li>Lease can be terminated with issuance of five months prior notice.</li> </ul>
2	SS Cold Storage	Mr.AKS. Saravanan		2.00	10.00	11 Months	<ul style="list-style-type: none"> <li>Electricity charges, maintenance charges, insurance premium to be paid by Company.</li> <li>Lease can be terminated with issuance of five months prior notice.</li> </ul>

**Insurance**

The Company has obtained 'Standard Fire and Special Perils Policy' for several of its units, from United India Insurance Co. Ltd. The Standard Fire & Special Perils Policy covers the risk of building(s), plant and machinery, furniture, fixtures, fittings and other types of miscellaneous stock lying at various sites of the Company. The insurance policies covered provide risk coverage upto ₹4300 lacs. These insurance policies are reviewed annually to ensure that the coverage is adequate. All the policies are in existence and the premiums have been paid thereon.

## KEY INDUSTRY REGULATIONS AND POLICIES

### **Food and Safety Act, 2006**

The Food Safety and Standards Act, 2006 (FSSA) was enacted on August 23, 2006 with a view to consolidating the laws relating to food and to establish the Food Safety and Standards Authority of India (the “Food Authority”) for setting out scientific standards for articles of food and to regulate their manufacture, storage, distribution, sale and import to ensure availability of safe and wholesome food for human consumption. The Food Authority is required to provide scientific advice and technical support to the GoI and the state governments in framing the policy and rules relating to food safety and nutrition. The FSSA also sets out requirements for licensing and registering food businesses, general principles for food safety, and responsibilities of the food business operator and liability of manufacturers and sellers, and adjudication by ‘Food Safety Appellate Tribunal’. The FSSA has not been fully notified and has only been partially enacted. In exercise of powers under the FSSA, the Food Authority has framed the Food Safety and Standards Rules, 2011 (FSSR) which have been operative since August 5, 2011. The FSSR provides the procedure for registration and licensing process for food business and lays down detailed standards for various food products. The FSSR also sets out the enforcement structure of ‘commissioner of food safety’, ‘food safety officer’ and ‘food analyst’ and procedures of taking extracts, seizure, sampling and analysis.

### **Electricity Act, 2003**

The Electricity Act is a central unified legislation relating to generation, transmission, distribution, trading and use of electricity, which seeks to replace the multiple legislations that governed the Indian power sector. The most significant reform initiative under the Electricity Act was the move towards a multi buyer, multi seller system as opposed to the then existing structure which permitted only a single buyer to purchase power from power generators. In addition, Electricity Act provides for a greater flexibility and grants the respective electricity regulatory commission’s greater freedom in determining tariffs, without being constrained by rate-of-return regulations. The Electricity Act seeks to encourage competition with appropriate regulatory intervention. An Appellate Tribunal to hear appeals against the decision of the CERC and SERCs has been established. However, Electricity Act provided that transmission; distribution and trade of electricity are regulated activities which require licenses from the appropriate electricity regulatory commission, unless exempted by the appropriate government in accordance with the provisions of Electricity Act. It was amended in 2007 to exempt captive power generation plants from licensing requirements for supply to any licensee or consumer. Government has also announced National Electricity Policy in 2005 to guide the development of the electricity sector in India.

### ***Approvals from Local Authorities***

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

### ***Foreign Investment Regulations***

The new industrial policy was formulated in 1991 to implement the Government’s 90authorized90ion programme and consequent industrial policy reforms relaxed the industrial licensing requirements and restrictions on foreign investment.

Foreign investment in India is governed primarily by the provisions of the FEMA and the rules, regulations and notifications thereunder, read with the presently applicable Consolidated FDI Policy (effective from April 1, 2011 to September 30, 2011) as issued by the Department of Industrial Policy and Promotion, (“DIPP”).

The RBI, in exercise of its powers under the FEMA, has notified the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended (“FEMA Regulations”) to prohibit, restrict, regulate, transfer by, or issue of security, to a person resident outside India.

At present, investments in manufacturing companies fall under the RBI automatic approval route for foreign direct investment up to 100%.

### ***Environmental Laws***

The business of the Company is subject to various environment laws and regulations. The applicability of these laws and regulations varies from operation to operation and is also dependent on the jurisdiction in which the Company operates. Compliance with relevant environmental laws is the responsibility of the occupier or operator of the facilities.

The operations of the Company require various environmental and other permits covering, among other things, water use and discharges, stream diversions, solid waste disposal and air and other emissions. Major environmental laws applicable to the business operations include:

***The Water (Prevention and Control of Pollution) Act, 1974, as amended (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 have been established under the Water Act.

***The Water (Prevention and Control of Pollution) Cess Act, 1977, as amended (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.

***The Air (Prevention and Control of Pollution) Act, 1981, as amended (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. If an area is declared by the State Government to be an air pollution control area, then, no industrial plant may be operated in that area without the prior consent of the State Pollution Control Board.

***Laws relating to Employment***

As part of business of the Company it is required to comply from time to time with certain laws in relation to the employment of labour. A brief description of certain labour legislations which are applicable to the Company is set forth below:

***Factories Act, 1948, as amended (the “Factories Act”)***

The Factories Act defines a ‘factory’ to be any premises including the precincts thereof, on which on any day in the previous 12 months, 10 or more workers are or were working and in which a manufacturing process is being carried on or is ordinarily carried on with the aid of power; or where at least 20 workers are or were working on any day in the preceding 12 months and on which a manufacturing process is being carried on or is ordinarily carried on without the aid of power. 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 or with a fine or with both.

***Employees (Provident Fund and Miscellaneous Provisions) Act, 1952, as amended (the “EPF Act”)***

The EPF Act applies to factories employing over 20 employees and such other establishments and industrial undertakings as notified by the GoI from time to time. It requires all such establishments to be registered with the State provident fund commissioner and requires such employers and their employees to contribute in equal proportion to the employees’ provident fund the prescribed percentage of basic wages and dearness and other allowances payable to employees. The EPF Act also requires the employer to maintain registers and submit a monthly return to the State provident fund commissioner.

***Employees State Insurance Act, 1948, as amended (the “ESIC Act”)***

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

***Payment of Gratuity Act, 1972, as amended (the “Gratuity Act”)***

The Gratuity Act establishes a scheme for the payment of gratuity to employees engaged in every factory, mine, oil field, plantation, port and railway company, every shop or establishment in which ten or more persons are employed or were employed on any day of the preceding twelve months and in such other establishments in which ten or more employees are employed or were employed on any day of the preceding twelve months, as notified by the Central Government from time to time. Penalties are prescribed for non-compliance with statutory provisions.

Under the Gratuity Act, an employee who has been in continuous service for a period of five years will be eligible for gratuity upon his retirement, resignation, superannuation, death or disablement due to accident or disease. However, the entitlement to gratuity in the event of death or disablement will not be contingent upon an employee having completed five years of continuous service. The maximum amount of gratuity payable may not exceed ₹1 million.

***Minimum Wages Act, 1948, as amended (the “MWA”)***

The MWA provides a framework for State governments to stipulate the minimum wage applicable to a particular industry. The minimum wage may consist of a basic rate of wages and a special allowance; or a basic rate of wages and the cash value of the concessions in respect of supplies of essential commodities; or an all inclusive rate allowing for the basic rate, the cost of living allowance and the cash value of the concessions, if any. Workmen are to be paid for overtime at overtime rates stipulated by the appropriate government. Contravention of the provisions of this legislation may result in imprisonment for a term up to six months or a fine up to ₹500 or both.

***Payment of Bonus Act, 1965, as amended (the “PoB Act”)***

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

***Contract Labour (Regulation and Abolition) Act, 1970, as amended (the “CLRA Act”)***

In respect of each of its facilities, the Company uses the services of certain licensed contractors who in turn employ contract labour whose number exceeds 20 in respect of each facility. Accordingly, the Company is regulated by the provisions of the CLRA Act which requires the Company to be registered as a principal employer and prescribes certain obligations with respect to welfare and health of contract labour. The CLRA Act requires the principal employer of an establishment to which the CLRA Act applies to make an application to the concerned officer for registration of the establishment. In the absence of registration, contract labour cannot be employed in the establishment. Likewise, every contractor to whom the CLRA Act applies is required to obtain a license and not to undertake or execute any work through contract labour except under and in accordance with the license issued. The CLRA Act imposes certain obligations on the contractor in relation to establishment of canteens, rest rooms, drinking water, washing facilities, first aid, other facilities and payment of wages. However, in the event the contractor fails to provide these amenities, the principal employer is under an obligation to provide these facilities within a prescribed time period. Penalties, including both fines and imprisonment, may be levied for contravention of the provisions of the CLRA Act.

***Fiscal Regulations******Foreign Trade (Development and Regulation) Act, 1992 (“FTA”)***

FTA seeks to increase foreign trade by regulating the imports and exports to and from India. FTA read with the Indian Foreign Trade Policy provides that no export or import can be made by a person or company without an importer exporter code number unless such person or company is specifically exempt. An application for an importer exporter code number has to be made to the office of the Joint Director General of Foreign Trade, Ministry of Commerce. An importer-exporter code number allotted to an applicant is valid for all its branches, divisions, units and factories.

***Foreign Trade Policy***

Under the FTA, the Central Government is empowered to periodically formulate the Export Import Policy (“**EXIM Policy**”) and amend it thereafter whenever it deems fit. All exports and imports have to be in compliance with such EXIM Policy. The current EXIM Policy covers the period from 2009-2014. The iron and steel industry has been extended various schemes for promotion of export of finished goods and import of inputs. Duty Entitlement Pass Book (DEPB) Scheme has been extended up to September 2011.

*The Duty exemption Scheme* enables duty free imports of inputs required for production of export products by obtaining Advance license (AL).

*The Duty Remission Scheme* enables post export replenishment/ remission of duty on inputs used in the export product. This scheme consists of Duty Free Remission Certificate (DFRC) and Duty Entitlement Pass Book (DEPB).

While DFRC enables duty free replenishment of inputs used for manufacturing of export products, under DEPB Scheme, exporters on the basis of notified entitled rates are granted duty credit, which would entitle them to import goods except Capital Goods, without duty. The current DEPB rates for saleable products to be manufactured by us are ranging from 2% to 6%.

The imports of inputs under AL and DFRC for the products exported by the company are subject to Input and Output norms as prescribed in EXIM Policy.

*EPCG Scheme* allows imports of capital goods at 0% duty subject to export obligation which is linked to the amount of duty saved at the time of import of such capital Goods as per the provisions of EXIM Policy.

***Central Sales Tax Act, 1956 (“Central Sales Tax Act”)***

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

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

### ***Property related laws***

The Company is required to comply with central and state laws in respect of property. Central Laws that may be applicable to our Company's operations include the Land Acquisition Act, 1894, the Transfer of Property Act, 1882, Registration Act, 1908, Indian Stamp Act, 1899, and Indian Easements Act, 1882.

In addition, regulations relating to classification of land may be applicable. Usually, land is broadly classified under one or more categories such as residential, commercial or agricultural. Land classified under a specified category is permitted to be used only for such specified purpose. Where the land is originally classified as agricultural land, in order to use the land for any other purpose the classification of the land is required to be converted into commercial or industrial purpose, by making an application to the relevant municipal or town and country planning authorities. In addition, some State Governments have imposed various restrictions, which vary from state to state, on the transfer of property within such states.

Land use planning and its regulation including the formulation of regulations for building construction, form a vital part of the urban planning process. Various enactments, rules and regulations have been made by the Central Government, concerned State Governments and other authorized agencies and bodies such as the Ministry of Urban Development, State land development and/or planning boards, local municipal or village authorities, which deal with the acquisition, ownership, possession, development, zoning, planning of land and real estate.

Each state and city has its own set of laws, which govern planned development and rules for construction (such as floor area ratio or floor space index limits). The various authorities that govern building activities in states are the town and country planning department, municipal corporations and the urban arts commission.

### ***Other regulations***

In addition to the above, the Company is required to comply with the provisions of the Companies Act, and FEMA and other applicable statutes imposed by the Centre or the State for its day-to-day operations.



## OUR HISTORY AND OTHER CORPORATE MATTERS

### Corporate Profile and Brief History

Our Company was incorporated on January 19, 2003 as a private Limited company under the provisions of Companies Act, 1956 in the name and style of “S. H. Cold Storage Private Limited” vide Certificate of Incorporation issued by Registrar of Companies, Ernakulam, Kerala. The name of our Company was changed to “AKS Cold Storage (P) Limited” and a fresh Certificate of Incorporation dated December 01, 2014 issued by Registrar of Companies, Ernakulam, Kerala. Subsequently our Company was converted into a public company and the name was changed to ‘AKS Cold Storage Limited’ and we received fresh Certificate of Incorporation dated December 09, 2014.

### Reason for Change in name

The name of our Company was changed from S.H. Cold Storage Private Limited to AKS Cold Storage Limited to reflect the names of promoter directors namely, AK Subramaniam and AKS Saravanan.

### Main objects of our Company

The main object of our Company is:

*To carry on the business of Constructing, Running, Maintaining, Cold Storage Operations for storage of Agricultural, Horticultural, Flowers and Fruits, Fisheries and Dairy products and all such products which may require storing and preserving of the same under scientifically controlled conditions and temperature and / or dealing in all agricultural products including fruits and vegetables.*

### Amendments to our Memorandum of Association

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

Date of AGM/ EGM	Nature of amendment
February 05, 2004	Authorised Capital Increase from ₹60 lacs divided into 6,00,000 equity shares of ₹10 each to ₹80 lacs divided into 80,00,000 equity shares of ₹10 each
February 17, 2012	Authorised Capital Increase from ₹80 lacs divided into 8,00,000 equity shares of ₹ 10 each to ₹200 lacs divided into 20,00,000 equity shares of ₹10 each
March 26, 2014	Authorised Capital Increase from ₹200 lacs divided into 20,00,000 equity shares of ₹10 each to ₹500 lacs divided into 50,00,00,000 equity shares of ₹10 each
November 22, 2014	Name of the Company was changed from S.H. Cold Storage Private Limited to AKS Cold Storage Private Limited to reflect the name of promoter directors.
December 03, 2014	Name of the Company is changed from AKS Cold Storage Private Limited to AKS Cold Storage Limited
	Authorised Capital Increase from ₹500 lacs divided into 50,00,000 equity shares of ₹10 each to ₹2000 lacs divided into 2,00,00,000 equity shares of ₹10 each

### Changes in the Registered Office of our Company

There is no change in the registered office of the Company since its inception.

### Major events in the history of our Company

Calendar Year	Major Event
2007	Commencement of Cold Storage operations at Allepey, Kerala with capacity of 5000 MT.
2012	Commencement of Cold Storage operations at Mettupalayam, Tamil Nadu with capacity of 5000 MT.
2014	Commencement of Cold Storage operations at Palakkad with capacity of 5000 MT.
	Commencement of Cold Storage operations at Malappuram with capacity of 5000 MT.

Calendar Year	Major Event
	Entered into operational lease arrangement for two cold storage units at Mettupalayam
	The name of company was changed to 'AKS Cold Storage Private Limited' pursuant to fresh certificate of incorporation dated December 01, 2014

### **Injunction or Restraining Order**

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

### **Our Shareholders**

The total number of shareholders of our Company as on the date of filing the Draft Red Herring Prospectus is 9. For further details, please refer the chapter titled '*Capital Structure*' beginning on page number 39.

### **Mergers and Acquisitions**

There have been no mergers or acquisitions of businesses or undertakings in the history of our Company.

### **Revaluation of Assets**

Our Company has not revalued its fixed assets since incorporation.

### **Issuance of Equity or Debt**

Other than as information disclosed in "Capital Structure" on page 39 of this DRHP, our Company has not issued any capital in the form of equity or debt. For details on the description of our Company's activities, the growth of our Company, please see "Business Overview", "Management's Discussion and Analysis of Financial Conditions and Results of Operations" and "Basis of Issue Price" on pages 82, 136 and 64 of this DRHP.

### **Awards, Achievements and Certifications**

Our Company has not received any awards / certifications.

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

There have been no changes in the activities of our Company during last five years.

### **Defaults or Rescheduling of borrowings with financial institutions/ banks**

There have been no defaults or rescheduling of borrowings with the financial institutions / banks.

### **Lock-out or strikes**

There have been no lock-outs or strikes in our Company since inception.

### **Business Acquisitions**

As on the date of the DRHP, our Company has not entered into any agreement for business acquisitions.

### **Subsidiaries**

As on date there are no subsidiaries of our Company.

### **Shareholders' Agreement**

As on the date of the DRHP, our Company has not entered into any shareholders' agreement.

### **Material Agreements**

There are no material agreements apart from those entered into in the ordinary course of business carried on or intended to be carried on by us.

**Strategic Partners**

As on the date of the DRHP, our Company does not have any strategic partners.

**Financial Partners**

As on the date of the DRHP, apart from the various arrangements with bankers and lenders which our Company undertakes in the ordinary course of business, our Company does not have any other financial partners.

## OUR MANAGEMENT

## Board of Directors

Under our Articles, our Company is required to have not less than three (3) Directors and not more than ten (10) Directors. Our Company currently has four (4) Directors on its Board. Our Company has one whole-time Director and three Non- Executive Directors which include two Independent Directors.

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

Name, designation, father's / husbands' name, address, DIN, occupation and Nationality	Date of appointment/ Reappointment & Term	Age	Other directorships / interests
<b>Mr. AK.Subramaniam</b> Non Executive and Non Independent  <b>S/o:</b> Mr. Kongan Chettiar  <b>Address:</b> 1-A, Saravana Illam, Mahadevapuram, II nd Street, Mettupalayam – 641305  <b>DIN:</b> 01401536  <b>Occupation:</b> Business  <b>Nationality:</b> Indian	Since incorporation   Liable to retire by rotation	76 Years	AKS Cold Storage - Proprietary Firm
<b>Mr. AKS.Saravanan</b> Managing Director  <b>S/o:</b> Mr. AK.Subramaniam  <b>Address:</b> 1-A, Saravana Illam, Mahadevapuram, II nd Street, Mettupalayam – 641 305  <b>Din:</b> 01766730  <b>Occupation:</b> Business  <b>Nationality:</b> Indian	December 10, 2014   Term: 5 Years	43 Years	SS Cold Storage – Proprietary Firm
<b>Mr. M.Ramakrishnan</b> Non Executive and Independent Director  <b>S/o:</b> Mr. Eswarakrishna Iyer  <b>Address:</b> Flat No. 5, First Floor, Mithila Apartments, Sathyamurthy Road, Ramnagar, Coimbatore - 641 009  <b>DIN:</b> 00044848  <b>Occupation:</b> Chartered Accountant  <b>Nationality:</b> Indian	December 19, 2014   Term: 5 years	61 Years	<ul style="list-style-type: none"> <li>Tristar Accommodations Limited</li> </ul>

Name, designation, father's / husbands' name, address, DIN, occupation and Nationality	Date of appointment/ Reappointment & Term	Age	Other directorships / interests
<b>Mr. G.Madankumar</b> Non Executive and Independent Director (Additional Director)  <b>S/o:</b> Mr. Ganesan  <b>Address:</b> 24/2C, Koilmedu, Kotagiri, Nilgiris – 643 217  <b>DIN:</b> 07119231  <b>Occupation:</b> Business  <b>Nationality:</b> Indian	March 03, 2015          Term: Till conclusion of next AGM	47 Years	<ul style="list-style-type: none"> <li>• Ampy Ply</li> <li>• The Veera Silver Frames</li> <li>• Sri Ambigai Lumber Board Works</li> </ul>

### Confirmations

None of the Directors are or were a director of any listed company during the last five years preceding the date of filing of the DRHP, whose shares have been or were suspended from being traded on the BSE or the NSE, during the term of their directorship in such company.

None of the Directors are or were a director of any listed company which has been or was delisted from any recognised stock exchange in India during the term of their directorship in such company.

### Relationship between Directors

Name of the Directors	Relationship between Directors
Mr. AK.Subramaniam	Father of Mr. AKS.Saravanan
Mr. AKS.Saravanan	Son of Mr. AK.Subramaniam

Except as stated above, none of the other Directors are related to each other.

### Brief profile of our Directors

**Mr. AK.Subramaniam**, aged 76 years, is the Non Executive and Non Independent Director of our Company. He has completed his school education and has a background of agriculturist for over six decades. This experience has helped him to diversify in to Cold Storage operations by establishing a 5,000 MT Cold Storage by name AKS Cold Storage, sole proprietor, in 2000-01 in Mettupalayam. He is one of the pioneers in Cold Storage operations in Mettupalayam in Coimbatore District.

**Mr. AKS.Saravanan**, aged 43 years is the managing director of our company. He is a commerce graduate from Bharti University, Coimbatore. He has experience of over a decade in the field of Cold Storage operations. He started M/s. S.S. Cold Storage, a proprietary firm in December 2006. His marketing skill set, networking skills with agriculturist of different regions & traders and understanding of geographical landscape has enabled the Company to scale up its reach.

**Mr. M.Ramakrishnan**, aged 61 years is a Chartered Accountant from Institute of Chartered Accountants of India. He is a practicing Chartered Accountant having with interest in Audits and Taxation. He has been Chief Financial Adviser to Hydro-prokav Pumps (India) P Ltd., since 2008 till date. He has also acted as a Financial Consultant for TRISTAR group of companies – a wing of PSG group and RYDON group of companies. He has also served as an Internal Auditor in Tata Tea Ltd looking after Estate Audits from 1980 to 1981 and in Palani Andavar Mills Ltd. from 1981 to 1982, looking after Audits, Finalization of Accounts and Taxation Matters.

**Mr. G.Madankumar**, aged 47 years completed his school education in the year 1986 and subsequently ventured into family business. He is an entrepreneur with interest in plywood business for last twelve years. His ventures are operational in manufacturing of plywood and blockboards.

### **Borrowing Powers of the Board**

The Articles of Association, subject to the provisions of the Companies Act, authorize the Board, at its discretion, to generally raise or borrow or secure the payment of any sum or sums of money for the purposes of our Company. However, the Board of Directors shall not without the sanction of our Company exceed the aggregate of the paid up capital and free reserves of our Company.

The consent of the members of our Company was accorded, vide resolution passed at the EGM held on December 19, 2014 authorizing the Board of Directors to borrow at any time amount not exceeding ₹ 5000.00 lacs.

### **Details of Service Contracts**

As on the date of the Draft Red Herring Prospectus, there are no service contracts entered into by and between our Directors and our Company whereby benefits would be provided upon termination of employment.

### **Compensation to Managing Director**

As per the Special Resolution passed at the EGM of our Company held on December 19, 2014, Mr. AKS. Saravanan, was appointed as the Managing Director of the Company for a period of five years with effect from December 10, 2014, without any remuneration being paid during the first year and to consider the payment of remuneration only from the FY 2016-17.

### **Compensation to Non Executive Directors**

Our Non-Executive Directors (including Independent Directors) are entitled to sitting fees for attending meetings of the Board, or of any committee of the Board. Non-executive and Independent Directors of our Company may be paid commission and any other amounts as may be decided by our Board in accordance with the provisions of the Articles of Association, the Companies Act, 2013 and other applicable laws and regulations.

Except as stated in this DRHP, no amount or benefit has been paid by our Company within the 2 (two) preceding years or is intended to be paid or given by our Company to any of our Company's officers including our Directors and Key Management Personnel.

Further, except statutory benefits upon termination of their employment in our Company or retirement, no officer of our Company, including the Directors and the Key Management Personnel, are entitled to any benefits upon termination of employment.

### **ESOP**

Our Company has not implemented any ESOP scheme.

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

As per our Articles, our Directors are not required to hold any qualification shares in our Company. Details of shareholding of our Directors as on the date of filing of the Draft Prospectus are as under:

<b>Name</b>	<b>Designation</b>	<b>No of Shares held</b>
Mr. AK.Subramaniam	Non Executive and Non Independent Director	40,93,526
Mr. AKS.Saravanan	Managing Director	18,00,370

### **Payment or benefit to Directors of our Company**

Except as disclosed in the "Related Party Transactions in Financial Information" on page 134 of the DRHP, no amount or benefit has been paid or given within the two preceding years or is intended to be paid or given to any of our officers except the normal remuneration for services rendered as Directors, officers or employees.

### **Arrangements and Understanding with Major Shareholders**

None of our directors have been selected pursuant to any arrangement or understanding with any major shareholders, customers or suppliers of our Company, or others.

### Interest of the Directors

All of our Directors may be deemed to be interested to the extent of fees payable to them (if any) for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them under our Articles of Association, and to the extent of remuneration paid to them for services rendered as an officer or employee of our Company. Some of the Directors may be deemed to be interested to the extent of consideration received/paid or any loan or advances provided to any body corporate including companies and firms and trusts, in which they are interested as directors, members, partners or trustees.

Our Directors Mr. AK Subramaniam and Mr. AKS Saravanan have entered into an operational lease agreement with our Company for the cold storage units held in their respective proprietary firms. Further, the land at Mettupalayam is taken on lease from Promoter Group entities. The details of operational lease agreement are appearing in the chapter 'Business Overview' on page 82. Further, our directors Mr. AK Subramaniam and Mr. AKS Saravanan are related to Mrs. S. Sivamani with whom our Company has entered into a Memorandum of Understanding to purchase the land at Coimbatore and Ooty and the same shall be funded from the IPO proceeds. The details are appearing in chapter 'Objects of the Issue' on page number 50.

Our Directors may also be regarded as interested in the Equity Shares, if any, held by them or that may be subscribed by and allotted to the companies, firms, and trusts, if any, in which they are interested as directors, members, promoters, and/or trustees pursuant to this Issue.

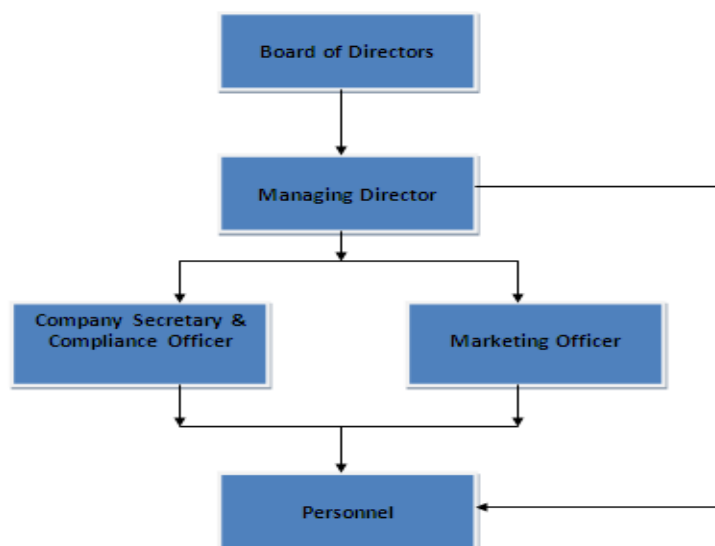
None of our Directors have interest in any property acquired by our Company within two years of the date of the DRHP. Our Directors are not interested in the appointment of Registrar and Bankers to the Issue or any such intermediaries registered with SEBI.

### Changes in the Board in the last three years

The following changes have occurred in Board of Directors of our Company in the last three years:

Name	Date of Appointment/Cessation	Reason for change
Mr. D. Senthil Kumar	December 03, 2014	Appointment
Ms. Durgadevi Dhananjayan	December 12, 2014	Appointment
Mr. D. Senthil Kumar	December 15, 2014	Resignation
Mr. D. Senthil Kumar	December 18, 2014	Appointment
Mr. M. Ramakrishnan	December 19, 2014	Appointment
Mr. Kamal Kumar Bhageria	December 19, 2014	Appointment
Ms. Durgadevi Dhananjayan	December 19, 2014	Resignation
Mr. D. Senthil Kumar	March 03, 2015	Resignation
Mr. Kamal Kumar Bhageria	March 03, 2015	Resignation

### Organisation Structure



## CORPORATE GOVERNANCE

The provisions of the Listing Agreement to be entered into with SME exchange of NSE with respect to corporate governance and the SEBI (ICDR) Regulations, 2009 in respect of corporate governance will be applicable to our Company at the time of seeking in principle approval for listing of our Company's Equity Shares with the Stock Exchange. Our Company undertakes to take all necessary steps to continue to comply with all the requirements of Clause 52 of the SME Listing Agreement to be entered into with the Stock Exchanges.

## COMPOSITION OF THE BOARD OF DIRECTORS

The Board of Directors of our Company has an optimum combination of executive and non executive Directors as envisaged in Clause 52 of the SME Listing Agreement. Our Board has four (4) Directors out of which Two (2) are independent directors in accordance with the requirement of clause 52 of the listing agreement of the Stock Exchange.

Sr. No	Name of Director	Designation	Category
1.	Mr. AKS.Sarvanan	Managing Director	Executive and Non- Independent Director
2.	Mr. AK.Subramaniam	Director	Non Executive and Non- Independent Director
3.	Mr. M.Ramakrishnan	Independent Director	Non- Executive and Independent Director
4.	Mr. G.Madankumar	Independent Director	Non- Executive and Independent Director

In terms of the Clause 52 of the SME Listing Agreement and Companies Act, 2013, our Company has already appointed Independent Directors and constituted the following Committees of the Board:

1. Audit Committee
2. Stakeholders Relationship Committee
3. Nomination and Remunerations Committee

### Audit Committee

As per section 177 of the Companies Act every public company having paid up share capital of not less than rupees five crores shall constitute a committee of Board known as 'Audit Committee' which shall consist of at least three directors and such number of other directors as the Board may determine of which two-thirds of total number of members shall be directors, other than managing or whole-time directors.

In terms of the above stated provision of the Companies Act, our Company constituted the Audit Committee in its Board Meeting held on December 19, 2014. The Board of Directors of the Company reconstituted the committee in its Board Meeting held on March 03, 2015. The Audit Committee consists of the following Directors:

Sr. No	Name	Status in Committee	Nature of Directorship
1.	Mr. M.Ramakrishnan	Chairman	Non Executive and Independent Director
2.	Mr. G.Madankumar	Member	Non Executive and Independent Director
3.	Mr. AK.Subramaniam	Member	Executive and Non Independent Director

Our Company Secretary, Mr. P. Nalla Senapathi will act as the secretary of the Committee. The terms of reference of our Audit Committee are given below:

The terms of the Audit Committee are as follows:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the 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 the management.
- d. Significant adjustments made in the financial statements arising out of audit findings.
- e. Compliance with listing and other legal requirements relating to financial statements.
- f. Disclosure of any related party transactions.
- g. Qualifications in the draft audit report.
5. Reviewing, with the management, the half yearly financial statements before submission to the board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, 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 the company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, the performance of statutory and internal auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
16. Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults, if any, in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the Whistle Blower mechanism;
19. Approval of appointment of CFO (i.e., the Whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

## NOMINATION AND REMUNERATIONS COMMITTEE

In term of section 203 every public company or a private company which is a subsidiary of a public company and having a paid up share capital of ₹5 crores has to appoint a managing director or whole-time director or a manager. Further section 178 mandates the constitution of Nomination and Remuneration committee.

Our Company constituted the committee on December 19, 2014. The Board of Directors of the Company reconstituted the committee in its Board Meeting held on March 03, 2015. The Nomination and Remuneration Committee has following members:

Sr. No	Name	Status in Committee	Nature of Directorship
1.	Mr. M.Ramakrishnan	Chairman	Non- Executive and Independent Director
2.	Mr. G.Madankumar	Member	Non- Executive and Independent Director
3.	Mr. AK.Subramaniam	Member	Non- Executive and Non- Independent Director

Our Company Secretary, Mr. P. Nalla Senapathi will act as the secretary of the Committee.

The roles and responsibilities of the Remuneration Committee are to:

- (a) To consider approve and recommend to the Board the changes in designation and increase in salary of the executive directors.
- (b) To bring about objectivity in deeming the remuneration package while striking a balance between the interest of the Company and the stakeholders.
- (c) To ensure the remuneration policy is good enough to attract, retain and motivate directors.

## STAKEHOLDERS RELATIONSHIP COMMITTEE

As per Section 178 (5) of the Companies Act, 2013, where the shareholders, debenture holders, deposit holders and any other security holders exceed One thousand, then Stakeholders Relationship Committee has to be established. However, our company has constituted in its Board meeting on December 19, 2014 the Shareholder's/ Investors Grievance Stakeholders Relationship Committee. The Board of Directors reconstituted the committee in its Board Meeting held on March 03, 2015 with the following members:

Sr. No	Name	Status in Committee	Nature of Directorship
1.	Mr. G.Madankumar	Chairman	Non-Executive and Independent Director
2.	Mr. M. Ramakrishnan	Member	Non - Executive and Independent Director
3.	Mr. AK.Subramaniam	Member	Non- Executive and Non -Independent Director

Our Company Secretary, Mr. P. Nalla Senapathi will act as the secretary of the Committee.

The terms of reference of the Shareholders/ Investors Grievance Stakeholder Relationship Committee shall be as follows:

- Formulation of procedures in line with statutory guidelines to ensure speedy disposal of various requests received from shareholders from time to time;
- Redressal of shareholders and investor complaints/ grievances e.g. transfer of shares, non receipt of balance sheet, non receipt of declared dividend etc;
- To approve, register, refuse to register transfer / transmission / nomination of shares and other securities;
- To sub-divide, consolidate and / or replace any share or other securities certificate (s) of the Company;
- To authorize affixation of common seal of the Company;
- To issue duplicate share other security(ies) certificate(s) in lieu of the original share / security(ies) certificate(s) of the Company;
- To approve the transmission of shares or other securities arising as a result of death of the sole/ any one joint shareholder;
- To dematerialize or rematerialize the issued shares;
- To further delegate all or any of the power to any other employee(s), officer(s), representative(s), consultant(s), professional(s) or agents(s)
- To issue related to inspection of documents and registers allowed for inspection and making extracts under relevant provisions of Companies Act, 2013.

To oversee the performance of the Registrar and Transfer Agents and recommend measures for overall improvement in the quality of investors services.

Mr. P. Nalla Senapathi, Company Secretary & Compliance Officer, is responsible for setting forth policies, procedures, monitoring and adhering to the rules for the prevention of dissemination of price sensitive information and the implementation of the code of conduct under the overall supervision of the Board.

### Key Managerial Personnel

Our Company has appointed Mr. P. Nalla Senapathi, aged 50, as Company Secretary and Compliance Officer on December 18, 2014. He is a permanent employee of our Company. He was a practicing company secretary and has total experience of 20 years. Our Company is paying him remuneration of ₹4.80 lacs per annum

### Nature of any family relationship between the Key Managerial Personnel

The Key Management Personnel mentioned above is not related parties as per the Accounting Standard 18. The Key Managerial personnel mentioned above is not related to our Promoters/ Directors.

### Shareholding of Key Managerial Personnel

None of the Key Managerial Personnel hold Equity Shares of our Company.

### Changes in Key Managerial Personnel

The following are the changes in Key Managerial Personnel during the last three years:

Sl No.	Name of employee	Designation	Date of change	Reason
1.	Mr. Govind M Joshi	CFO, Company Secretary and Compliance Officer	December 01, 2014	Appointment
2.	Mr. Govind M Joshi	CFO, Company Secretary and Compliance Officer	December 18, 2014	Resignation
3.	Mr. P. Nalla Senapathi	Company Secretary and Compliance Officer	December 18, 2014	Appointment

#### **Bonus or profit sharing plan for Directors and Key Managerial Personnel**

Our Company does not have a performance linked bonus or a profit sharing plan for the present Directors and Key Managerial Personnel.

#### **Interest of Key Managerial Personnel**

The Key Managerial Personnel of our Company do not have any interest in our Company other than to the extent of the 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.

#### **Arrangements and Understanding with Major Shareholders**

None of our key management personnel have been selected pursuant to any arrangement or understanding with any major shareholders, customers or suppliers of our Company, or others.

#### **Payment of Benefits to Officers of our Company**

Except as disclosed in the DRHP, other than statutory payments and remuneration, in the last two years our Company has not paid or has intended to pay any non-salary amount or benefit to any of its officers.

#### **Loans taken by Directors / Key Managerial Personnel**

None of the Directors / Key Managerial Personnel have taken loan from our Company.

#### **Employees Stock Option**

Our Company does not have any Employees Stock Option Scheme or other similar scheme giving options in our Equity Shares to our employees.

#### **Other benefits to our key managerial personnel**


There are no other benefits payable to our Key Managerial Personnel other than listed above.

## OUR PROMOTERS AND THEIR BACKGROUND


Following are the promoters of our Company:

- (i) Mr. AK.Subramaniam
- (ii) Mr. AKS.Saravanan

### Mr. AK. Subramaniam

	<b>Mr. AK.Subramaniam</b> , aged 76 years has been an Agriculturist by tradition for generations. This experience has helped him to diversify in to Cold Storage operations by establishing a 5,000 MT Cold Storage by name A.K.S.Cold Storage in 2000-01 in Mettupalayam. He was one of the pioneers in Cold Storage operations in Mettupalayam in Coimbatore District.	
	Driving License Number	NA
	Voter Identification Card Number	TN/18/101/0024089

### Mr. AKS.Saravanan

	<b>Mr. AKS.Saravanan</b> aged 46 years, has around 15 years of experience in the area of cold storage operations. Mr. AKS.Saravanan has exposure to different agricultural belt across India where potato, chillies, carrot, onion, apple and oranges are grown. This has given him in-depth knowledge in vegetables and fruits trading and storage.	
	Driving License Number	TN-4019890000106
	Voter Identification Card Number	TN/18/101/0024091

Our Company hereby confirms that the personal details of our individual Promoters viz., Permanent Account Numbers, Passport Numbers, and Bank Account Numbers shall be submitted to Stock Exchange at the time of filing of DRHP with them.

### Interest of Promoters

#### *Interest in promotion of our Company*

Our Promoters are interested in the promotion of our Company in their capacity as a shareholder of our Company and influencing significant control over the management and policy decisions of our Company

#### *Interest in transactions with our Company*

Our Company has entered into an operational lease arrangement for a period of 11 months with the promoters for the cold storage owned by their proprietary firms. In terms of the agreement, each proprietary firm shall be paid a rent of ₹2.00 lacs per month. Further, our company is also required to pay interest free caution deposit of ₹10.00 lacs each, prior to taking the possession of cold storage facility. The details of the agreement are appearing in the chapter 'Business Overview' on page no.82

Our Company has entered into a Memorandum of Understanding with Mrs. S. Sivamani, wife of our promoter Mr. A.K.Subramaniam on November 11, 2014, to purchase the land at Coimbatore and Ooty and the same shall be funded from the IPO proceeds. The details of the MOU are appearing in the chapter Objects of the Issue on page 50.

For the financial transactions with our Promoter Group entities, please refer to section titled “Related Party Transactions” on page 134 of the DRHP.

Except as mentioned hereinabove, our Promoters do not have any other interest in any property acquired by our Company in a period of two years before filing of the Draft Red Herring Prospectus or proposed to be acquired by us as on date of filing the Prospectus with RoC. Except “as stated in “Related Party Transactions” beginning on page no. 134 of the Draft Red Herring Prospectus, and as stated herein, our Promoters or any of the Promoter Group Entities do not have any other interest in our business.

#### **Payment or benefits to Promoters of Our Company**

No amount or benefit has been paid or given or is intended to be paid or given to any of the Promoter or Promoter Group within the two years preceding the date of filing the Draft Red Herring Prospectus except that stated under the section titled “*Related Party Transactions*”, “*Our Management*” and “*Our Promoters and their Background*” on pages 134, 98 and 106 of the Draft Red Herring Prospectus.

#### **Other confirmations from the individual Promoters**

Our Promoters have confirmed that they have not been declared as wilful defaulter by RBI or any other government authority and there are no violations of securities laws committed by our Promoter in the past nor any such proceedings are pending against our Promoters. Our Promoters have further confirmed that he has not been prohibited or debarred from accessing or operating in the capital markets for any reasons, or restrained from buying, selling or dealing in securities, under any order or directions made by SEBI or any other authorities and that no action has been taken against them or any entity promoted or controlled by them by any regulatory authorities.

#### **Common Pursuits of our Promoters**

None of our Group Company is engaged activities similar to those conducted by us except as stated above under our Promoters Group Companies.

#### **Interest of Promoter in the Property of our Company**

Except as stated otherwise in this DRHP, our Promoters have confirmed that they do not have any interest in any property acquired by our Company within two years preceding the date of this DRHP or proposed to be acquired by our Company as on the date of filing of the DRHP. For further details on any interest in any transactions in the acquisition of land, construction of any building or supply of any machinery, please refer to “Business Overview” on page 82.

#### **Payment of Amounts or Benefits to our Promoter or Promoter Group during the Last Two Years**

Except as stated in “Financial Information – Related Party Transactions”, no amount or benefit has been paid by our Company to our Promoters or the members of our Promoter Group in the last two years preceding the date of this DRHP. Further, as on the date of the DRHP, there is no bonus or profit sharing plan for our Promoter.

#### **Interest of Promoter in our Company Other than as Promoter**

Except as mentioned in this section and the sections titled “Business Overview”, “History and Other Corporate Matters”, “Financial Indebtedness” and “Financial Information – Related Party Transactions” on pages 82, 95, 141 and 134, respectively, our Promoters do not have any interest in our Company other than as Promoters.

#### **Related Party Transactions**

Except as stated in the section titled “Financial Information – Related Party Transactions” on page 134, our Company has not entered into related party transactions with our Promoter or our Group Companies.

#### **Shareholding of the Promoter Group in our Company**

Except as disclosed in “Capital Structure” on page 39, none of the members of our Promoter Group hold any Equity Shares as on the date of filing of this DRHP.

**Litigations**

For information on details relating to the litigation in relation to our Promoter and Group Companies, see the section titled “Outstanding Litigations and Defaults” page 142.

**Other confirmations**

Our Company has neither made any payments in cash or otherwise to the Promoter or to firms or companies in which our Promoter is interested as member, director or Promoter nor have our Promoters have been offered any inducements to become director or otherwise to become interested in any firm or company, in connection with the promotion or formation of our Company.

## OUR GROUP COMPANIES

Our Company does not have any group companies as on date. Our promoters have proprietary firm and the same are as under:

### S. S. Cold Storage - Proprietary Firm

S. S. Cold Storage is a proprietary firm. The proprietor of S S Cold Storage is Mr. AKS.Saravanan. The PAN of Mr. AKS.Saravanan is AYIPS8305E. The business of proprietary firm is to provide cold storage facility to farmers, traders, etc for the agricultural commodities and also trade in agricultural commodities. The proprietary firm has entered into an operational lease deed with AKS Cold Storage Limited for a period of 11 months. The details of the agreement are appearing in the chapter 'Business Overview' on page 82

(₹ in lacs)

Particulars	2013-2014	2012-2013	2011-2012
Capital	98.08	98.08	98.08
Gross Total Income	591.82	867.97	744.64
Net Profit	8.74	16.26	34.97

### AKS Cold Storage – Proprietary Firm

AKS Cold Storage is a proprietary firm. The proprietor of AKS Cold Storage is Mr. AK.Subramaniam. The PAN of the Mr. AK.Subramaniam is AKIPS5650E. The business of proprietary firm is to provide cold storage facility to farmers, traders, etc for the agricultural commodities and also trade in agricultural commodities. The proprietary firm has entered into an operational lease deed with AKS Cold Storage Limited for a period of 11 months. The details of the agreement are appearing in the chapter 'Business Overview' on page 82

(₹ in lacs)

Particulars	2013-2014	2012-2013	2011-2012
Capital	103.64	103.64	103.64
Gross Total Income	929.12	785.26	643.59
Net Profit	2.32	(6.19)	4.35

### Companies / Firms from which the Promoters have disassociated themselves in last 3 (three) years

None of our Promoters, have disassociated themselves from any of the companies, firms or other entities during the last three years preceding the date of the Draft Red Herring Prospectus except as stated below

Name of Promoter	Firms from which disassociated	Relationship	Reasons of disassociation
AKS.Saravanan	Santosh Mushroom	Proprietary Firm	Closure of business

### **DIVIDEND POLICY**

Under the Companies Act, 1956 and the Companies Act, 2013 our Company can pay dividends upon a recommendation by our Board of Directors and approval by a majority of the shareholders at the Annual General Meeting. The shareholders of our Company have the right to decrease or increase the amount of dividend recommended by the Board of Directors. The dividends may be paid out of profits of our Company in the year in which the dividend is declared or out of the undistributed profits or reserves of previous fiscal years or out of both. The Articles of Association of our Company also gives the discretion to our Board of Directors to declare and pay interim dividends.

The declaration and payment of dividend will be recommended by our Board of Directors and approved by the shareholders of our Company at their discretion and will depend on a number of factors, including the results of operations, earnings, capital requirements and surplus, general financial conditions, contractual restrictions, applicable Indian legal restrictions and other factors considered relevant by our Board of Directors.

Our Company has no formal dividend policy. Our Company has not paid annual dividends in the past in order to plough back the surplus. The management would put in place a distribution policy commensurate with future growth plans and available surplus.



## SECTION V – FINANCIAL INFORMATION

## AUDITOR'S REPORT ON FINANCIAL INFORMATION

(As required by Rule 4(1) &(2) of Companies (Prospectus and allotment securities) Rules, 2014 under Sec. 26 of the Companies Act,2013)

To,

The Board of Directors  
M/s. AKS COLD STORAGE LTD.,  
S.F. No. 43/1/G/2, Near Keltron Road,  
Aroor, KERALA  
India

Dear Sirs,

We have examined the restated financial information of AKS COLD STORAGE LIMITED (the 'Company') for the Six months period ended September 30, 2014 and for the years ended on March 31, 2014,2013,2012,2011 and 2010 annexed to this report for the purpose of inclusion in the offer document. This financial information has been prepared by the management and approved by the Board of Directors of the Company for the purpose of disclosure in the Offer Document being issued by the Company in connection with the proposed Initial Public Offering ('IPO') of equity shares.

This financial information has been prepared in accordance with the requirements of:

- i) Rule 4(1) &(2) of Companies (Prospectus and allotment securities) Rules, 2014 under Sec. 26 of the Companies Act,2013 (the 'Act');
- ii) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (the 'Regulations') and the related amendments issued by the Securities and Exchange Board of India ('SEBI') as amended to date.

This financial information has been compiled by the management from the audited financial statements of the Company for the Six month period ended September 30, 2014 and for the years ended March 31, 2014,2013, 2012, 2011, and 2010.

We have examined such financial information in accordance with the requirements of:

- i) The (Revised) Guidance Note on Reports in Company Prospectuses issued by the Institute of Chartered Accountants of India ('ICAI'); and
- ii) The terms of reference received from the company vide letter dated 20<sup>th</sup> September 2014 requesting us to carry out work of such financial information proposed to be included in the offer document of the Company in connection with its proposed IPO.

**A. Financial information as per the Restated Summary Statements of the Company:**

1. We have, in terms of Securities and Exchange Board of India (ICDR) Regulations, 2009 re- audited the Assets & Liabilities Statements of M/s AKS Cold Storage Limited as at September 30, 2014 & March 31, 2014, the Profit and Loss Account and the Cash Flow Statement of the Company for the six months ended September 30, 2014 and year ended on March 31, 2014 which have been audited by Mr. R. Raghavendran, Chartered Accountant.
2. We have examined the attached Summary Statement of Assets and Liabilities, As Restated (refer Annexure I) of the Company as at September 30, 2014, March 31, 2014, 2013, 2012,2011 and 2010, the attached Summary Statement of Profits and Losses, As Restated (refer Annexure II) of the Company for the Six month period ended September 30, 2014 and for the years ended March 31, 2014, 2013,2012,2011 and 2010 and the attached Summary Statement of Cash Flow, As Restated (refer Annexure III) of the Company for the Six month period ended September 30, 2014 and for the years ended March 31, 2014, 2013,2012,2011 and 2010, collectively referred to as 'Restated Summary Statements of the Company'.

These Restated Summary Statements of the Company have been arrived at after making such adjustments and regroupings to the audited financial statements of the Company which are appropriate and are more fully described in the Statement of Notes to Restated Summary Statements of the Company in Annexure IV.

2. The Restated Summary Statements of the Company for the six month period ended on September 30, 2014 and for the year ended on March 31, 2014, 2013, 2012, 2011 and 2010 have been extracted from the audited financial statements of the Company as at September 30, 2014 and for the year ended March 31, 2014, 2013, 2012, 2011 and 2010 which have been audited by Mr. R. Raghavendran, Chartered Accountant. We have placed reliance on the on the financial statements of the Company audited by him for the year ended on March 31, 2013, 2012, 2011 and 2010. The financial report included for these years is based solely on the reports submitted by him. We make no representation / opinion regarding those audited financial statements..
3. Based on the above and also as per the reliance placed by us on the Audited Financial Statements of the Company which were audited by Mr. R. Raghavendran, Chartered Accountant, as referred in Para 2 above, we state that:
  - a) The Restated Summary Statements of the Company have to be read in conjunction with the Statement of Notes to Restated Summary Statements of the Company in Annexure IV;
  - b) The Restated Summary Statements of the Company have been restated with retrospective effect to reflect the accounting policies being adopted by the Company as at September 2014 as stated in the Statement of Notes to Restated Summary Statements of the Company in Annexure IV;
  - c) The Restated profits have been arrived at after making such material adjustments and regroupings as, in our opinion, are appropriate in the period/year to which they relate as described in the Statement of Notes to Restated Summary Statements of the Company in Annexure IV;
  - d) (i) The Restated Summary Statements of the company for the years ended March 31, 2014, 2013 and 2012 have been restated after necessary adjustments on account of interpretation of the Accounting Standard 12 as stated in Note No.2.1.1 of the Statement of Notes to Restated Summary Statements of the company in Annexure IV.  
 (ii) There are no audit qualifications in the Auditor's Report and in the Annexure to the Auditors' Report as per Companies (Auditor's Report) Order, 2003 (as amended) for the financial years ended March 31, 2014, 2013 and 2012. There are no Audit Qualification for the half year ended Sept.30<sup>th</sup>, 2014 and for the financial years ended March 31, 2011 and 2010 which are not restated.
  - e) There are no extra-ordinary items which need to be disclosed separately in the Restated Summary Statements of the Company.
  - f) The Company has not declared any dividend during the half year ended September 30, 2014 and for the financial years ended March 31, 2014, 2013, 2012, 2011 and 2010. Further, the Company has not paid any Dividend since inception
  - g) There have been no contingent liabilities during the half year ended September 30, 2014 and for the financial years ended March 31, 2014, 2013, 2012, 2011 and 2010.
4. We have not audited any financial statement of the company as of any date or for any period subsequent to September 30, 2014. Accordingly, we express no opinion on the financial position, results of operations or cash flows of the company as of any date or for any period subsequent to September 30, 2014.

**B. Other financial information:**

5. We have examined the following 'Other financial information' as prepared by the management and approved by the Board of Directors and annexed to this report in respect of the Six month period ended Sept. 30, 2014 and for the years ended March 31, 2014, 2013, 2012, 2011 and 2010 of the Company, proposed to be included in the offer document. In respect of the financial years ended March 31st

2013,2012,2011 and 2010 this information has been included based on the Audited Financial Statements of the Company which were audited by Mr. R. Raghavendran, Chartered Accountant and whose Auditor's Reports have been relied upon by us for the said years.

- (i) Statement of Notes to Restated Summary Statements of the Company (Annexure IV);
  - (ii) Statement of Share Capital, As Restated (Annexure V);
  - (iii) Statement of Reserves and Surplus, As Restated (Annexure VI);
  - (iv) Statement of Long Term Borrowings, As Restated (Annexure VII);
  - (v) Statement of Other Long Term Liabilities, As Restated (Annexure VIII);
  - (vi) Statement of Deferred Tax Liabilities (Net), As Restated (Annexure IX);
  - (vii) Statement of Short Term Borrowings, As Restated (Annexure X);
  - (viii) Statement of Short Term Provisions, As Restated (Annexure XI);
  - (ix) Statement of Fixed Assets As Restated (Annexure XI-A)
  - (x) Statement of Long Term Loans and Advances, As Restated (Annexure XII);
  - (xi) Statement of Inventories, As Restated (Annexure XIII);
  - (xii) Statement of Trade Receivables, As Restated (Annexure XIV);
  - (xiii) Statement of Cash and Bank Balances, As Restated (Annexure XV);
  - (xiv) Statement of Short Term Loans and Advances, As Restated (Annexure XVI);
  - (xv) Statement of Other Current Assets, As Restated (Annexure XVII);
  - (xviii) Statement of Revenue from operations, As Restated (Annexure XVIII);
  - (xix) Statement of Other Income, As Restated (Annexure XIX);
  - (xx) Statement of Purchase Cost and Change of Inventory, As Restated (Annexure XX)
  - (xxi) Statement of Employee Benefit Expense, As Restated (Annexure XXI)
  - (xxii) Statement of Finance Cost, As Restated (Annexure XXII);
  - (xxiii) Statement of Other Expenses, As Restated (Annexure XXIII);
  - (xxiv) Capitalisation Statement, As Restated (Annexure XXIV);
  - (xxv) Statement of Tax Shelter, As Restated (Annexure XXV);
  - (xxvi) Statement of Accounting Ratios, As Restated (Annexure XXVI)
  - (xxvii) Statement of Related Parties Transactions, As Restated (Annexure XXVII)
6. In our opinion, the 'Financial information as per the Restated Summary Statements of the Company' and 'Other financial information' mentioned above (read with respective Significant Accounting Policies and Statement of Notes to Restated Summary Statements in Annexure IV) and also as per reliance placed by us on the Audited Financial Statements of the Company which were audited by Mr. R. Raghavendran, Chartered Accountant, as referred to in Paragraph 2 above and prepared after making the adjustments and regrouping as considered appropriate have been prepared in accordance with Rule 4(1) &(2) of Companies (Prospectus and allotment securities) Rules, 2014 under Sec. 26 of the Companies Act,2013 and the relevant provisions of the SEBI Regulations. As result of these regroupings and adjustments, the amount reported in the financial information may not necessarily be same as those appearing in the respective audited financial statements for the relevant years.
7. This report should not be in any way construed as a re-issuance or re-dating of any of the previous audit reports issued by Mr. R. Raghavendran or by us nor should it be construed as a new opinion on any of the financial statements referred to therein.
8. We have no responsibility to update our report for events and circumstances occurring after the date of this report.
9. This report is intended solely for your information and for inclusion in the Offer Document in connection with the proposed IPO of the equity shares of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

Place: Salem

Date: December 19, 2014

Sd/-

Mr. A.M.Murugan

Membership no.200/26431

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

(₹ in lacs)

Particulars	Annexure	As at September 30, 2014	As at March 31, 2014	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
<b>Equity and liabilities</b>							
<b>Share Holder's fund</b>							
Equity share capital	V	419.68	419.68	117.19	117.19	80.00	80.00
Reserves and surplus	VI	802.26	716.55	(3.92)	10.83	(16.83)	(33.55)
<b>Sub-total</b>		1,221.94	1,136.22	113.26	128.01	63.17	46.45
Share Application Money		-	-	663.87	-	37.19	37.19
<b>Non-current liabilities</b>							
Long term borrowings	VII	733.85	800.47	735.22	801.33	213.38	178.52
Other long term liabilities	VIII	248.60	261.69	82.00	35.40	-	-
Deferred tax liabilities (net)	IX	36.51	25.41	13.23	8.04	7.77	6.63
<b>Sub total Non-Current Liabilities</b>		1,018.96	1,087.56	830.45	844.78	221.15	185.15
<b>Current liabilities</b>							
Short-term borrowings	X	1,937.95	1,513.49	774.93	386.82	400.31	398.35
Short- term provisions	XI	38.92	23.21	4.15	7.07	4.42	2.30
<b>Sub total Current liabilities</b>		1,976.86	1,536.70	779.08	393.89	404.72	400.64
<b>Total Liabilities</b>		4,217.75	3,760.49	2,386.66	1,366.68	726.23	669.42
<b>Assets</b>							
<b>Non-current Assets</b>							
Fixed assets:	XI-A						
(i) Tangible assets		1,666.29	1,737.68	553.96	130.63	193.71	216.39
(ii) Intangible assets		8.20	2.72	-	-	-	-
(iii) Capital work-in-progress		-	-	900.77	695.06	75.49	-
Long- term loans and advances	XII	53.76	53.76	53.63	52.54	3.69	3.69
<b>Sub Total non-current assets</b>		1,728.25	1,794.16	1,508.37	878.22	272.89	220.08
<b>Current Assets</b>							
Inventories	XIII	1,234.60	1,054.10	123.50	270.89	279.87	172.27
Trade receivables	XIV	375.65	197.98	28.50	27.90	11.85	8.10
Cash and bank balances	XV	0.34	150.13	0.11	0.29	0.17	0.12
Short- term loans and advances	XVI	863.79	550.43	720.51	184.37	154.87	264.00
Other current assets	XVII	15.13	13.68	5.68	5.01	6.58	4.84
<b>Sub Total current assets</b>		2489.51	1966.33	878.30	488.46	453.34	449.34
<b>Total Assets</b>		4,217.75	3,760.49	2,386.66	1,366.68	726.23	669.42

Note:

The above statement should be read with the Statement of Notes to Restated Summary Statements of the Company in Annexure IV.

This is the Summary Statement of Assets and Liabilities, As Restated, referred to in our report of even date.

## ANNEXURE II - SUMMARY STATEMENT OF PROFIT AND LOSSES, AS RESTATED

(₹ in lacs)

Particulars	Annexure	For the period ended	For the year ended				
		September 30, 2014	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
<b>I. Revenue</b>							
Revenue from Operations	<b>XVIII</b>	3,559.70	2,123.33	532.29	464.54	460.49	515.52
Other Income	<b>XIX</b>	-	0.14	0.11	0.25	-	-
<b>Total Revenue</b>		3,559.70	2,123.47	532.40	464.79	460.49	515.52
<b>II. Expenses</b>							
Purchase cost and changes in inventory	<b>XX</b>	3,059.48	1,669.55	301.77	279.36	254.95	312.13
Employee benefits expenses	<b>XXI</b>	17.28	14.31	13.01	6.50	5.80	4.62
Finance Costs	<b>XXII</b>	144.81	113.35	79.74	60.28	64.83	64.74
Depreciation Expense – Tangible Assets		71.97	99.63	64.30	14.33	22.68	25.77
Amortisation expenses – Intangible Assets		-	-	-	-	-	-
Other Expenses	<b>XXIII</b>	149.70	86.94	83.11	71.15	91.26	92.77
<b>Total Expenses</b>		3,443.23	1,983.78	541.93	431.62	439.53	500.02
Profit before tax		116.47	139.70	(9.53)	33.17	20.96	15.49
<b>Tax</b>							
Current Tax		19.66	12.03	-	5.24	3.09	1.36
Prior Period Tax		-	-	0.04	-	-	-
Deferred Tax		11.10	12.18	5.18	0.27	1.15	1.62
<b>Total Tax Expenses</b>		30.76	24.21	5.22	5.51	4.24	2.98
<b>Net Profit</b>		85.71	115.48	(14.75)	27.66	16.72	12.51

Note:

The above statement should be read with the Statement of Notes to Restated Summary Statements of the Company in Annexure IV.

This is the Summary Statement of Profits and Losses, As Restated, referred to in our report of even date.

## ANNEXURE III - SUMMARY STATEMENT OF CASH FLOW STATEMENT, AS RESTATED

(₹ in lacs)						
Particulars	Six months period ended September 30, 2014	Year ended March 31, 2014	Year ended March 31, 2013	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>						
Net Profit before tax and extraordinary items	116.47	139.70	(9.53)	33.17	20.96	15.49
<b>Add Adjustments for:</b>						
Depreciation	71.97	99.63	64.30	14.33	22.68	25.77
Income tax – Deferred Tax	11.10	12.18	5.18	0.27	1.15	1.62
Finance Cost	144.81	113.35	79.74	60.28	64.83	64.74
Sub-Total	227.88	225.16	149.23	74.88	88.66	92.13
<b>Operating profit before working capital changes</b>	<b>344.34</b>	<b>364.86</b>	<b>139.70</b>	<b>108.05</b>	<b>109.62</b>	<b>107.62</b>
<b>Add Adjustments for:</b>						
Increase in trade payables	-	-	-	-	-	-
Increase in current liabilities	-	-	-	-	-	-
Increase in short-term provisions	15.70	19.06	(2.92)	2.66	2.12	0.44
Sub-Total	15.70	19.06	(2.92)	2.66	2.12	0.44
Sub-Total	360.05	383.92	136.78	110.70	111.74	108.06
<b>Less Adjustments for:</b>						
Decrease in Other current liabilities	-	-	-	-	-	-
Increase in receivables	177.67	169.48	0.60	16.05	3.75	(254.61)
Increase in inventories	180.50	930.60	(147.39)	(8.98)	107.60	50.42
Increase in other current assets	1.44	8.01	0.67	(1.57)	1.74	3.29
Increase in loans and advances	313.36	(170.08)	536.15	29.50	(109.14)	205.75
Sub-Total	672.98	938.00	390.02	35.01	3.95	4.85
<b>Cash generated from operations</b>	<b>(312.93)</b>	<b>(554.08)</b>	<b>(253.24)</b>	<b>75.70</b>	<b>107.80</b>	<b>103.21</b>
Less:						
Finance cost	144.81	113.35	79.74	60.28	64.83	64.74
Dividend payment	-	-	-	-	-	-
Income tax	30.76	24.21	5.22	5.51	4.24	2.98
Sub-Total	175.57	137.56	84.97	65.79	69.07	67.72
<b>Net Cash Flow from Operating activities (A)</b>	<b>(488.50)</b>	<b>(691.65)</b>	<b>(338.21)</b>	<b>9.91</b>	<b>38.73</b>	<b>35.50</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>						
<b>(Purchase of fixed assets-net, Capital WIP, Capital Advances &amp; Investments)</b>						
Increase in Fixed Assets	6.05	385.29	693.35	570.81	75.49	-
Increase in Capital (Share Application Adv)	-	(243.61)	(663.87)	-	-	-
Sub-Total	(6.05)	(141.68)	(29.48)	(570.81)	(75.49)	-
<b>Net Cash from Investing activities (B)</b>	<b>(6.05)</b>	<b>(141.68)</b>	<b>(29.48)</b>	<b>(570.81)</b>	<b>(75.49)</b>	<b>-</b>

Particulars	Six months period ended September 30, 2014	Year ended March 31, 2014	Year ended March 31, 2013	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>						
Increase in Borrowing						
Increase in Long Term Borrowings	(66.62)	65.24	(66.11)	587.96	34.86	(37.23)
Increase in Short Term Borrowings	424.46	738.56	388.12	(13.49)	1.96	(0.11)
Increase in Other Long Term Liabilities	(13.09)	179.69	46.60	35.40	-	-
Sub-Total	344.75	983.49	368.60	609.87	36.81	(37.35)
Increase in Long Term Advances	-	0.13	1.09	48.84	-	-
<b>Net cash flow generated from financing activities (C)</b>	<b>344.75</b>	<b>983.36</b>	<b>367.51</b>	<b>561.02</b>	<b>36.81</b>	<b>(37.35)</b>
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>(149.80)</b>	<b>150.03</b>	<b>(0.18)</b>	<b>0.12</b>	<b>0.05</b>	<b>(1.85)</b>
<b>Cash and Cash equivalents at the beginning of the period</b>	<b>150.13</b>	<b>0.11</b>	<b>0.29</b>	<b>0.17</b>	<b>0.12</b>	<b>1.97</b>
<b>Cash and Cash equivalents at the end of the period</b>	<b>0.34</b>	<b>150.13</b>	<b>0.11</b>	<b>0.29</b>	<b>0.17</b>	<b>0.12</b>

## ANNEXURE IV - STATEMENT OF NOTES TO RESTATED SUMMARY STATEMENTS OF THE COMPANY

### 1 SIGNIFICANT ACCOUNTING POLICIES

#### 1.1 Basis of preparation of financial statements

The 'Summary Statement of Assets and Liabilities, As Restated', of the Company as at Sept. 30, 2014, March 31, 2014, 2013, and 2012, the 'Summary Statement of Profits and Losses, As Restated', (collectively referred to as 'Restated Summary Statements') and the Summary statements of Assets and Liabilities as on 31<sup>st</sup> March 2011 & 2010 and the Summary Statement of Profit and Loss for the year ended on 31<sup>st</sup> March 2011 and 2010 have been prepared specifically for the purpose of inclusion in the offer document in connection with the proposed Initial Public Offering (hereinafter referred to as 'IPO').

The financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting (except where not reasonably determinable) and on accounting principles of Going Concern in accordance with the generally accepted accounting principles (GAAP) in India and comply with the Accounting Standards ("AS") prescribed in the Companies (Accounting Standards) Rules, 2006 and with the relevant provisions of the Companies Act, 2013, to the extent applicable.

The Restated Summary Statements of the Company have been prepared to comply in all material respects with the requirements of Rule 4(1) & (2) of Companies (Prospectus and allotment securities) Rules, 2014 under Sec. 26 of the Companies Act, 2013 and Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 issued by SEBI and as amended from time to time.

The Company has prepared these Restated Summary Statements along with related notes in accordance with the requirements of the Guidance Note on Revised Schedule VI and has reclassified previous year figures accordingly.

#### 1.2 Revenue recognition

- A Revenue from Rental income is recognized on the accrual basis only for the stocks which have been delivered for individual parties and for the stocks stored on seasonal contract basis which have not completed the contracted season rental income is recognized only on completion of the season.
- B Revenue from Sale of Agricultural commodities is recognized only on effecting delivery
- C Interest income is recognised on a time proportion basis.

#### 1.3 Use of estimates

Estimates and assumptions used in the preparation of the financial statements are based on management's evaluation of the relevant facts and circumstances as of date of the Financial Statements, which may differ from the actual results at a subsequent date. Any revision to accounting estimates is recognized prospectively in current and future period.

#### 1.4 Fixed assets

- a Fixed assets are stated at cost of acquisition less accumulated depreciation. Cost includes the purchase price and all other attributable costs incurred for bringing the asset to its working condition for intended use.
- b The company did not acquire any intangible asset. However, the ROC fees paid for the increase in Share capital is capitalized as Intangible asset.

#### 1.5 Depreciation

- a Depreciation on tangible and intangible fixed assets has been provided on Written down value method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956, pro rata to the period of use up to 31<sup>st</sup> March 2014. For the half year ended Sept. 30, 2014, Depreciation has been calculated as per the



remaining period of useful life of the Assets prescribed under Sch. II to the Companies Act 2013.

#### **1.6 Government Grants**

Government grants in the nature of promoters' contribution are credited to Capital Reserve and treated as a part of shareholders' funds. Utilisation thereof is as per covenants of grants received.

As per AS 12, Government Grants relating to specific fixed assets should be presented in the balance sheet by showing the grant as a deduction from the gross value of the fixed asset concerned in arriving at their book value. Government Grant for the specific fixed assets have been identified and the financial statements are restated for the FY 2011-12, 2012-13 & 2013-14

**1.7 Investments :** The company does not have any investments in the books.

#### **1.8 Retirement benefits**

##### **A Short term employee benefits:**

All employee benefits payable within twelve months of rendering the service are classified as short term benefits. Such benefits include salaries, wages, bonus, etc. and the same are recognised in the period in which the employee renders the related service.

##### **B Employment benefits:**

- i) Defined contribution plans:** The Company does not have any defined contribution plans for its employees during the audit period.
- ii) Defined benefit plans:** The Company does not have any defined benefit plans for its employees during the audit period.

#### **1.9 Income Tax**

##### **a Current taxation:**

Provision is made for income Tax annually, based on the tax liability computed after considering tax allowances and exemptions.

##### **b Deferred tax**

Deferred tax is recognised, subject to consideration of prudence in respect of deferred tax assets, on timing difference, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Deferred tax assets and liabilities are measured at the tax rates that have been enacted or substantially enacted at the balance sheet date.

#### **1.10 Earnings per share**

Earnings per share are calculated by dividing the restated net profit or loss for the period / year attributable to equity shareholders by the number of Equity Shares outstanding during the period / year. The numbers of Equity Shares outstanding during the period / year are adjusted for events of subdivision of Equity Shares and issue of bonus shares.

**1.11 Foreign currency transaction :** The Company does not have any foreign currency transaction during the audit period.

#### **1.12 Provisions, contingent liabilities and contingent assets:**

Provisions are recognised for liabilities that can be measured only by using a substantial degree of estimation, if

- the Company has a present obligation as a result of a past event,
- a probable outflow of resources is expected to settle the obligation; and
- the amount of the obligation can be reliably estimated.

Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

**Contingent Liability :** The Company does not have any contingent liability. However as a policy, Contingent liability is disclosed in case of

- a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligations;
- a present obligation arising from past events, when no reliable estimate is possible; and
- a possible obligation arising from past events where the probability of outflow of resources is not remote.

**Contingent Assets** are neither recognised, nor disclosed.

Provisions, contingent liabilities and contingent assets are reviewed at each Balance sheet date.

### 1.13 Inventories

Inventory in the nature of agricultural commodities are valued at cost.

### 1.14 Share issue expenses

The share issue expenses will be adjusted against the balance in Securities Premium Account as permitted under Section 52 of the Companies Act, 2013.

### 1.15 Segment Reporting :. As the Company is operating only in One Segment, no separate statement on segment reporting presented.

## 2. TABLE HIGHLIGHTING MATERIAL ADJUSTMENTS:

### 2.1 The summary of results of material restatements made in audited financial statements of the Company for the respective years and their impact on the profits of the Company is as under:

#### TABLE HIGHLIGHTING MATERIAL ADJUSTMENTS

Sr. No.	Particulars	For the period ended	For the year ended		
		30-09-2014	31-03-14	31-03-13	31-03-12
			(Restated)	(Restated)	(Restated)
		₹	₹	₹	₹
	Profit after Tax as per Audited Financial Statements	63,90,650	86,52,617	(43,21,409)	23,69,863
	Reduction in Depreciation due to adjustment of Subsidy Receipt as per AS 12 in Fixed Assets	32,02,987	43,30,947	27,70,903	5,65,893
	<b>Tax Related Adjustments:</b>				
	Change in Deferred Tax	(10,22,564)	(14,35,267)	75,279	(1,69,768)
	<b>Restated Profit After Tax</b>	<b>85,71,073</b>	<b>1,15,48,297</b>	<b>(14,75,227)</b>	<b>27,65,988</b>

**Notes on Material Adjustments****Changes in Accounting Estimates****2.1.1 Change in depreciation on Fixed Assets due to Grant received as per AS 12**

The Company originally presented the Financial Statements as per Revised Schedule VI and Audited by Mr. R. Raghavendran, Chartered Accountant, which are in compliance with the applicable accounting standards. AS 12 provides for treatment of Government Grants under two methods. Accordingly, the Company originally provided for the presentation of Government grants as part of the Capital Reserve of the Company. However, for tax computation under the Income tax Act, Depreciation under the Income tax has been calculated in all the years after deducting the Government Grants from the Fixed assets only. The Management decided to change the accounting policy in the board meeting of the Company held on 27/08/2014, as the Government Grants can be identified with the fixed assets created out of the same and hence it was decided to adopt AS 12 method to show the grant as a deduction from the gross value of the fixed asset concerned in arriving at their book value, instead of showing the Grant as Reserve.

Accordingly, the Management decided to restate the financial statements of the years ended on 31/03/2012, 2013 & 2014, showing the Government Grants as deduction from the Fixed assets only and reworked the Depreciation under the Companies Act for the above period and restated the Statement of Profit and Loss and the Balance sheet.

Hence the Depreciation for the three years are changed as follows:

<b>Statement on Material Adjustment:</b>			
<b>Re-statement of Depreciation :</b>			
<b>Year ended 31st March</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
	<b>₹</b>	<b>₹</b>	<b>₹</b>
As approved by the Share holders	19,98,660	92,00,869	1,42,93,699
Re-stated as per AS 12	14,32,767	64,29,966	99,62,752

**2.1.2 Deferred Tax.**

Because of Change in the Depreciation calculation the Deferred Tax provision also gets changed as follows:

<b>Re Statement of Deferred Tax</b>			
<b>Year ended 31st March</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
	<b>₹</b>	<b>₹</b>	<b>₹</b>
As approved by the Share holders	(1,43,016)	5,93,740	(2,17,003)
Re-stated due to change in Dep. as per AS 12	26,752	5,18,461	12,18,264

**2.1.12 Tax Related Adjustments Income tax for earlier years**

There is no adjustments carried out relating to Income tax for earlier years, as so far, the IT returns, as filed were accepted and intimation U/s. 143(1) received.

**2.1.13 Provision for Tax**

Provision for Tax has been recomputed to give tax effect on adjustments made as detailed above and has been adjusted in Restated Summary Statements.

**2. Material Reclassification / Adjustments / Regrouping**

The Restatement of Accounts by identifying the Fixed Assets as per AS 12, and adjusting the Government grants received against the value of the Assets, resulted in the Reserves and Surplus account getting restated and the Subsidy shown as part of the Reserves and surplus have been adjusted against the Tangible Fixed Assets of the Company and the Material adjustments due to the same are detailed in Note No. 2 above.

4. The Company has no suppliers covered under The Micro, Small and Medium Enterprises Development Act 2006 (MSMED Act).

5. **Disclosure pursuant to Accounting Standard (AS 15) - Revised 2005 "Employee Benefits":** During the Audit Period the Company did not have employees eligible for coverage under various schemes as per AS 15.

#### 6. Events Subsequent to Sept. 30, 2014:

##### 6.1 Issue of Bonus Shares and capitalisation of Reserves

41,96,781 Equity Shares of INR 10/- each have been issued on 11/12/2014 as fully paid up bonus shares in the proportion of 1 Equity Shares for every 1 Equity Share held, by utilisation of balance in Share Premium Account. Consequently the issued, subscribed and paid up equity share capital of the Company stands increased to ₹ 8,39,35,620/= divided into 83,93,562 Equity Shares of INR 10/- each.

#### ANNEXURE V - STATEMENT OF SHARE CAPITAL

(₹ in lacs)						
Particulars	As at September 30, 2014	As at March 31, 2014	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
<b>Authorised:</b>						
Equity Shares of ₹10/= each	500.00	500.00	200.00	200.00	80.00	80.00
<b>Issued, Subscribed and Fully Paid Up:</b>	-	-	-	-	-	-
Equity Shares of ₹10/= each	419.68	419.68	117.19	117.19	80.00	80.00
<b>Total</b>	<b>419.68</b>	<b>419.68</b>	<b>117.19</b>	<b>117.19</b>	<b>80.00</b>	<b>80.00</b>

#### a) Reconciliation of the number of shares

(No. of shares)						
Particulars	As at September 30, 2014	As at March 31, 2014	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
<b>Equity shares at the beginning of the year</b>	4,196,781	1,171,850	1,171,850	800,000	800,000	800,000
Add: Issued during the year	-	3,024,931	-	371,850	-	-
Less: Buy back during the year	-	-	-	-	-	-
<b>Equity shares at the end of the year</b>	<b>4,196,781</b>	<b>4,196,781</b>	<b>1,171,850</b>	<b>1,171,850</b>	<b>800,000</b>	<b>800,000</b>

#### b) Rights, preferences and restrictions attached to shares:

The company has one class of Equity Shares having a par value of INR 10/- (Previous years INR 10/-) per share. Each equity holder is entitled to one vote per share and has a right to receive dividend as recommended by Board of Directors subject to necessary approval from the shareholders. In the event of liquidation of the Company, the holders of Equity Shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity Shares held by the shareholders.

#### c) Number of Equity shares held by each shareholder holding more than 5% shares in the company are:

(No. of shares)

Sr. No	Particulars	As at September 30, 2014	As at March 31, 2014	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
1	Mr. A.K. Subramaniam	1,985,833.00	1,985,833.00	540,000.00	540,000.00	180,000.00	180,000.00
	% of holding	47.32%	47.32%	46.08%	46.08%	22.50%	22.50%
2	Mr. A.K.S. Saravanan	800,185.00	800,185.00	376,850.00	376,850.00	120,000.00	120,000.00
	% of holding	19.07%	19.07%	32.16%	32.16%	15.00%	15.00%
3	Mrs. S. Kalai Selvi	475,833.00	475,833.00	100,000.00	100,000.00	40,000.00	40,000.00
	% of holding	11.34%	11.34%	8.53%	8.53%	5.00%	5.00%

## ANNEXURE VI - STATEMENT OF RESERVES AND SURPLUS

(₹ in lacs)

Particulars	As at September 30, 2014	As at March 31, 2014	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
<b>Share Premium Account:</b>						
As per Last Balance Sheet	604.99	-	-	-	-	-
Premium received on allotment on 31/03/2014	-	604.99	-	-	-	-
Less: Capitalised on Issue of Bonus	-	-	-	-	-	-
Closing Balance	604.99	604.99	-	-	-	-
<b>Surplus in Statement of Profit and Loss</b>						
As per Last Balance Sheet	111.56	(3.92)	10.83	(16.83)	(33.55)	(46.06)
Add: Profit of the year	85.71	115.48	(14.75)	27.66	16.72	12.51
Closing Balance	197.27	111.56	(3.92)	10.83	(16.83)	(33.55)
<b>Total</b>	<b>802.26</b>	<b>716.55</b>	<b>(3.92)</b>	<b>10.83</b>	<b>(16.83)</b>	<b>(33.55)</b>

## ANNEXURE VII - STATEMENT OF LONG TERM BORROWING

(₹ in lacs)

Particulars	As at September 30, 2014	As at March 31, 2014	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
<b>Secured:</b>						
Term loan from Indian Bank* (Secured by all fixed assets of the company and personally guaranteed by Promoter Directors)	733.05	793.34	725.63	592.22	157.67	177.73
<b>Unsecured:</b>						
From others	-	-	-	98.36	-	-

Particulars	As at September 30, 2014	As at March 31, 2014	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
Directors' current account	0.80	7.13	9.59	110.75	55.71	0.79
<b>Total</b>	<b>733.85</b>	<b>800.47</b>	<b>735.22</b>	<b>801.33</b>	<b>213.38</b>	<b>178.52</b>

\*Note: The repayment terms including interest rates on Term loans are as per the agreements with the Indian Bank

#### ANNEXURE VIII – STATEMENT OF OTHER LONG TERM LIABILITIES

(₹ in lacs)

Particulars	As at September 30, 2014	As at March 31, 2014	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
Construction Creditors	248.60	261.69	82.00	35.40	-	-
<b>Total</b>	<b>248.60</b>	<b>261.69</b>	<b>82.00</b>	<b>35.40</b>	<b>-</b>	<b>-</b>

#### ANNEXURE IX – STATEMENT OF DEFERRED TAX LIABILITIES

(₹ in lacs)

Particulars	As at September 30, 2014	As at March 31, 2014	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
Deferred Tax Liabilities	-	-	-	-	-	-
Opening Balance:	25.41	13.23	8.04	7.77	6.63	5.00
Due to Depreciation	11.10	12.18	5.18	0.27	1.15	1.62
Other timing Difference	-	-	-	-	-	-
<b>Total</b>	<b>36.51</b>	<b>25.41</b>	<b>13.23</b>	<b>8.04</b>	<b>7.77</b>	<b>6.63</b>

#### ANNEXURE X – STATEMENT OF SHORT TERM BORROWINGS

(₹ in lacs)

Particulars	As at September 30, 2014	As at March 31, 2014	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
<b>Secured</b>						
<b>(a) Loans repayable on demand</b>						
i. Over Draft facilities – Indian Bank SOD	439.41	614.86	404.80	386.82	400.31	398.35
ii. Over Draft facilities – Syndicate Bank SOD	402.09	298.63	-	-	-	-
iii. Working Capital TL - Syndicate Bank	643.41	600.00	-	-	-	-
iv. Indian Bank PML	-	-	370.13	-	-	-
v. Indian Bank Agri Mktg. TL	453.03					
(Secured by Hypothecation of Land, Buildings, Machineries, Inventories and						

Particulars	As at September 30, 2014	As at March 31, 2014	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
Debtors )						
<b>Total</b>	<b>1,937.95</b>	<b>1,513.49</b>	<b>774.93</b>	<b>386.82</b>	<b>400.31</b>	<b>398.35</b>

Note: The repayment terms including interest rates on Term loans are as per the agreements with the Indian Bank & Syndicate Bank

Note: The above loans are secured by hypothecation of land, buildings, machineries, inventories and debtors

#### ANNEXURE XI - STATEMENT OF SHORT TERM PROVISIONS

(₹ in lacs)

Particulars	As at September 30, 2014	As at March 31, 2014	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
<b>(a) Provision for employee benefits</b>						
Salary and Wages	2.88	1.19	1.08	0.54	0.42	0.39
Contribution to PF and ESI	-	-	-	-	-	-
<b>(b) Others</b>						
Electricity Charges payable	3.31	3.55	2.12	0.66	-	-
Property Tax payable	-	0.21	0.21	0.24	0.67	0.31
Provision for Income Tax	31.69	12.03	-	5.24	0.24	0.24
Provision for Interest on WCTL Syn Bank	-	2.66	-	-	3.09	1.36
Land lease rent payable	-	-	0.10	-	-	-
ROC Fees payable	-	2.59	-	0.01	-	-
Professional fees payable	0.12	0.13	0.08	0.11	-	-
TDS Payable	0.50	-	-	-	-	-
Audit Fees payable	0.42	0.84	0.56	0.28	-	-
<b>Total</b>	<b>38.92</b>	<b>23.21</b>	<b>4.15</b>	<b>7.07</b>	<b>4.42</b>	<b>2.30</b>

#### ANNEXURE XI-A - STATEMENT OF FIXED ASSETS

(₹ in lacs)

Particulars	As at September 30, 2014	As at March 31, 2014	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
<b>Original Cost Of Tangible Assets Net of Subsidy</b>						
<b>Leasehold properties</b>						
Land	186.00	186.00	30.00	-	-	-
<b>Freehold properties</b>						
Land	17.58	17.58	17.58	17.58	17.58	17.58
Building	478.79	478.79	478.79	162.15	195.29	195.29
Technical Civil Cost	650.36	650.36	-	-	-	-
Drying Yard(Civil & Fabrication)	49.41	49.41	27.24	4.41	5.32	5.32
Weigh Bridge	33.66	33.66	7.75	-	-	-
Generator	3.32	3.32	3.32	3.32	4.00	4.00
Insulations	42.68	42.68	42.68	23.46	28.25	28.25
Plant & Machinery	316.89	316.89	131.32	40.12	48.32	48.32

Particulars	As at September 30, 2014	As at March 31, 2014	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
Electricals - Transformers & Others	5.06	5.06	5.06	5.06	6.10	6.10
Reefer Truck	95.32	95.32	-	-	-	-
Others	38.88	38.88	-	-	-	-
Interest Capitalised	109.13	109.13	-	-	-	-
Office Equipment	0.44	-	-	-	-	-
<b>Total original cost net of subsidy</b>	2,027.52	2,027.08	743.74	256.10	304.85	304.85
<b>Opg. Depreciation</b>	289.40	189.77	125.47	111.15	88.46	62.69
<b>Depreciation of tangible assets for the year</b>						
<b>Leasehold properties</b>						
Land	-	-	-	-	-	-
<b>Freehold properties</b>						
Land	-	-	-	-	-	-
Building	7.23	36.19	40.21	9.50	14.24	15.82
Technical Civil Cost	0.97	10.80	-	-	-	-
Drying Yard(Civil & Fabrication)	0.05	4.48	2.51	0.26	0.38	0.43
Weigh Bridge	1.67	3.29	0.77	-	-	-
Generator	24.67	0.15	0.18	0.21	0.37	0.44
Insulations	0.08	3.56	4.21	1.49	2.63	3.10
Plant & Machinery	2.87	17.69	16.14	2.55	4.50	5.31
Electricals - Transformers & Others	0.51	0.23	0.27	0.32	0.57	0.67
REEFER TRUCK	3.67	13.26	-	-	-	-
Others	14.26	1.51	-	-	-	-
Interest Capitalised	15.71	8.47	-	-	-	-
Office Equipments	0.13	-	-	-	-	-
<b>Total Depreciation</b>	361.23	289.40	189.77	125.47	111.15	88.46
<b>W.D.V. of Tangible Assets for the year ended</b>						
<b>Leasehold properties</b>						
Land	186.00	186.00	30.00	-	-	-
<b>Freehold properties</b>						
Land	17.58	17.58	17.58	17.58	17.58	17.58
Building	336.76	325.73	361.92	85.49	128.13	142.36
Technical Civil Cost	42.37	639.56	-	-	-	-
Drying Yard(Civil & Fabrication)	0.78	40.31	22.62	2.30	3.46	3.84
Weigh Bridge	19.12	29.60	6.97	-	-	-
Generator	250.97	0.84	0.99	1.17	2.06	2.43
Insulations	1.19	19.68	23.24	8.23	14.52	17.15
Plant & Machinery	29.17	257.02	89.14	14.08	24.83	29.33
Electricals - Transformers & Others	21.72	1.27	1.51	1.78	3.14	3.70



Particulars	As at September 30, 2014	As at March 31, 2014	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
Reefer Truck	36.54	82.06	-	-	-	-
Others	75.14	37.38	-	-	-	-
Interest Capitalised	648.65	100.66	-	-	-	-
Office Equipments	0.31	-	-	-	-	-
<b>Total WDV</b>	<b>1,666.29</b>	<b>1,737.68</b>	<b>553.96</b>	<b>130.63</b>	<b>193.71</b>	<b>216.39</b>

## ANNEXURE XII - STATEMENT OF LONG TERM LOANS AND ADVANCES

(₹ in lacs)

Particulars	As at September 30, 2014	As at March 31, 2014	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
Subsidy Deposit from National Horticulture Board	48.75	48.75	48.75	48.75	-	-
Electricity Deposit	4.01	4.01	3.88	3.79	3.69	3.69
Land Lease Deposit	1.00	1.00	1.00	-	-	-
<b>Total</b>	<b>53.76</b>	<b>53.76</b>	<b>53.63</b>	<b>52.54</b>	<b>3.69</b>	<b>3.69</b>

Note: Land lease deposit given to Mrs. Sivamani, wife of Director

## ANNEXURE XIII - STATEMENT OF INVENTORIES

(₹ in lacs)

Particulars	As at September 30, 2014	As at March 31, 2014	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
<b>Traded Goods</b>						
Apple	44.55	263.00	123.50	77.06	64.67	64.67
Potato	488.80	791.10	-	193.83	215.20	107.60
Chillies	467.25	-	-	-	-	-
Orange	234.00	-	-	-	-	-
<b>Total</b>	<b>1,234.60</b>	<b>1,054.10</b>	<b>123.50</b>	<b>270.89</b>	<b>279.87</b>	<b>172.27</b>

## ANNEXURE XIV - STATEMENT OF TRADE RECEIVABLES

(₹ in lacs)

Particulars	As at September 30, 2014	As at March 31, 2014	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
<b>Unsecured, considered good</b>						
Debts outstanding for a period exceeding six months from the date they are due for payment	-	-	-	-	-	-
Others	375.65	197.98	28.50	27.90	11.85	8.10
Dues from Directors and Relatives of Directors	-	-	-	-	-	-
<b>Total</b>	<b>375.65</b>	<b>197.98</b>	<b>28.50</b>	<b>27.90</b>	<b>11.85</b>	<b>8.10</b>

Note: None of the trade receivables are related to directors/promoters in any way

## ANNEXURE XV - STATEMENT OF CASH AND BANK BALANCES

(₹ in lacs)

Particulars	As at September 30, 2014	As at March 31, 2014	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
<b>Cash and Cash equivalents</b>						
Cash on hand	0.24	0.13	0.11	0.20	0.08	0.03
<b>Balance with Bank</b>						
Syndicate Bank	0.10	150.00	-	-	-	-
State Bank of Travancore	-	-	-	0.09	0.09	0.09
Indian Bank	-	-	-	-	-	-
<b>Total</b>	<b>0.34</b>	<b>150.13</b>	<b>0.11</b>	<b>0.29</b>	<b>0.17</b>	<b>0.12</b>

## ANNEXURE XVI - STATEMENT OF SHORT TERM LOANS AND ADVANCES

(₹ in lacs)

Particulars	As at September 30, 2014	As at March 31, 2014	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
Advances against agriculture commodities	863.79	550.43	720.51	184.37	154.87	264.00
<b>Total</b>	<b>863.79</b>	<b>550.43</b>	<b>720.51</b>	<b>184.37</b>	<b>154.87</b>	<b>264.00</b>

Note: None of the loans and advances has been made to the directors/promoters in any way.

## ANNEXURE XVII - STATEMENT OF OTHER CURRENT ASSETS

(₹ in lacs)

Particulars	As at September 30, 2014	As at March 31, 2014	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
TDS AY 2012-13	-	-	-	4.88	-	-
TDS AY 2015-16	1.44	-	-	-	-	-
TDS AY 2014-15	8.01	8.01	-	-	-	-
TDS AY 2010-11	-	-	-	-	-	3.82
TDS AY 2011-12	-	-	-	-	3.09	-
IT Refund receivable FY 09-10	-	-	-	-	2.46	-
IT Refund receivable FY 08-09	-	-	-	-	-	1.00
<b>Total</b>	<b>9.45</b>	<b>8.01</b>	<b>-</b>	<b>4.88</b>	<b>5.56</b>	<b>4.82</b>

## ANNEXURE XVIII - STATEMENT OF REVENUE FROM OPERATIONS

(₹ in lacs)

Particulars	Six months period ended September 30, 2014	Year ended March 31, 2014	Year ended March 31, 2013	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010
<b>Sale of Products:</b>						
Traded Goods	3,304.30	1,865.38	360.18	374.82	370.85	428.63
Sale of Service including rent from own stock contra	255.40	257.95	144.60	89.72	89.63	86.89
<b>Income from other services</b>	<b>-</b>	<b>-</b>	<b>27.51</b>	<b>-</b>	<b>-</b>	<b>-</b>

Particulars	Six months period ended September 30, 2014	Year ended March 31, 2014	Year ended March 31, 2013	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010
<b>Total</b>	<b>3,559.70</b>	<b>2,123.33</b>	<b>532.29</b>	<b>464.54</b>	<b>460.49</b>	<b>515.52</b>
<b>Sale of Products:</b>						
<b>Details of traded goods sold</b>						
Apple	330.00	162.00	97.34	90.48	87.58	148.50
Orange	249.00	55.13	42.88	37.24	28.25	28.13
Potato	1,103.33	100.20	219.96	247.10	255.02	252.00
Chillies	890.50	-	-	-	-	-
Onion	731.47	1,548.05	-	-	-	-
<b>Total</b>	<b>3,304.30</b>	<b>1,865.38</b>	<b>360.18</b>	<b>374.82</b>	<b>370.85</b>	<b>428.63</b>

## ANNEXURE XIX - STATEMENT OF OTHER INCOME

(₹ in lacs)

Particulars	Six months period ended September 30, 2014	Year ended March 31, 2014	Year ended March 31, 2013	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010
Interest on Deposit with Electricity Board	-	0.14	0.11	0.11	-	-
Other Interest	-	-	-	0.15	-	-
<b>Total</b>	<b>-</b>	<b>0.14</b>	<b>0.11</b>	<b>0.25</b>	<b>-</b>	<b>-</b>

## ANNEXURE XX - STATEMENT OF PURCHASE COST AND CHANGES IN INVENTORY

(₹ in lacs)

Particulars	Six months period ended September 30, 2014	Year ended March 31, 2014	Year ended March 31, 2013	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010
<b>Purchases - Trading</b>						
Apple	44.55	263.00	122.00	76.13	63.80	63.80
Oranges	468.00	37.13	32.38	28.12	22.75	22.75
Potato	714.40	879.00	-	166.14	276.00	276.00
Chillies	1,335.00	-	-	-	-	-
Onion	678.03	1,421.03	-	-	-	-
<b>Total</b>	<b>3,239.98</b>	<b>2,600.15</b>	<b>154.38</b>	<b>270.39</b>	<b>362.55</b>	<b>362.55</b>
<b>Changes in inventory of traded goods</b>						
Traded Goods:						
At the end of the year	1,234.60	1,054.10	123.50	270.89	279.87	172.27
At the Beginning of the year	1,054.10	123.50	270.89	279.87	172.27	121.85
<b>Changes during the year</b>	<b>180.50</b>	<b>930.60</b>	<b>(147.39)</b>	<b>(8.98)</b>	<b>107.60</b>	<b>50.42</b>

## ANNEXURE XXI - STATEMENT OF EMPLOYEE BENEFIT EXPENSES

(₹ in lacs)

Particulars	Six months period ended September 30, 2014	Year ended March 31, 2014	Year ended March 31, 2013	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010
Salaries and Wages	17.28	14.31	13.01	6.50	5.80	4.62
<b>Total</b>	<b>17.28</b>	<b>14.31</b>	<b>13.01</b>	<b>6.50</b>	<b>5.80</b>	<b>4.62</b>

## ANNEXURE XXII - STATEMENT OF FINANCE COST

(₹ in lacs)

Particulars	Six months period ended September 30, 2014	Year ended March 31, 2014	Year ended March 31, 2013	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010
Interest on Borrowings - CC Indian Bank	35.13	58.22	54.96	47.85	44.80	46.03
Interest on Borrowings - CC Syndicate Bank	18.36	0.44	-	-	-	-
Interest on Borrowings - TL	1.18	4.98	4.43	12.16	19.97	18.53
Interest on Borrowings - WCTL Syndicate Bank	40.75	2.66	-	-	-	-
Interest on term loan- cold chain	46.30	80.77	63.79	12.60	-	-
(less) capitalised	-	(80.77)	(63.79)	(12.60)	-	-
Interest on PML	3.03	44.83	20.13	-	-	-
Bank Charges	0.06	2.21	0.22	0.28	0.07	0.17
<b>Total</b>	<b>144.81</b>	<b>113.35</b>	<b>79.74</b>	<b>60.28</b>	<b>64.83</b>	<b>64.74</b>

## ANNEXURE XXIII - STATEMENT OF OTHER EXPENSES

(₹ in lacs)

Particulars	Six months period ended September 30, 2014	Year ended March 31, 2014	Year ended March 31, 2013	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010
Crisil Rating Fees	-	0.40	0.18	-	0.17	0.13
Insurance	-	1.29	0.87	0.57	0.58	0.59
Lease rent	0.05	0.10	0.10	-	-	-
Electricity Charges - Aroor	18.70	22.93	20.76	6.33	-	-
Electricity Charges - Mettupalayam	7.81	6.81	15.52	-	-	-
Electricity Charges - Kanjikode	2.21	-	-	-	-	-
Loading & Unloading	-	-	1.50	28.63	47.67	47.67
Power and fuel	9.53	20.92	17.43	8.72	13.72	12.72
Professional Charges	0.51	0.12	0.33	0.10	0.06	-

Particulars	Six months period ended September 30, 2014	Year ended March 31, 2014	Year ended March 31, 2013	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010
Processing fee	3.36	11.60	1.78	4.20	4.00	0.92
(less): capitalised	-	-	-	(4.20)	-	-
Property Tax	1.13	0.45	0.45	0.24	0.24	0.24
Rent including lease rentals - Store Rent own Stock - contra	104.00	20.25	23.44	24.48	24.21	30.45
Rounded off	-	-	-	-	-	0.00
Merchant Bankers fees	5.62	-	-	-	-	-
Less: IPO Expenses Capitalized	(5.62)	-	-	-	-	-
ROC Fees paid	-	0.07	0.31	0.05	0.05	0.05
Staff welfare	-	0.24	-	-	-	-
Travelling Expenses	1.45	1.13	0.16	1.75	0.58	-
Land Maintenance to KINFRA for Palakkad and Calicut	0.80	0.34	-	-	-	-
Payment to Auditor (Refer details below )	0.14	0.28	0.28	0.28	-	-
<b>Total</b>	<b>149.70</b>	<b>86.94</b>	<b>83.11</b>	<b>71.15</b>	<b>91.26</b>	<b>92.77</b>
Payments to the Auditor as,						
a. for Statutory Audit matters	0.14	0.28	0.28	0.28	-	-
b. for Other Services	-	-	-	-	-	-
<b>Total</b>	<b>0.14</b>	<b>0.28</b>	<b>0.28</b>	<b>0.28</b>	<b>-</b>	<b>-</b>

## ANNEXURE XXIV - CAPITALISATION STATEMENT

(₹ in lacs)

Particulars	Pre IPO at September 30, 2014	As adjusted for bonus on 11/12/2014	Post IPO
<b>Borrowings:</b>			
Short Term from Banks	1,937.95	1,937.95	●
Long Term from Banks	733.05	733.05	●
<b>Total Debt:</b>	<b>2,670.99</b>	<b>2,670.99</b>	<b>●</b>
<b>Share holders' Funds:</b>			
Share Capital	419.68	839.36	●
<b>Reserves and Surplus</b>			
Share Premium	604.99	185.31	●
Profit and Loss Account	197.27	197.27	●

Particulars	Pre IPO at September 30, 2014	As adjusted for bonus on 11/12/2014	Post IPO
<b>Total Shareholders' Funds</b>	<b>1,221.94</b>	<b>1,221.94</b>	<b>[●]</b>

Notes:

1. The figures disclosed above are based on the Restated Summary Statements of the company.
2. The figures have been derived after considering the issue of bonus shares on 11/12/2014 in the ratio of 1 bonus shares for every one share held to shareholders holding Equity Shares of the Company on record date i.e. 9th December 2014
3. Share holders funds and total debt Post IPO can be determined only after completion of the Book building process for the proposed issue of Shares.

#### ANNEXURE XXV - STATEMENT OF TAX SHELTER

(₹ in lacs)

Particulars	Six months period ended September 30, 2014	Year ended March 31, 2014	Year ended March 31, 2013	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010
Profit before Tax (A)	116.47	139.70	(9.53)	33.17	20.96	15.49
Tax Rate (B)	0.31	0.31	-	0.31	0.31	0.31
Tax As per Actual Rate of Tax (C)	36.00	43.00	-	10.00	6.00	5.00
Adjustments:						
Tax Impact of Permanent Difference:						
Carry forward Loss Adjustment		(17.62)				
Benefit U/s. 80(I)(B)	(14.81)	(3.51)		(3.92)		
Total Tax impact of Permanent Difference (D)	(14.81)	(21.13)	-	(3.92)	-	-
Tax Impact of Timing Difference:						
Depreciation Difference	(1.52)	(11.15)	-	(0.28)	-	-
Adjustment U/s. 115JAA	-	-	-	(0.81)	-	-
Tax impact of Restated Adjustments						
Total Tax impact of Timing Difference (E)	(1.52)	(11.15)	-	(1.09)	-	-
Net Adjustments (F=(D+E))	(16.33)	(32.28)	-	(5.01)	-	-
Adjusted Tax Liability(C + F)	19.67	10.72	-	4.99	6.00	5.00
<b>Total Tax as per Return of Income</b>	<b>19.66</b>	<b>12.03</b>	<b>0.04</b>	<b>5.24</b>	<b>3.09</b>	<b>1.36</b>
Interest for nonpayment of Advance Tax etc.,		1.15				
Tax Provision as per Audited Balance Sheet		12.03				

Notes:

1. The aforesaid Statement of Tax Shelters has been prepared as per the Summary Statement of Profits and Losses, As Restated of the Company.
2. The above statement should be read with the Notes to the Summary Statement of Assets and Liabilities, As Restated, Summary Statement of Profits and Losses, As Restated
3. The permanent / timing differences for the years ended March 31, 2014, 2013, and 2012 have been computed based on acknowledged copies of Income Tax Returns of the respective years.
4. The permanent/ timing differences for the period ended Sept. 30, 2014 have been determined on the basis of provisional computation of the total income prepared by the company and are subject to change that may be considered at the time of filing of final return of income for the assessment year 2015-16

#### ANNEXURE XXVI - STATEMENT OF ACCOUNTING RATIOS

(₹ in lacs )						
Particulars	Six months period ended September 30, 2014	Year ended March 31, 2014	Year ended March 31, 2013	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010
<b>Net worth as restated (excluding share application money)</b>	1221.94	1136.22	113.26	128.01	63.17	46.45
Restated Profit After Tax	85.71	115.48	(14.75)	27.66	16.72	12.51
<b>Total No. of Shares outstanding at the end of the period/ year</b>	4,196,781	4,196,781	1,171,850	1,171,850	800,000	800,000
<b>Weighted Average No. of Shares</b>	4,196,781	1,180,137	1,171,850	803,057	800,000	800,000
<b>Earnings Per Share of ₹10 each</b>						
EPS on Actual Number of Shares	2.04	2.75	(1.26)	2.36	2.09	1.56
EPS on Weighted Average Number of Shares	2.04	9.79	(1.26)	3.44	2.09	1.56
<b>Return on Net worth</b>	7.10%	10.16%	(13.02)%	21.61%	26.47%	26.94%
<b>Net Asset Value per Share of ₹10</b>	29.12	27.07	9.67	10.92	7.90	5.81

Notes:

1. \* As per the requirements of Para 44 of Accounting Standard - AS 20 "Earning Per Share", number of Equity Shares as at the end of the respective accounting periods.
2. The Ratio have been computed as below :

$$\text{Earnings per Share (₹)} = \frac{\text{Net Profit after tax as restated}}{\text{Number of equity shares outstanding for the Year}}$$

$$\text{Net Asset Value per Equity Share (₹)} = \frac{\text{Net worth as restated as at year end}}{\text{Number of equity shares at year end}}$$

$$\text{Return on Net worth (\%)} = \frac{\text{Net Profit after tax as restated}}{\text{Net worth as restated at the end of the year}}$$

3. The figures disclosed above are based on the Restated Summary Statements of the Company.

## 4. Calculation of Weighted Average:

Calculation of Weighted Average No. of Shares:			
FY 2011-12		Period in Days	
Opening No. of Shares	800,000	362	793,425
Allotment on 29/03/12	371,850		
Closing No. of Shares	1,171,850	3	9,632
Weighted average no. of shares			803,057
FY 2013-14			
Opening No. of Shares	1,171,850	364	1,168,639
Allotment on 31/03/14	3,024,931	1	
Closing No. of Shares	4,196,781	1	11,498
Weighted average no. of shares			1,180,137

**ANNEXURE XXVII - STATEMENT OF RELATED PARTY TRANSACTIONS**

Names of the Related parties and Nature of Relationships as per the Accounting Standard 18 - "Related Party Disclosures"

Related parties, as defined under Clause 3 of Accounting Standard (AS 18) "Related Party Disclosures" prescribed by Companies (Accounting Standards) Amendment Rules, 2006, have been identified on the basis of representation made by the Management and taken on record by the Board of Directors.

**DETAILS OF RELATED PARTIES**

Particulars	Six months period ended September 30, 2014	As at March 31, 2014	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
<b>Associate</b>						
<b>Cold storage owned by directors in their Prop. Concern</b>	AKS COLD STORAGE owned by Shri. A.K.Subramaniam, Director of the Company S.S. COLD STORAGE owned by Shri. A.K.S. Saravanan, Managing Director of the Company					
<b>Key management personnel or their relatives</b>	Shri. A.K.S. Saravanan	Shri. A.K.S. Saravanan	Shri. A.K.S. Saravanan	Shri. A.K.S. Saravanan	Shri. A.K.S. Saravanan	Shri. A.K.S. Saravanan
	Managing Director	Director	Director	Director	Director	Director
<b>Other related parties</b>	Shri. A.K.Subramaniam (Director)	Shri. A.K.Subramaniam (Director)	Shri. A.K.Subramaniam (Director)	Shri. A.K.Subramaniam (Director)	Shri. A.K.Subramaniam (Director)	Shri. A.K.Subramaniam (Director)
	Mrs. S. Sivamani (Wife of Director)	Mrs. S. Sivamani (Wife of Director)	Mrs. S. Sivamani (Wife of Director)	Mrs. S. Sivamani (Wife of Director)	Mrs. S. Sivamani (Wife of Director)	Mrs. S. Sivamani (Wife of Director)
	Mrs. Kalaiselvi (Wife of M.D.)	Mrs. Kalaiselvi (Wife of M.D.)	Mrs. Kalaiselvi (Wife of M.D.)	Mrs. Kalaiselvi (Wife of M.D.)	Mrs. Kalaiselvi (Wife of M.D.)	Mrs. Kalaiselvi (Wife of M.D.)



## STATEMENT OF RELATED PARTY TRANSACTIONS

(₹ in lacs)

Sr. No	Particulars	Six months period ended September 30, 2014	As at March 31, 2014	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
<b>1</b>	<b>Remuneration of KMP</b>						
	Sri. A.K.S. Saravanan	-	-	-	-	-	-
<b>2</b>	<b>Share Application Advance Received from Prop. Concerns of Directors</b>	-	-	362.00	-	-	-
	Smt. Kalaiselvi	-	-	70.50	-	4.00	-
	Shri. A.K.Subramaniam	-	74.99	1.00	-	17.19	-
	Shri. A.K.S.Saravanan	-	125.00	-	-	-	-
<b>3</b>	<b>Directors' current account balance</b>	-	-	-	-	-	-
	Closing balance payable	0.80	7.13	9.59	110.75	55.71	0.79
<b>4</b>	<b>Lease Rent Paid</b>	0.05	0.10	0.10			

## NOTES ON SHARE APPLICATION ADVANCE:

- Share Application Advance received as on 31/03/2013 are the outstanding figures as on that date
- Share application advance from related parties were received during the year ended 31st March 2014, as stated above. Against the same, Shares were allotted on 31/03/2014 and as at the close of the year, there were no outstanding Share application money.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

### Overview

We commenced the cold storage operations in the year 2007 at Aroor, near Ernakulam, Kerala with a capacity of 5000 MT. Subsequently we have established additional three cold storage units at Mettupalayam [Tamil Nadu], Palakkad [Kerala] & in Malappuram near Calicut [Kerala] with each unit having capacity of 5000 MT. The unit at Mettupalayam commenced operations in May 2012. The unit at Palakkad commenced operation in January 2014 whereas the unit at Calicut has commenced operations in March 2014. Our Company has also entered into lease arrangement with the promoters for two cold storages that were functional under the banner of proprietary firms. All six cold storage units have capacity of 5000 MT each with aggregate capacity of 30,000 MT. The in-house cold storage facility and support services enable the management to efficiently handle the opportunities in commodities trading and reap benefits. We have the distinction of providing cold storage facilities exclusively dedicated to agricultural commodities in the region of Kerala. The facilities are specifically designed to suit the needs of the storage facilities required for agricultural commodities which are perishable in nature. Our storage facility supported with refrigerated logistics also assists the farmers to minimize post harvest losses of perishable produce.

We are a one of the prominent company offering 'Cold Storage' infrastructure facility and have also developed expertise in trading of agriculture commodities. We are an established trader in the state of Tamil Nadu and Kerala dealing in potato, chillies, onions, apples and oranges.

We position ourselves as 'multi commodity cold storage' infrastructure facility provider equipped to store wide range of agriculture produce that includes Horticulture, Spices, Pulses, Cereals and Dairy Products. Our Company has focus on storage compatibility requirements considering temperature, relative humidity, atmosphere protection from odour and sensitivity to other gases. The temperature levels largely range from 1<sup>0</sup> to 8<sup>0</sup> depending on the nature of products. Our present commodity portfolio includes potatoes, oranges, apples, chillies, dates, pulses, spices and dairy products. We also trade in some of these commodities and in recent times trading has been major source of our revenues

### Our Strengths

- Domain knowledge of our promoters;
- Present locational advantage to tap the opportunity;
- Supportive government policies;
- Fiscal incentives

### Business Strategy

Our strategic objective is to expand our presence and position ourselves as multi commodity cold storage service provider across regions.

1. Expansion of Cold Storage Units;
2. Integrated Cold Storage Solution;
3. Focus on bulk distribution of our traded products;
4. Focus on technology;

### Factors affecting our results of operations

The business of our Company is subject to various risks and uncertainties including those discussed in section titled '*Risk Factors*' beginning on page number 11. Our financial condition and results of operations are affected by various factors of which the following are of particular importance.

- Unexpected change in climatic behaviour affecting the agricultural produce
- Increase in power tariff
- Increasing competition in the Industry;
- Changes in government regulations, tax regimes, laws and regulations that apply to the industry;
- Changes in fiscal, economic or political conditions in India;

**Discussion on Results of Operations for last 3 financial years**

The following discussion on the financial operations and performance should be read in conjunction with the restated financial results of the company for the FY 2014, 2013, 2012 and 2011 respectively.

**Summary of Revenues, Expenses, and Profitability**

(₹ in lacs)

Particulars	31-Mar-14	31-Mar-13	31-Mar-12	31-Mar-11
<b>Revenue</b>				
Revenue from Operations	2123.33	532.29	464.54	460.49
Other Income	0.14	0.11	0.25	0.00
<b>Total Revenue</b>	<b>2123.47</b>	<b>532.40</b>	<b>464.79</b>	<b>460.49</b>
<b>Expenses:</b>				
Purchase Cost and Changes in Inventory	1669.55	303.27	279.36	254.95
Employee Benefit Expenses	14.31	13.01	6.50	5.80
Finance Costs	113.35	79.74	60.28	64.83
Depreciation Expense - Tangible Assets	99.63	64.30	14.33	22.68
Amortisation Expense - Intangible Assets	-	-	-	-
Other Expenses	86.94	81.61	71.15	91.26
<b>Total Expenses</b>	<b>1983.78</b>	<b>541.93</b>	<b>431.62</b>	<b>439.53</b>
<b>Profit Before Tax</b>	<b>139.70</b>	<b>-9.53</b>	<b>33.17</b>	<b>20.96</b>
<b>Tax</b>				
Current Tax	12.03	-	5.24	3.09
Prior Period Tax	-	0.04	-	-
Deferred Tax	12.18	5.18	0.27	1.15
Total Tax Expenses	24.21	5.22	5.51	4.24
<b>Net Profit</b>	<b>115.48</b>	<b>-14.75</b>	<b>27.66</b>	<b>16.72</b>

**Comparison of FY 2014 with FY 2013:****Revenue from Operations:**

Our revenue from operations mainly comprises of rental income from the Cold storage services and trading income from agricultural commodities. During the FY 2014, the revenue from operations was ₹ 2123.33 lacs as compared to ₹532.29 lacs for FY 2013; an increase of 298.90%. The increase is attributed to commissioning of the Cold Chain operations at Palakkad and Calicut during FY 2014 and at Mettupalayam in March 2013. Prior to commissioning of cold chain operations in Mettupalayam, our Company had only one operational cold storage in Ernakulam, Kerala. The addition in cold storage capacity enabled our company to leverage this capacity for increasing our trading activity resulting in substantial jump in revenue for FY 2014.

Due to the commissioning of operations at Palakkad and Calicut and full year of operations at Mettupalayam, the revenue from rental income increased from Rs 144.60 lacs to ₹257.95 lacs and trading income from ₹360.18 to ₹1865.38 lacs

**Other Income:**

During the FY 2014, the other income was ₹0.14 lacs as compared to ₹0.11 lacs for FY 2013, an increase of 33.33%. The other income is interest received from the deposit furnished to the Kerala State Electricity Board (KSEB) for power connection obtained in Aroor, Kerala.

#### **Expenditure:**

Our expenditure on inventory purchases increased by 450.52% to ₹1,669.55 Lacs in FY 2014 from ₹303.27 Lacs in FY 2013. The increase of inventory is in line with the increase in Sales. During the FY 2013 the Company did not purchase and store any Potato during the season. However, during the FY 2014, our Company expected shortfall in supply of Potato in near future across regions and hence our Company purchased and stored ₹879 lacs worth of Potato for sales in the off season. The increase was to leverage the addition of capacity and trading strategy of the company.

Our employee benefits expenses increased to ₹14.31 lacs in FY 2014 against ₹13.01 lacs in FY 2013, an increase of 10%. This was primarily due to normal increments given to the existing employees of the company.

Other expenses include the administrative and marketing expenses which increased to ₹86.94Lacs in FY 2014 from ₹81.61Lacs in FY 2013, an increase of 6.53%. The increase was primarily due to increase in the travelling expenses, processing fees paid to the Bank for renewal of working capital limits, Insurance for additional two storages during the year.

**Finance Costs:** Finance cost comprises of interest paid to banks for the facilities availed from the Bank. The finance cost has increased over the previous year due to additional borrowings availed from the banks as term loan and working capital loans. The interest paid on the term loan till the period of putting the asset in operation has been capitalized.

**Depreciation:** During the FY2014 the fixed assets of the company has increased by ₹1183.72 lacs due to the commissioning of the two cold storages at Palakkad and Calicut. This has led to an increase in the depreciation provided by the company which is based on the number of days for which the new facilities were put in to use during the year.

**Profit for the Year:** The increase in Turnover and the additional cold storage facilities put in to use during the year, has resulted in the increase in the profitability of the company during the year, as against the loss of the last year.

#### **Comparison of FY 2013 with FY 2012:**

##### **Revenue from Operations:**

During the FY 2013, the revenue from operations increased to ₹532.29 lacs as compared to ₹464.54 lacs for FY 2012, an increase of 14.59%. The increase is attributed to one month of operation of Mettupalayam Cold Storage unit of the company during FY 2013. Due to the commencement of operations in Mettupalayam Cold Storage in addition to the existing Cold Storage at Aroor, the revenue of rental income increased by 91.84% from ₹89.72 lacs to ₹172.11 lacs. The revenue from traded commodities was lower as compared to previous year as the stock of potato at the end of 31/03/2012 was lower than that of 31/03/2011 and hence the sale of potato was down to ₹219.96 lacs during FY 2013 from ₹247.10 lacs during FY 2012. There was marginal increase in the value of other traded commodities vis-à-vis previous year.

**Other Income:** The other income for the FY 13 consists only of the interest on deposit with KSEB, whereas the other income for FY 12 also included an amount of ₹15 lacs towards income tax refunds.

##### **Expenditure:**

During the FY 2013, the Company did not carry out purchase of potato as the market were appearing volatile and hence the Company restricted its operations to selling ~~only~~ the stock it held. However, the Company increased its trading purchase of Apple from ₹76.13 lacs for the FY 2012 to ₹123.50 lacs in FY 2013, on account of expected increase in demand of apple. The entire Apple purchased was kept in the store for sales during the next financial year.

Our employee benefits expenses increased to ₹13.01 lacs in FY 2013 against ₹6.50 lacs in FY 2012, showing an increase of 100%. The increase in employee benefits expenses was primarily due to the addition of one more Cold Storage and increase in the number of employees to the existing employees of the company.

**Other expenses:** This includes all administrative and marketing expenses which increased to ₹81.61 lacs in FY 2013 from ₹71.15 lacs in FY 2012, an increase of 14.70%. The increase was primarily due to increase in the power cost due to the addition of one more cold storage in Mettupalayam.

**Finance Costs:** Finance cost comprises of bank charges and interest on term loan and working capital. During the FY 2013, the Company availed additional working capital facilities from the bank and hence the total interest cost has gone up from ₹ 60.28 lacs to ₹79.74 lacs i.e. by 32.29%.

**Depreciation:** Depreciation for the year increased from ₹14.33 lacs for the FY 2012 to ₹64.30 lacs for the FY 2013, due to increase in Fixed Assets consequent to the commencement of Mettupalayam Cold Storage unit. .

**Profit for the Year:** The Company's commodity trading had resulted in a loss and hence the company ended the FY 2013 with a marginal loss of ₹9.53 lacs being the Depreciation loss, as against the Profit of ₹33.17 lacs for the FY 2012

#### **Comparison of FY 2012 with FY 2011:**

**Revenue from Operations:** During FY 2012 our Company had capacity utilisation similar to previous year as both the financial year had only one cold storage operational. Hence the increase in the turnover has been very marginal.

**Other Income:** The other income during FY 2012 constituted of interest on deposit kept with KSEB and refund of income tax. The company has been receiving interest on deposit kept with KSEB only from FY 2012 hence there was no other income during FY 2011

**Expenditure:** During FY 2012 the expenditure towards purchase was similar to the previous year resulting in marginal increase by 8.74% towards the purchase cost of material traded. The closing stock as on 31/03/2011 of ₹279.87 lacs, was sold during the FY 2012 and out of the FY 2012 purchases ₹270.89 lacs was held as the closing stock. Hence the net purchase cost was maintained without significant change.

**Employee cost** raised by 12.10% from ₹5.80 lacs in FY 2011 to ₹6.50 lacs in FY 2012. This is the normal increase in the salary paid to the existing employees.

**Other Expenses** The total other expenses, have declined by 22.04% during the FY 2012 as against the FY 2011, on account of reduction of loading and unloading expenses by 39.95% from ₹47.67 lacs in FY 2011 to ₹28.63 lacs in FY 2012 due to the decline in the quantity purchased.

**Finance Costs:** Finance cost, being the interest and bank charges paid to the bank for the Term loan and working capital facility has come down by 7.02% from ₹64.83 lacs in FY 2011 to ₹60.28 lacs in FY 2012, due to the repayment in Term Loan and also lower utilization of working capital of the company during the FY 2012.

**Depreciation:** Depreciation has come down from ₹22.68 lacs in FY 2011 to ₹14.33 lacs in FY 2012. The Company has restated the account for financial year 2012, as detailed in the 'Financial Information – Annexure IV' appearing on page no.118. As per AS 12 the government grant received against identifiable fixed assets has to be shown as reduction in fixed assets. Accordingly, the depreciation of FY 2012 has been changed due to adjustment of the government grants against the fixed assets resulting in provision of lower depreciation to the tune of ₹19.99 lacs. Hence, the depreciation of both the years are not comparable.

**Profit for the Year:** The Company during FY 2012 earned a Net Profit of ₹27.51 lacs (before restatement) and ₹33.17 lacs after restatement, as against ₹20.96 lacs in FY 2011. While the net income from the Rental operations have not changed significantly, the expenses incurred towards the income of agricultural commodities has reduced resulting in increase in net profit before tax by 31.26% during FY 2012 compared to the previous year.

**An analysis of reasons for the changes in significant items of income and expenditure is given hereunder:**

#### **1. Unusual or infrequent events or transactions**

There have been no events to the best of our knowledge, other than as described in this DRHP, which may be called "unusual" or "infrequent".

#### **2. Significant economic changes that materially affected or are likely to affect income from continuing**

## operations

Other than as mentioned under the heading entitled '*Factors Affecting Results of Our Operations*' in this chapter, to the knowledge of the management of our Company, there are no other significant economic changes that materially affect or are likely to affect income from continuing operations.

### 3. Future changes in relationship between costs and income

Other than as described elsewhere in this Draft Red Herring Prospectus, particularly in this chapter, to the knowledge of the management of our Company, there are no known factors that might affect the future relationship between costs and revenues.

### 4. 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 revenues is mainly due to addition of new cold storage units at Palakkad and Calicut. This also provides to Company to leverage the trading business. Changes in revenues during the last three years are as explained in the part *FY 2014 compared to FY 2013*, *FY 2013 compared to FY 2012* and *FY 2012 compared to FY 2011* in this chapter.

### 5. Status of any publicly announced new products or business segments

Our Company doesn't have any separate business segment.

### 6. Seasonality of Business

Our business is related to agricultural produce and hence it is seasonal in nature.

### 7. Any significant dependence on a single or few suppliers or customers

In the year F.Y. 2013-14 our Company had 83.50% of trading income from our top three customers. Further, our income from cold storage services had lesser concentration for same financial year with top three customers accounting for 34.10% of total service income. Our Company receives repeat business from customers rather than any long term arrangement.

### 8. Competitive Conditions

We face competition from existing and potential competitors which is common for any business. We have, over a period of time, developed certain competitive strengths which have been discussed in the chapter titled "*Business Overview*" beginning on page number 82.

## FINANCIAL INDEBTEDNESS

*Secured Loans*

Lender	Nature of loan	Sanctioned amount (₹ in lacs)	Primary Security	Collateral Security	Balance as at 30/09/2014 (₹ in lacs)	Interest rate %	No. of EMI	Amount of EMI (₹ in lacs)	Starting date of repayment
Indian Bank	Term Loan for Cold Chain	750	Cold Storage Buildings, Plant and Machinery created out of loan	Land and Building of Promoters	733.05	12.25	Half yearly repayment	60.71	Sept. 2013
Indian Bank	Secured Overdraft	600	Inventories and Receivables	Hypothecation of Land, Building, Plant and Machineries of the company & Land and buildings of Promoters	439.41	13.55	N.A.	N.A.	Renewable every year
Indian Bank	Working Capital Term Loan	600			453.03	13.55	N.A.	N.A.	
Syndicate Bank	Secured Overdraft	600			402.09	13.50	N.A.	N.A.	
Syndicate Bank	Working Capital Term Loan	600			643.41	13.50	N.A.	N.A.	

Note: Working Capital Limits have been enhanced to ₹2400 lacs in March 2014

*Unsecured Loans*

Lender	Nature of loan	Amount taken	Balance as at 30/09/2014	Interest rate	Payment Terms	Amount of EMI	₹ in Lacs
							Starting date of repayment
Directors' current account	Current Account of Directors	N.A.	0.80	NIL	NA	NA	NA

## CHANGES IN ACCOUNTING POLICIES IN THE LAST THREE YEARS

Our Company has changed the accounting policy in the board meeting of the company held on August 27, 2014, with regard to government grants. The details of the changes are appearing in the chapter 'Financial Information – Annexure IV' on page no.118.

## SECTION VI – LEGAL AND OTHER INFORMATION

### OUTSTANDING LITIGATIONS AND DEFAULTS

*Except as stated below there are no outstanding litigations, suits, criminal or civil prosecutions, proceedings or tax liabilities against our Company, our Directors, our Promoters and our Group Company and there are no defaults, non-payment of statutory dues, over-dues to banks / financial institutions / small scale undertaking(s), defaults against banks / financial institutions / small scale undertaking(s), defaults in dues payable to holders of any debenture, bonds and fixed deposits and arrears of preference shares issued by our Company, defaults in creation of full security as per terms of issue / other liabilities, proceedings initiated for / civil / any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (a) of part I of Schedule V of the Companies Act 2013) other than unclaimed liabilities of our Company and disciplinary action has been taken by SEBI or any stock exchanges against our Company, our Directors, our Promoters or our Group Company that would result in a material adverse effect on our business taken as a whole.*

*Further, except as disclosed hereunder our Company, our Directors or our Promoters or our Group Company have not been declared as wilful defaulters by the RBI or any government authority and there have been no violations of securities laws in the past or pending against them.*

#### I. Litigation involving our Company

A. Against our Company - Nil

B. By our Company - Nil

#### II. Litigation involving our Directors / Promoters

A. Against our Directors / Promoters - Nil

B. By our Directors / Promoters - Nil

#### III. Litigation involving our Group Company

A. Against our Group Company - Nil

B. By our Group Company - Nil

#### IV. Potential Litigation

##### *Civil Matters*

The Regional Director, Southern Region, vide letter Dt. November 21, 2014, have sought explanation as to why the share application advance amount of ₹6,63,87,000/= as per Balance sheet as on March 31, 2013 should not be treated as Deposit and violation of Sec. 74(1) of the Companies Act 2013 and prosecution initiated for the same.

The Company has replied vide letter dated December 08, 2014 that the amount was specifically received as share application advance and the shares for the same were allotted on March 31, 2014 itself, before the enforcement of Sec.74(1) under new Companies Act 2013.

#### V. Details of the past penalties imposed on our Company / Directors

As on the date of the Draft Red Herring Prospectus, no penalties have been imposed on our Company or any of our Directors.

#### VI. Amounts owed to small scale undertakings or any other creditors

As on date of the Draft Red Herring Prospectus our Company does not owe a sum exceeding ₹100,000 which has been outstanding for a period of more than 30 days to any Small Scale Undertakings or any other creditors.



**VII. Adverse findings against any persons/entities connected with our Company as regards non compliance with securities laws**

There are no adverse findings involving any persons/entities connected with our Company as regards non compliance with securities law.

**VIII. Disciplinary action taken by SEBI or stock exchanges against our Company**

There is no disciplinary action taken by SEBI or stock exchanges against our Company.

**MATERIAL DEVELOPMENTS****Material developments occurring after last balance sheet date i.e. September 30, 2014.**

In the opinion of the Board, other than as disclosed in the Draft Red Herring Prospectus, there has not arisen, since the date of the last financial statements set out herein, any circumstance that materially or adversely affects our profitability, taken as a whole, our financial condition or the value of our consolidated assets or our ability to pay our material liabilities over the next twelve months.

## GOVERNMENT AND OTHER APPROVALS

*On the basis of the indicative list of approvals below, we are permitted to carry on business activities and no further major approvals from any Government authorities or regulatory authority or any other entity are required by us to undertake the Issue or continue these business activities. It must be understood that, in granting these licenses, Government of India and/ or Reserve Bank of India does not take any responsibility for Company's financial soundness or for the correctness of any of the statements made or opinion expressed in this behalf.*

### I. APPROVALS FOR THE ISSUE

#### Corporate Approvals

- Our Board of Directors pursuant to resolution passed at its meeting held on December 11, 2014 has authorized the Issue, subject to the approval by the shareholders of our Company under section 62(1)(c) of the Companies Act, 2013.
- Our shareholders have, pursuant to a resolution dated December 19, 2014 under section 62(1)(c) of the Companies Act, 2013, authorized the present Issue.

### II. BUSINESS RELATED APPROVALS

#### a) Registration under various tax laws

Sl. No.	Description of Approval	Reference No./ Registration No.	Issuing Authority	Validity / Renewal
1.	Permanent Account No. (PAN)	AAICS6469C	Income Tax Department	Valid till cancelled.
2.	Tax Deduction at source Account No. (TAN)	TVDA01845E	Income Tax Department	Valid till cancelled.

#### b) Our Company has following licenses and approvals

- License for Factories and Boilers for Cold Storage at KINFRA IITP, Kanjikode, Palakkad vide no. N/D13/PGT/09/2141/2014 dated August 11, 2014 from Department of Factories and Boilers, Government of Kerala for the cold. This license is valid till December 18, 2018.
- Factory license no. A991/13 dated June 18, 2013 issued for the cold storage at Kanjikode. This license is valid June 17, 2015
- Factory license no. 674/14 dated April 17, 2014 issued for the cold storage at Calicut, Malappuram. This is valid till April 16, 2016
- Kerala State Pollution Control Board consent to operate under The Air (Prevention and Control of Pollution) Act, 1981, The Water (Prevention and Control of Pollution) Act, 1974 and the Environment (Protection) Act 1986, at KINFRA Park, Kanjikode, Pallakad vide consent number PCB/PLKD/IC/CO/F/2989/2014 dated August 29, 2014 issued by Kerala State Pollution Control Board. This consent is valid till August 21, 2015.
- Kerala State Pollution Control Board consent to operate under The Air (Prevention and Control of Pollution) Act, 1981, The Water (Prevention and Control of Pollution) Act, 1974 and the Environment (Protection) Act 1986, at KINFRA Park, Kakkancherry Unit vide consent number PCB/PLKD/IC/CO/F/2989/2014 dated August 05, 2013 issued by Kerala State Pollution Control Board. This consent is valid till August 08, 2016

Except as stated above our Company is yet to obtain following Registration/Licenses and Approvals under following statutory regulations;

- Factory License under Factories Act, 1948 for other cold storages
- Central Sales Tax Act, 1956

- Kerala Value Added Tax Act, 2003
- Tamil Nadu Value Added Tax Act, 2006
- Food Safety and Standards Act, 2006

Apart from above, our company has not registered under Service Tax as at present the cold storage of agricultural commodities is in the exempt list of services.

## OTHER REGULATORY AND STATUTORY DISCLOSURES

### Authority for the Issue

Our Board of Directors pursuant to resolution passed at its meeting held on December 11, 2014 has authorized the Issue. The shareholders of our Company have authorised the Issue by a special resolution passed pursuant to Section 62(1)(c) of the Companies Act, 2013 at the EGM of our Company held on December 19, 2014 and authorised the Board to take decisions in relation to the Issue.

We have also obtained all necessary contractual approvals required for the Issue. For further details, please refer to the chapter titled “*Government and Other Approvals*” beginning on page number 145.

The Equity Shares offered through this Issue are proposed to be listed on the Stock Exchange, wherein the BRLM shall ensure compulsory market making through the registered Market Makers of the Stock Exchange for a minimum period of three years or such other time as may be prescribed by the Stock Exchange, from the date of listing of Equity Shares offered through the Prospectus. For further details of the market making arrangement, please refer to the section “General Information” on page 30 of this DRHP.

### Prohibition by SEBI, RBI, Governmental authority and various agencies/ other regulatory bodies

Our Company, our associates, our Promoters, our Promoter Group companies, or the companies with which the Directors are associated as directors or promoters have not been prohibited from accessing or operating in the capital market under any order or direction passed by SEBI.

None of our Company, our associates, our Promoters or the members of the Promoter Group has been declared willful defaulters by the RBI or any Government authority and no violations of securities laws have been committed by them in the past and no proceedings in relation to such violations are currently pending against them.

None of our Directors are associated in any manner with any entity which is engaged in securities market related business and is registered with SEBI for the same.

None of our Directors hold current or have held directorship(s) in the last five years in a listed company whose shares have been or were suspended from trading on NSE or the BSE or in a listed company which has been / was delisted from any stock exchange.

We confirm that there are no proceedings initiated by SEBI, Stock Exchanges or ROC, etc on our Company/Promoters/Directors/Group Companies.

### ELIGIBILITY FOR THIS ISSUE

Our Company is eligible for the Issue in accordance with Regulation 106M(2) and other provisions of Chapter XB of the SEBI ICDR Regulations as the post issue face value capital is more than ₹ 1,000.00 lacs and upto ₹ 2,500.00 lacs.

We confirm that:

1. In accordance with Regulation 106(P) of the SEBI (ICDR) Regulations, this Issue will be hundred percent underwritten and that the BRLM will underwrite more than 15% of the Total Issue Size. For further details pertaining to said underwriting see chapter titled “General Information” on page 30.
2. In accordance with Regulation 106(O) of the SEBI ICDR Regulations, our Company will not file any Draft Red Herring Prospectus with neither SEBI nor will SEBI issued any observations on our Draft Red Herring Prospectus. Also, we shall ensure that the Lead Manager submits a copy of the Prospectus along with a due diligence certificate including additional confirmations as required by SEBI at the time of filing the Prospectus with Stock Exchange and the Registrar of Companies.
3. In accordance with Regulation 106(V) of the SEBI (ICDR) Regulations, our Company has entered into an agreement with the BRLM and Market Maker to ensure compulsory Market Making for a minimum period of three years from the date of listing of equity shares offered in this issue. For further details of the market making arrangement see chapter titled “General Information” on page 30.

4. In accordance with Regulation 106(Q) of the SEBI ICDR Regulations, the minimum application size in terms of number of Equity Shares will not be less than ₹ one lac per application.
5. In accordance with Regulation 106(P) of the SEBI ICDR Regulations, the Underwriter other than the Book Running Lead Manager and the Nominated Investors shall not subscribe to the Issue, in any manner except for fulfilling their obligations under their respective agreements with the Book Running Lead Manager in this regard.
6. In accordance with Regulation 106(P) of the SEBI ICDR Regulations, all the underwriting and subscription agreements made by the Book Running Lead Manager shall be disclosed in the Draft Red Herring Prospectus.
7. In accordance with Regulation 106(V) of the SEBI ICDR Regulations, our Company shall disclose the details of arrangement of market making in the Prospectus.

Further, we undertake that the number of Allottees in the Issue shall be atleast fifty. Otherwise the entire application money shall be refunded forthwith. In case of delay, if any, in refund, our Company shall pay interest on the application money at the rate of 15% p.a. for the period of delay.

#### **DISCLAIMER CLAUSE OF SEBI**

**IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE OFFER DOCUMENT TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED TO MEAN THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THIS ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. THE BOOK RUNNING LEAD MANAGER, KEYNOTE CORPORATE SERVICES LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS FOR THE TIME BEING IN FORCE. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE OUR COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE BOOK RUNNING LEAD MANAGER, KEYNOTE CORPORATE SERVICES LIMITED, IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT OUR COMPANY DISCHARGES ITS RESPONSIBILITIES ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGER, KEYNOTE CORPORATE SERVICES LIMITED, WILL FURNISH TO SEBI A DUE DILIGENCE CERTIFICATE DATED [●].**

**AS PER REGULATION 106(O) OF THE SEBI ICDR REGULATIONS, ONLY THE PROSPECTUS HAS TO BE FILED WITH SEBI ALONGWITH A DUE DILIGENCE CERTIFICATE AS PER FORM A OF SCHEDULE VI OF THE SEBI ICDR REGULATIONS BY THE BRLM. ACCORDINGLY, THIS SECTION WILL BE UPDATED AT THE TIME OF FILING THE PROSPECTUS WITH STOCK EXCHANGE AND ROC AND PROSPECTUS AND DUE DILIGENCE CERTIFICATE AS PER FORM A OF SCHEDULE VI OF THE SEBI ICDR REGULATIONS WITH SEBI.**

The filing of this Draft Red Herring Prospectus does not, however, absolve any person who has authorised the issue of this Draft Red Herring Prospectus from any liabilities under Section 34 or Section 36 of Companies Act, 2013 or from the requirement of obtaining such statutory and/or other clearances as may be required for the purpose of the Issue. SEBI further reserves the right to take up at any point of time, with Book Running Lead Manager, any irregularities or lapses in this Draft Red Herring Prospectus.

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.

**THE PROMOTER(S)/ DIRECTOR(S) OF AKS COLD STORAGE LIMITED, MR. AKS.SARAVANAN, Mr. AK.SUBRAMANIAM, MR. M.RAMAKRISHNAN AND MR. G.MADANKUMAR**

**CONFIRM THAT NO INFORMATION/MATERIAL LIKELY TO HAVE A BEARING ON THE DECISION OF INVESTORS IN RESPECT OF THE SHARES OFFERED IN TERMS OF THIS OFFER**

**DOCUMENT HAS BEEN SUPPRESSED WITHHELD AND / OR INCORPORATED IN THE MANNER THAT WOULD AMOUNT TO MIS-STATEMENT/ MISREPRESENTATION AND IN THE EVENT OF ITS TRANSPIRING AT ANY POINT IN TIME TILL ALLOTMENT/ REFUND, AS THE CASE MAY BE, THAT ANY INFORMATION/MATERIAL HAS BEEN SUPPRESSED/WITHHELD AND/ OR AMOUNTS TO A MIS-STATEMENT/ MISREPRESENTATION.**

PROMOTERS/DIRECTORS UNDERTAKE TO REFUND THE ENTIRE APPLICATION MONIES TO ALL SUBSCRIBERS WITHIN 7 DAYS THEREAFTER WITHOUT PREJUDICE TO THE PROVISIONS OF SECTION 63 OF THE COMPANIES ACT.

#### **Disclaimer Statement from our Company and the Book Running Lead Manager**

Our Company, our Directors and the Book Running Lead Manager accept no responsibility for statements made otherwise than in the Draft Red Herring Prospectus or in the advertisements or any other material issued by or at instance of our Company and anyone placing reliance on any other source of information, including our website, [www.aksoldstorage.com](http://www.aksoldstorage.com), would be doing so at his or her own risk.

The BRLM accept no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into among the Book Running Lead Manager and us dated February 10, 2015 and the Underwriting Agreement dated [●] entered into among the Underwriters and us.

All information shall be made available by us and BRLM to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports or at collection centres etc.

The BRLM and their respective associates and affiliates may engage in transactions with and perform services for, our Company, affiliates or associates of our Company or third parties in the ordinary course of business and have engaged and may in future engage, in commercial banking or other financial services with our Company, affiliates or associates or third parties, for which they have received and may in future receive, compensation.

Neither we nor the BRLM is liable to the Applicants for any failure in downloading the Applications due to faults in any software/hardware system or otherwise.

#### **Caution**

The Book Running Lead Manager accepts no responsibility, save to the limited extent as provided in the Underwriting Agreement to be entered into between the Underwriter and our Company and the Issue Agreement between the Book Running Lead Manager and our Company.

Our Company and the Book Running Lead Manager shall make all information available to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports or at bidding centers, *etc.*

The Book Running Lead Manager and its associates and affiliates may engage in transactions with and perform services for, our Company and the associates of our Company in the ordinary course of business and have engaged, and may in future engage in the provision of financial services for which they have received, and may in future receive, compensation.

Neither our Company, the Book Running Lead Manager or any Syndicate Member are liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

**Investors may note that bid in the Issue will be required to confirm and will be deemed to have represented to our Company, the Underwriter and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares and will not offer, sell, pledge or transfer the Equity Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares. Our Company, the Underwriter and the Book Running Lead Manager and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares.**

## PRICE INFORMATION OF PAST ISSUES HANDLED BY THE BOOK RUNNING LEAD MANAGER

## 1. Price information of past issues handled by Keynote Corporate Services Limited

Sr No	Issue Name	Issue Size ₹ (Cr.)	Issue price (₹)	Listing date	Openin g price on listing date (₹)	Closin g price on listing date (₹)	% Change in Price on listing date (Closing) vs. Issue Price	Benchmar k index on listing date (Closing)	Closing price as on 10 <sup>th</sup> calenda r day from listing day (₹)	Benchmar k index as on 10 <sup>th</sup> calendar days from listing day (Closing)	Closing price as on 20 <sup>th</sup> calenda r day from listing day (₹)	Benchmar k index as on 20 <sup>th</sup> calendar days from listing day (Closing)	Closing price as on 30 <sup>th</sup> calenda r day from listing day (₹)	Benchmar k index as on 30 <sup>th</sup> calendar days from listing day (Closing)
1.	Veto Switchgears and Cables Limited  (SME Platform – NSE EMERGE)	25.00	50.00	13/12/2012	58.00	50.45	0.9%  (NSE )	5851.50  (CNX NIFTY)	50.25*  (NSE)	5855.75*  (CNX NIFTY)	50.15  (NSE)	5950.85  (NIFTY)	50.50  (NSE)	5951.30  (NIFTY)
2.	MITCON Consultancy & Engineering Services Limited  (SME Platform – NSE EMERGE)	25.01	61.00	01/11/2013	60.00	51.10	(16.22%)  (NSE)	6307.20  (CNX NIFTY)	43.05  (NSE)	6078.80  (CNX NIFTY)	No Trading	6122.90  (CNX NIFTY)	No Trading	6217.85  (CNX NIFTY) *
3.	Sanco Industries	4.32	18	12/03/20	19.00	17.25	(4.17%)	6516.90	18.00	6493.20	No	6704.20	No	6796.40



Sr No	Issue Name	Issue Size ₹ (Cr.)	Issue price (₹)	Listing date	Openin g price on listing date (₹)	Closin g price on listing date (₹)	% Change in Price on listing date (Closing) vs. Issue Price	Benchmar k index on listing date (Closing)	Closing price as on 10 <sup>th</sup> calenda r day from listing day (₹)	Benchmar k index as on 10 <sup>th</sup> calendar days from listing day (Closing)	Closing price as on 20 <sup>th</sup> calenda r day from listing day (₹)	Benchmar k index as on 20 <sup>th</sup> calendar days from listing day (Closing)	Closing price as on 30 <sup>th</sup> calenda r day from listing day (₹)	Benchmar k index as on 30 <sup>th</sup> calendar days from listing day (Closing)
	Limited (SME Platform – NSE EMERGE)			14			(NSE)	(CNX NIFTY)	(NSE)	(CNX NIFTY)	Trading	(CNX NIFTY)	Trading	(CNX NIFTY)

\*Being a trading holiday, price data is considered for next trading day.

## 2. Summary statement of price information of past issues handled by Keynote Corporate Services Limited

Financial Year	Total no. of IPOs	Total Funds Raised (₹ Cr.)	Nos. of IPOs trading at discount on listing date			Nos. of IPOs trading at premium on listing date			Nos. of IPOs trading at discount as on 30 <sup>th</sup> calendar day from listing day			Nos. of IPOs trading at premium as on 30 <sup>th</sup> calendar day from listing day		
			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%
2012-13	1	25.00	Nil	Nil	Nil	Nil	Nil	1	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
2013-14	2	29.33	Nil	Nil	2	Nil	Nil	Nil	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
2014-15	Nil													

N.A.- Not Available since not traded on 30<sup>th</sup> calendar day from listing day

### Track record of past issues handled by the Book Running Lead Manager

For details regarding the track record of the Lead Manager to the Offer as specified in Circular reference CIR/MIRSD/1/2012 dated January 10, 2012 issued by the SEBI, please refer to the website of the Lead Manager, Keynote Corporate Services Limited at [http://www.keynoteindia.net/track\\_record.html](http://www.keynoteindia.net/track_record.html).

## **Disclaimer in Respect of Jurisdiction**

The Issue is being made in India to persons resident in India (including Indian nationals resident in India who are not minors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and 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 under applicable trust law and who are authorised under their constitution to hold and invest in shares, public financial institutions as specified in Section 2 (72) of the Companies Act, 2013 VCFs, AIFs, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of ₹250 million, pension funds with minimum corpus of ₹250 million and the National Investment Fund, and permitted non-residents including FPIs, Eligible NRIs, QFIs, multilateral and bilateral development financial institutions, FVCIs and eligible foreign investors, provided that they are eligible under all applicable laws and regulations to hold Equity Shares of our Company the 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 the Draft Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Mumbai only.

No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that the Draft Red Herring Prospectus has been filed with the Stock. Accordingly, the Equity Shares represented hereby may not be offered or sold, directly or indirectly, and the 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 the Draft Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

**The Equity Shares have not been, and will not be, registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.**

Further, each Bidder where required agrees that such Bidder will not sell or transfer any Equity Shares or create any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with applicable laws and legislations in each jurisdiction, including India.

## **Disclaimer Clause of the SME platform of the National Stock Exchange of India Limited (NSE)**

As required, a copy of the Draft Prospectus has been submitted to NSE. NSE has given vide its letter no. [•] dated [•], 2015 permission to the Company to use the Exchange's name in the offer document as one of the Stock Exchange (s) on which the Company's securities are proposed to be listed. The Exchange has scrutinized the offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the offer document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this offer document, nor does it warrant that the Company's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of the Company, its promoters, its management or any scheme or project of this Company.

Every person who desires to apply for or otherwise acquires any of the Company's securities may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against NSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

## **Filing**

The DRHP is being filed with the NSE at Exchange Plaza, Plot no. C/1, G Block, Bandra-Kurla Complex, Bandra (E) Mumbai - 400 051.

A copy of the DRHP has not been filed with SEBI, nor will SEBI issue any observation on the offer document in term of Regulation 106(M)(3) of the SEBI (ICDR) Regulations. However a copy of the Prospectus will be filed with SEBI at Southern Regional Office, Kochi Local Office, 6th Floor, Finance Tower, Kaloor, Kochi- 682 017 while filing the Prospectus with the NSE and RoC, Coimbatore.

A copy of the Red Herring Prospectus, along with the other documents required to be filed under Section 32 of the Companies Act, 2013 will be delivered for registration with the RoC, Kerala. Further, a copy of the Prospectus required to be filed under Section 26 of the Companies Act, 2013 will be delivered for registration with the RoC.

## **Listing**

The Equity Shares issued through the DRHP are proposed to be listed on the SME platform of the NSE. Initial listing application has been made to the NSE for permission to list the Equity Shares and for an official quotation of the Equity Shares of our Company. The NSE shall be the Designated Stock Exchange. In case the permission for listing of the Equity Shares is not granted by the NSE, our Company shall forthwith repay, without interest, all moneys received from the applicants in pursuance of the Prospectus. If such money is not repaid within the prescribed time then our Company and every director of our Company who is an officer in default shall, be jointly and severally liable to repay that money with interest, as prescribed under the applicable law.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges mentioned above are taken within 12 Working Days from the Bid/Issue Closing Date.

## **Impersonation**

*Attention of the Bidders is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:*

*“Any person who—*

- a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*
- b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*
- c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447.”*

The liability prescribed under Section 447 of the Companies Act, 2013, includes imprisonment for a term of not less than six months extending up to ten years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount.

## **Consents**

We have obtained consents in writing of our Directors, our Company Secretary and Compliance Officer, the Book Running Lead Manager, the lenders to our Company, the legal counsel to the Issue, the Bankers to our Company, the Registrar to the Issue. Further, the Auditors has provided their consent to act as an expert in the form provided by the ICAI under the Institute of Chartered Accountant's Guidance Note on Reports in Company Prospectuses. We will obtain consents in writing of the the Syndicate Member(s), Refund Bank(s) and the Banker(s) to the Issue / Escrow Collection Bank(s) to act in their respective capacities. These consents will be filed along with a copy of the

Red Herring Prospectus with the RoC as required under Section 32 of the Companies Act, 2013.

In accordance with the Companies Act, 1956, Companies Act, 2013 and the SEBI ICDR Regulations, M/s. RJC Associates, our statutory auditors has agreed to provide its written consents for inclusion of its name in the report relating to the possible general and special tax benefits, as applicable, accruing to our Company and its shareholders, in the Draft Red Herring Prospectus in the form and context in which they appear in the Draft Red Herring Prospectus. Further, CA A.M. Murugan, the Peer Review Auditor, has agreed to provide its written consents for inclusion his name in the report on financial statements.

### Expert Opinion

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

Our Company has received written consent from the Peer Review Auditor namely, CA A.M. Murugan, Chartered Accountants, to include its name as an expert under Section 26 of the Companies Act, 2013 in this Draft Red Herring Prospectus in relation to the report dated December 19, 2014 on the restated financial statements of our Company. M/s. RJC Associates have provided statement of tax benefits dated February 11, 2015, to be 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.

### Issue Related Expenses

The total expenses of the Issue are estimated to be approximately [●]. The expenses of the Issue include, among others, underwriting and Issue management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. The estimated issue expenses are as under:

Particulars	Amount* (₹ in lacs))	As a percentage of total expenses*	As a percentage of Issue size*
Fees to intermediaries (BRLM, Registrar, Advisors, Bankers to the Issue, Underwriting commission, brokerage and selling commission <sup>#</sup>	[●]	[●]	[●]
Advertising and marketing expenses	[●]	[●]	[●]
Printing and Stationary distribution expenses	[●]	[●]	[●]
Statutory and other miscellaneous expenses	[●]	[●]	[●]
<b>Total</b>	[●]	[●]	[●]

\* To be completed after finalization of the Issue Price

<sup>#</sup>SCSBs would be entitled to a processing fee of [●] per Application Form, for processing the Application Forms procured by broker and submitted to SCSBs.

<sup>#</sup>The Brokers and SCSBs would be entitled to a commission of ₹[●] per eligible application form procured and considered for basis of allotment

### Details of Fees Payable

#### Fees Payable to the Syndicate Members

The total fees payable to the Syndicate is stated in the syndicate agreement to be entered into between the Company and the members of the Syndicate, copies of which is available for inspection at the Registered Office.

#### Fees Payable to the Book Running Lead Manager

The total fees payable to the Book Running Lead Manager will be as per the Issue Agreement dated February 10, 2015 executed between our Company and Keynote Corporate Services Limited, the copy of which is available for inspection at our Registered Office.

#### Fees Payable to the Registrar to the Issue

The fees payable to the Registrar to the Issue will be as per the Agreement signed by our Company and the Registrar to the Issue dated December 10, 2014 a copy of which is available for inspection at our Registered Office.

The Registrar to the Issue will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided by our Company to the Registrar to the Issue to enable them to send refund orders or allotment advice by registered post/ speed post/ under certificate of posting.

#### **Fees Payable to Others**

The total fees payable to the Legal Advisor, Auditor and Advertiser, *etc.* will be as per the terms of their respective engagement letters.

#### **Underwriting Commission, Brokerage and Selling Commission on Previous Issues**

We have not made any previous public issues. Therefore, no sum has been paid or is payable as commission or brokerage for subscribing to or procuring for, or agreeing to procure subscription for any of the Equity Shares of our Company since its inception.

#### **Previous Rights and Public Issues during the Last Five Years**

We have not made any previous rights and/or public issues during the last five years, and are an “Unlisted Issuer” in terms of the SEBI ICDR Regulations and this Issue is an “Initial Public Offering” in terms of the SEBI ICDR Regulations.

#### **Previous Issues of Shares otherwise than for Cash**

Except as stated in the chapter titled “*Capital Structure*” beginning on page number 39, our Company has not issued any Equity Shares for consideration otherwise than for cash.

#### **Previous capital issue during the previous three years by our listed group- companies/ associates of our Company**

Our Company does not have any group company as on date.

#### **Commission and Brokerage on Previous Issues**

Since this is the initial public offer of the Equity Shares by our Company, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of our Equity Shares since our inception.

#### **Particulars in regard to our Company and other listed companies under the same management within the meaning of Section 370 (1B) of the Companies Act, 1956 which made any capital issue during the last three years:**

As on the date of filing the Draft Red Herring Prospectus our Company does not have any group company.

#### **Performance vis-à-vis objects**

Our Company is an “Unlisted Issuer” in terms of the SEBI ICDR Regulations, and this Issue is an “Initial Public Offering” in terms of the SEBI ICDR Regulations. Therefore, data regarding promise versus performance is not applicable to us. Further, there are no group companies/subsidiaries of our Company as on date.

#### **Outstanding debentures, bonds, redeemable preference shares and other instruments issued by our Company**

As on the date of filing the Draft Red Herring Prospectus with the Stock Exchange, our Company has no outstanding debentures, bonds or redeemable preference shares.

### Option to Subscribe

Equity Shares being offered through the Draft Red Herring Prospectus can be applied for in dematerialized form only.

### Stock Market Data for our Equity Shares

Our Company is an “Unlisted Issuer” in terms of the SEBI ICDR Regulations, and this Issue is an “Initial Public Offering” in terms of the SEBI ICDR Regulations. Thus, there is no stock market data available for the Equity Shares of our Company.

### Mechanism for Redressal of Investor Grievances

The memorandum of understanding between the Registrar and our Company will provide for retention of records with the Registrar for a period of at least one year from the last date of dispatch of the letters of allotment, demat credit and refund orders to enable the investors to approach the Registrar to this Issue for redressal of their grievances.

All grievances relating to this Issue may be addressed to the Registrar with a copy to our Company Secretary and Compliance Officer, giving full details such as the name, address of the applicant, number of Equity Shares applied for, amount paid on application and the bank branch or collection centre where the application was submitted.

All grievances relating to the ASBA process may be addressed to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the Designated Branch or the collection centre of the SCSB where the Bid-cum-Application Form was submitted by the ASBA Bidders.

### Disposal of Investor Grievances by our Company

Our Company or the Registrar to the Issue or the SCSB in case of ASBA Bidders shall redress routine investor grievances. We estimate that the average time required by us or the Registrar to this Issue for the redressal of routine investor grievances will 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, we will seek to redress these complaints as expeditiously as possible.

We have constituted the Stakeholders Relationship Committee of the Board *vide* resolution passed at the Board Meeting held on December 19, 2014 and reconstituted the committee on March 03, 2015. For further details, please refer to the chapter titled “*Our Management*” beginning on page number 98.

Our Company has appointed Mr. P. Nalla Senapathi as the Company Secretary and Compliance Officer and he may be contacted at the following address:

S.F.956, B.K. Koil Road,  
Mettupalayam- 641305  
**Tel No:** +91 04254-225336  
**Email:** cs@akscoldstorage.com;  
**Website:** www.akscoldstorage.com

Investors can contact our Company Secretary and Compliance Officer or the Registrar in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of allocation, credit of allotted Equity Shares in the respective beneficiary account or refund orders, *etc.*

### Changes in Auditors during the last three financial years

The changes in our Auditors during the last three years are as follows:

Name of Auditor	Date of Change	Reason
R. Raghavendran	October 20, 2014	Resignation
RJC Associates	November 20, 2014	Appointment

### Capitalisation of Reserves or Profits

Save and except as stated in the chapter titled “*Capital Structure*” beginning on page number 39, our Company has not capitalized its reserves or profits at any time since inception.

### Revaluation of assets

Our Company has not revalued its assets since incorporation.



## SECTION VII – ISSUE RELATED INFORMATION

### TERMS OF THE ISSUE

*The Equity Shares being issued pursuant to the Issue are subject to the provisions of the Companies Act, 1956 and the Companies Act, 2013, SEBI ICDR Regulations, our Memorandum and Articles of Association, the Equity Listing Agreements, the terms of the Draft Red Herring Prospectus, the Red Herring Prospectus, the Prospectus, Bid-cum-Application Form, ASBA Bid-cum-Application Form, the Revision Form, the Confirmation of Allocation Note and other terms and conditions as may be incorporated in the allotment advices and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchanges, the RBI, RoC and/or other authorities, as in force on the date of the Issue and to the extent applicable or such other conditions as may be prescribed by SEBI, the RBI and/or any other authorities while granting its approval for the Issue.*

#### Ranking of Equity Shares

The Equity Shares being issued or transferred in the Issue shall be subject to the provisions of the Companies Act, Companies Act, 2013 and the Memorandum and Articles of Association and shall rank *pari-passu* with the existing Equity Shares of our Company including rights in respect of dividend. The Allottees in receipt of Allotment of Equity Shares under this Issue will be entitled to dividends and other corporate benefits, if any, declared by our Company after the date of Allotment in accordance with Companies Act, 1956 and Companies Act, 2013 and the Articles. For further details, please refer to the section titled “*Main Provisions of Articles of Association of Our Company*” beginning on page number 213.

#### Mode of Payment of Dividend

The declaration and payment of dividend will be as per the provisions of Companies Act, 1956 and Companies Act, 2013, the Memorandum and Articles of Association, the Listing Agreement to be entered into with the Stock Exchange. The declaration of dividend will be recommended by the Board of Directors and the Shareholders at their discretion and will depend on a number of factors, including but not limited to earnings, capital requirements and overall financial condition of our Company. For further details in relation to dividends, please refer to the chapter/section titled “*Dividend Policy*” and “*Main Provisions of the Articles of Association of our Company*” beginning on page numbers 110 and 213 respectively.

#### Face Value and Issue Price per Share

The face value of the Equity Shares is ₹10 each 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 Book Running Lead Manager and advertised at least five Working Days prior to the Bid / Issue Opening Date, in two national daily newspapers (one each in English and in Hindi) of wide circulation, and one regional (Malayalam) daily newspaper, of wide circulation, where the Registered Office of our Company is situated. The Price Band along with certain financial ratios shall be pre-filled in the electronic Bid cum Application Forms shall be made available on the website of the Stock Exchange.

At any given point of time there shall be only one denomination for the Equity Shares.

#### Compliance with SEBI ICDR Regulations

Our Company shall comply with all requirements of the SEBI ICDR Regulations. Our Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

## **Rights of the Equity Shareholders**

Subject to applicable laws, rules, regulations and guidelines and the Articles of Association, the Equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting rights, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offer for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation subject to any statutory and preferential claim being satisfied;
- Right of free transferability subject to applicable law, including any RBI rules and regulations; and
- Such other rights, as may be available to a shareholder of a listed public limited company under the Companies Act, 1956 and Companies Act, 2013, the terms of the Listing Agreement with the Stock Exchanges and the Memorandum and Articles of Association of our Company.

For a detailed description of the main provisions of the Articles of Association relating to voting rights, dividend, forfeiture and lien and/or consolidation/splitting, please refer to the section titled “*Main Provisions of Articles of Association of our Company*” beginning on page number 213.

## **Minimum Application Value, Market Lot and Trading Lot**

In terms of Section 29 of the Companies Act, 2013, the Equity Shares shall be Allotted only in dematerialised form. As per the existing SEBI ICDR Regulations, the trading of the Equity Shares shall only be in dematerialised form for all investors. In this context, two agreements have been signed among our Company, the respective Depositories and the Registrar to the Issue:

- Agreement dated [●] among NSDL, our Company and the Registrar to the Issue;
- Agreement dated [●] among CDSL, our Company and the Registrar to the Issue;

Since trading of the Equity Shares is in dematerialised form and in SME Segment, the tradable lot is [●] Equity Share. Allotment in the Issue will be in multiples of [●], subject to a minimum Allotment of [●] Equity Shares.

## **Minimum Number of Allottees**

The minimum number of allottees in this Issue shall be 50 shareholders. In case the minimum number of prospective allottees is less than 50, no allotment will be made pursuant to this Issue and the monies collected shall be refunded within 15 days of closure of the Issue.

## **Jurisdiction**

Exclusive jurisdiction for the purpose of the Issue is with the competent courts/authorities in Mumbai.

## **Joint Holders**

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as joint – tenants with benefits of survivorship.

## **Nomination Facility to Investor**

In accordance with Section 72 of the Companies Act, 2013 the sole Bidder, or the first Bidder along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to equity share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of equity share(s) by the person nominating. A buyer will be entitled to make a fresh

nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered Office or to the registrar and transfer agents of our Company.

Any person who becomes a nominee by virtue of the provisions of Section 72 of the Companies Act, 2013 shall upon the production of such evidence as may be required by the Board, elect either:

- a) to register himself or herself as the holder of the Equity Shares; or
- b) to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Issue will be made only in dematerialized mode there is no need to make a separate nomination with our Company. Nominations registered with respective depository participant of the applicant would prevail. If the investor wants to change the nomination, they are requested to inform their respective depository participant.

### **Minimum Subscription**

In the event our Company does not receive a minimum subscription of ninety per cent of the Issue through RHP including devolvement of Underwriters within sixty days from the date of closure of the issue, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond such period, our Company shall pay interest as prescribed in the Companies Act, 2013 read with the applicable rules framed thereunder. Further, in accordance with Chapter XB and Regulation 106R of the SEBI 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 NSE from the SME Platform on a later date subject to the following:

- If the paid up capital of our Company is likely to increase above ₹ 2,500 lacs by virtue of any further issue of capital by way of rights issue, preferential issue, bonus issue etc. (which has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders in favour of the proposal amount to at least two times the number of votes cast by shareholders against the proposal and for which our Company has obtained in-principal approval from the Main Board), our Company shall apply to NSE for listing of its shares on its Main Board subject to the fulfillment of the eligibility criteria for listing of specified securities laid down by the Main Board.

OR

- If the paid up capital of our Company is more than ₹ 1,000 lacs but below ₹ 2,500 lacs, our Company may still apply for migration to the Main Board if the same has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the Promoters in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal.

### **Market Making**

The Equity Shares offered through this Issue are proposed to be listed on the Stock Exchange, wherein the Book Running Lead Manager shall ensure compulsory market making through the registered Market Makers of the Stock Exchange for a minimum period of three years or such other time as may be prescribed by the Stock Exchange, from the date of listing of Equity Shares offered through the Prospectus. For further details of the market making arrangement, please refer to the section "General Information" on page 30 of this Draft Red Herring Prospectus.

**Arrangement for disposal of odd lot**

There are no arrangements for disposal of odd lots.

**Restrictions, if any on Transfer and Transmission of Equity Shares**

Except for lock-in of the pre-Issue Equity Shares and Promoters' minimum contribution in the Issue as detailed in the chapter titled '*Capital Structure*' beginning on page number 39, and except as provided in the Articles of Association, there are no restrictions on transfers of Equity Shares. There are no restrictions on transmission of shares and on their consolidation / splitting except as provided in the Articles of Association. For details please refer to the section titled '*Main Provisions of the Articles of Association of our Company*' beginning on page number 213.

**Bid/ Issue Programme**

<b>BID / ISSUE OPENS ON</b>	[●]
<b>BID / ISSUE CLOSSES ON</b>	[●]*

*\* Our Company may, in consultation with the BRLM, consider closing the Bid/Issue Period for QIBs one day prior to the Bid/Issue Closing Date in accordance with the SEBI ICDR Regulations.*

## ISSUE STRUCTURE

Issue of [●] Equity Shares for cash at a price of ₹[●] per Equity Share (including share premium of ₹[●] per Equity Share) for cash aggregating to ₹3200 lacs including Promoters' Contribution of [●] Equity Shares of ₹10/- each at a price of ₹[●] per Equity Share, up to ₹[●] lacs. The Issue and Net Issue will constitute [●] % and [●] % of the post-Issue paid-up equity share capital of our Company respectively.

The Issue is being made through the Book Building Process.

Particulars	QIBs	Non Institutional Bidders	Retail Individual Bidders	Market Maker Reservation Portion
<b>Number of Equity Shares available for allocation<sup>(1)</sup></b>	[●] Equity Shares	Not less than [●] Equity Shares available for allocation or Issue less allocation to QIB Bidders and Retail Individual Bidders.	Not less than [●] Equity Shares available for allocation or Issue less allocation to QIB Bidders and Non-Institutional Bidders.	[●] Equity Shares
<b>Percentage of Issue Size available for Allotment/allocation</b>	Not more than 50% of the Net Issue being available for allocation to QIBs. However, up to 5% of the QIB Portion will be available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the Mutual Fund Portion will also be eligible for allocation in the remaining balance QIB Portion.	Not less than 15% of the Net Issue or the Net Issue less allocation to QIB Bidders and Retail Individual Bidders.	Not less than 35% of the Net Issue or Net Issue less allocation to QIB Bidders and Non-Institutional Bidders.	[●]% of the Issue
<b>Basis of Allotment/Allocation if respective category is oversubscribed</b>	Proportionate as follows: (a) [●] Equity Shares shall be allocated on a proportionate basis to Mutual Funds only; (b) [●] Equity Shares shall be allocated on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above.	Proportionate	The allotment to each Retail Individual Bidder shall not be less than the minimum Bid lot, subject to availability of Equity Shares in the Retail Portion, and the remaining available Equity Shares, if any, shall be allotted on a proportionate basis. For the method of proportionate Basis of Allotment to Retail Individual Bidders, see "Illustration Explaining	Firm Allotment

Particulars	QIBs	Non Institutional Bidders	Retail Individual Bidders	Market Reservation Portion	Maker
			<i>Procedure of Allotment to Retail Individual Bidders” beginning on page number 207.</i>		
<b>Minimum Bid</b>	Such number of Equity Shares that the Bid Amount exceeds ₹200,000 and in multiples of [●] Equity Shares thereafter.	Such number of Equity Shares that the Bid Amount exceeds ₹200,000 and in multiples of [●] Equity Shares thereafter.	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.	[●] Equity Shares	
<b>Maximum Bid</b>	Such number of Equity Shares not exceeding the Issue, subject to applicable limits.	Such number of Equity Shares not exceeding the Issue, subject to applicable limits.	Such number of Equity Shares, whereby the Bid Amount does not exceed ₹200,000.	[●] Equity Shares	
<b>Mode of Allotment</b>	Compulsorily in dematerialized mode.	Compulsorily in dematerialized mode.	Compulsorily in dematerialized mode.	Compulsorily in dematerialized form	
<b>Bid Lot</b>	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.	[●] Equity Shares	
<b>Allotment Lot</b>	[●] Equity Shares and in multiples of one Equity Share thereafter.	[●] Equity Shares and in multiples of one Equity Share thereafter.	[●] Equity Shares and in multiples of one Equity Share thereafter.		
<b>Trading Lot</b>	[●] Equity Shares, however the Market Makers may accept odd lots if any in the market as required under the SEBI (ICDR) Regulations, 2009.	[●] Equity Shares, however the Market Makers may accept odd lots if any in the market as required under the SEBI (ICDR) Regulations, 2009.	[●] Equity Shares, however the Market Makers may accept odd lots if any in the market as required under the SEBI (ICDR) Regulations, 2009.	[●] Equity Shares, However the Market Makers may accept odd lots if any in the market as required under the SEBI (ICDR) Regulations, 2009.	
<b>Who can apply</b>	Public financial institutions as specified in Section 2(72) of the Companies Act, 2013, scheduled commercial banks, mutual fund registered with SEBI, FPIs other than	Resident Indian individuals, Eligible NRIs, HUFs (in the name of Karta), companies, corporate bodies, scientific institutions societies and trusts,	Resident Indian individuals, Eligible NRIs and HUFs (in the name of Karta)	Market maker	

Particulars	QIBs	Non Institutional Bidders	Retail Individual Bidders	Market Reservation Portion	Maker Portion
	Category III foreign portfolio investors, VCFs, AIFs, state industrial development corporation, insurance company registered with IRDA, provident fund (subject to applicable law) with minimum corpus of 250 million, pension fund with minimum corpus of 250 million, in accordance with applicable law and National Investment Fund set up by the Government 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.	Category III foreign portfolio investors.			
<b>Terms of payment</b>	Full Bid Amount shall be payable at the time of submission of Bid cum Application Form. <sup>(2)</sup>	Full Bid Amount shall be payable at the time of submission of Bid cum Application Form. <sup>(2)</sup>	Full Bid Amount shall be payable at the time of submission of Bid cum Application Form. <sup>(2)</sup>	Full Bid Amount on bidding	

<sup>(1)</sup>Subject to valid Bids being received at or above the Issue Price. The Issue is being made in accordance with Rule 19(2)(b)(i) of the SCRR and under the SEBI ICDR Regulations, where the Issue will be made through the Book Building Process. Not more than 50% of the Issue shall be available for allocation on a proportionate basis to QIBs. Out of the QIB Portion, 5% will be available for allocation on a proportionate basis to Mutual Funds only. The remainder will be available for allocation on a proportionate basis to QIBs and Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. However, if the aggregate demand from Mutual Funds is less than [●] Equity Shares, the balance Equity Shares available for Allotment in the Mutual Fund Portion will be added to the QIB Portion and allocated proportionately to the QIB Bidders in proportion to their Bids. Further, not less than 15% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue will be available for allocation to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. The allotment to each Retail Individual Bidders shall not be less than the minimum Bid lot, subject to availability of Equity Shares in the Retail Portion, and the remaining available Equity Shares, if any, shall be allotted on a proportionate basis. 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.

<sup>(2)</sup> In case of ASBA Bidders, the SCSB shall be authorised to block such funds in the bank account of the Bidder that are specified in the Bid cum Application Form.

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

### Withdrawal of the Issue

In accordance with the SEBI ICDR Regulations, our Company in consultation with Book Running Lead Manager, reserve the right not to proceed with the Issue at any time after the Bid / Issue Opening Date, but before the Allotment of Equity Shares, without assigning reasons thereof. However, if our Company withdraws the Issue after the Bid / Issue Closing Date, we will give reason thereof within two days by way of a public notice which shall be published in the same newspapers where the pre-Issue advertisements were published. Further, the Stock Exchange shall be informed promptly in this regard and the Book Running Lead Manager, through the Registrar to the Issue, shall notify the SCSBs to unblock the Bank Accounts of the ASBA Bidders within one Working Day from the date of receipt of such notification. If Issue is withdrawn after the Bid / Issue Closing Date and a fresh public offering is intended, a fresh offer document will be filed with SEBI.

Notwithstanding the foregoing, the 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 and thereafter determines that it will proceed with an IPO, our Company shall be required to file a fresh Draft Red Herring Prospectus.

### Bid/ Issue Programme

<b>BID / ISSUE OPENS ON</b>	[●]
<b>BID / ISSUE CLOSSES ON</b>	[●]*

\* Our Company may, in consultation with the BRLM, consider closing the Bid/Issue Period for QIBs one day prior to the Bid/Issue Closing Date in accordance with the SEBI ICDR Regulations.

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

Event	Indicative Date
Bid/Issue Closing Date	[●]
Finalisation of Basis of Allotment with the Designated Stock Exchange	[●]
Initiation of refunds	[●]
Credit of the Equity Shares to demat accounts of Allottees	[●]
Commencement of trading of the Equity Shares on the StockExchanges	[●]

**The above timetable is indicative and does not constitute any obligation on our Company or 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 Exchanges are taken within 12 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 Exchanges. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchanges and in accordance with the applicable laws.**

Applications and any revisions to the same will be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time) during the Issue Period at the Application Centers mentioned in the Application Form, or in the case of ASBA Applicants, 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). and shall be uploaded until (i) 4.00 p.m. (IST) in case of Bids by QIB Bidders and Non-Institutional Bidders, and (ii) until 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 applications received up to the closure of timings and reported by the BRLM to the Stock Exchanges. It is clarified that Bids not uploaded on the electronic bidding system would be rejected. Applications 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, Bidders are advised to submit their Bids one day prior to the Bid/Issue Closing Date and, in any case, no later than 1.00 p.m. (IST) on the Bid/Issue Closing Date. All times mentioned in the 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, i.e., Working Days. Neither our Company, nor any member of the Syndicate is liable for any failure in uploading the Bids due to faults in any software/hardware system or otherwise.

On the Bid/Issue Closing Date, extension of time will be granted by the Stock Exchanges only for uploading the Bids received by Retail Individual Bidders after taking into account the total number of Bids received and as reported by the BRLM to the Stock Exchanges within half an hour of such closure.

The final revision, if any, in the Price Band will be determined by our Company in consultation with the BRLM 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 Working Days after revision of Price Band subject to the Bid/Issue Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/Issue Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a press release and also by indicating the changes on the websites of the BRLM and at the terminals of the Syndicate Members.**

In case of discrepancy in the data entered in the electronic book *vis-à-vis* the data contained in the physical Bidcum Application Form, for a particular Bidder, the details as per the Bid file received from the Stock Exchanges may be taken as the final data for the purpose of Allotment. In case of discrepancy in the data entered in the electronic book *vis-à-vis* the data contained in the physical or electronic Bid cum Application Form, for a particular ASBA Bidder, the Registrar to the Issue shall ask the relevant SCSB or the member of the Syndicate for rectified data.

## ISSUE PROCEDURE

*All Bidders should review the General Information Document for Investing in Public Issues prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013 notified by SEBI (the “General Information Document”) which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, 1956, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 and the SEBI ICDR Regulations. The General Information Document has been updated to include reference to the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014 and certain notified provisions of the Companies Act, 2013, to the extent applicable to a public issue. The General Information Document would be made available with BRLM, Syndicate Members and would also be made available on the websites of the Stock Exchanges and the BRLM before opening of Issue. Please refer to the relevant provisions of the General Information Document which are applicable to the Issue.*

*Our Company and the BRLM do not accept any responsibility for the completeness and accuracy of the information stated in this section and shall not be liable for any amendment, modification or change in the applicable law which may occur after the date of the Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that their Bids are submitted in accordance with applicable laws and do not exceed the investment limits or maximum number of the Equity Shares that can be held by them under applicable law or as specified in the Red Herring Prospectus.*

*Please note that QIBs and Non-Institutional Bidders can participate in the Issue only through the ASBA process. Retail Individual Bidders can participate in the Issue through the ASBA process as well as the non ASBA process. ASBA Bidders should note that the ASBA process involves application procedures that are different from the procedure applicable to non-ASBA Bidders. However, there is a common Bid cum Application Form for ASBA Bidders (submitted to SCSBs or to the Syndicate at the Specified Locations or to the Registered Brokers at the Broker Centers) as well as for non-ASBA Bidders. Bidders applying through the ASBA process should carefully read the provisions applicable to such applications before making their application through the ASBA process. Please note that all Bidders are required to make payment of the full Bid Amount along with the Bid cum Application Form. In case of ASBA Bidders, an amount equivalent to the full Bid Amount will be blocked by the SCSBs.*

*ASBA Bidders may submit ASBA Bids to a Designated Branch (a list of such branches is available on the website of the SEBI ([www.sebi.gov.in](http://www.sebi.gov.in))) or to the Syndicate at the Specified Locations or to the Registered Brokers at the Broker Centers. Non-ASBA Bidders are required to submit Bids to the Syndicate, only on a Bid cum Application Form bearing the stamp of a member of the Syndicate or the Registered Broker. ASBA Bidders are advised not to submit Bid cum Application Forms to Escrow Collection Banks, unless such Escrow Collection Banks are also SCSBs.*

*All Bidders are required to pay the full Bid Amount or, in case of ASBA Bids, ensure that the ASBA Account has sufficient credit balance such that the full Bid Amount can be blocked by the SCSB at the time of submitting the Bid.*

*SEBI by its circular (CIR/CFD/DIL/1/2011) dated April 29, 2011 (“2011 Circular”) has made it mandatory for the non retail bidders i.e., QIBs and Non Institutional Bidders to make use of the facility of ASBA for making applications for public issues. Further, the 2011 Circular also provides a mechanism to enable the Syndicate and sub-Syndicate Members to procure Bid cum Application Forms submitted under the ASBA process from prospective Bidders. SEBI by its circular (CIR/CFD/14/2012) dated October 4, 2012 (“2012 Circular”), has introduced an additional mechanism for prospective Bidders to submit Bid cum Application Forms (ASBA and non-ASBA applications) using the stock broker network of Stock Exchanges, who may not be Syndicate Members in the Issue. The 2012 Circular envisages enabling this facility to submit the Bid cum Application Forms in more than 1,000 locations which are part of the nationwide broker network of the Stock Exchanges and where there is a presence of the brokers’ terminals, by March 1, 2013. Further, SEBI by its circular (CIR/CFD/DIL/ 4 /2013) dated January 23, 2013 (“2013 Circular”), in partial modification of the 2011 Circular, mandates that in order to facilitate Syndicate/ sub-Syndicate/ non-Syndicate Members to accept Bid cum Application Forms from prospective ASBA Bidders in the locations, all the SCSBs having a branch in the location of Broker Centers, notified in terms of the 2012 Circular are required to name at least one branch before March 1, 2013, where Syndicate/sub-Syndicate/ non-Syndicate Members can submit such Bid cum Application Forms.*

*Please note that pursuant to the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2012, certain aspects, such as withdrawal and revision of Bids, manner of allocation to Retail Individual Bidders and announcement of Price Band, have been modified. Please note that such modifications have come into effect from October 12, 2012 and all Bidders are advised to read this section carefully before participating in the Issue.*

### **Book Building Procedure**

The Issue is being made through the Book Building Process wherein not more than 50% of the Issue shall be available for allocation to QIBs on a proportionate basis. Out of the QIB Portion, not more than 5% will be available for allocation on a proportionate basis to Mutual Funds only. The remainder will be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. Further, not less than 15% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue will be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Issue Price. The allotment to each Retail Individual Bidder shall not be less than the minimum Bid lot, subject to availability of Equity Shares in the Retail Portion, and the remaining available Equity Shares, if any, shall be Allotted on a proportionate basis.

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

**Investors should note that the Equity Shares will be Allotted to all successful Bidders only in dematerialised 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.**

In case of QIBs the Book Running Lead Manager can reject Bids at the time of acceptance of the Bid cum Application Form provided that the reasons for such rejection shall be disclosed to such Bidder in writing. Further, Bids from QIBs can also be rejected on technical grounds. In case of Non Institutional Bidders, Retail Individual Bidders, our Company has a right to reject Bids based on technical grounds only.

Bidders can Bid at any price within the Price Band. The Price Band for the Issue was decided by our Company, in consultation with the Book Running Lead Manager, and the Bid lot for the Issue was decided by our Company in consultation with the Book Running Lead Manager, and advertised in all editions of a widely circulated English national newspaper, Hindi national newspaper Marathi newspaper, at least five Working Days prior to the Issue Opening Date, with the relevant financial ratios calculated at the Floor Price and at the Cap Price. Such information was disclosed to the Stock Exchanges for dissemination through, and was pre-filled in the Bid cum Application Forms available on, the Stock Exchanges' websites.

### **Bid cum Application Form**

Please note that there is a common Bid cum Application Form for ASBA Bidders (submitted to SCSBs or to the Syndicate at the Specified Locations or to the Registered Brokers at the Broker Centers) as well as for non-ASBA Bidders. The prescribed colour of the Bid-cum-Application Form for the various categories is as follows:

Category	Colour
Resident Indians and Eligible NRIs applying on a non-repatriation basis (ASBA as well as non ASBA Bidders)*	White
Eligible NRIs, FPIs their Sub-Accounts (other than Sub-Accounts which are foreign corporates or foreign individuals bidding under the QIB Portion) or FVCIs, QFIs applying on a repatriation basis (ASBA as well as non ASBA Bidders)	Blue

*\*Bid cum Application Forms and the abridged Prospectus will also be available on the website of the NSE ([www.nseindia.com](http://www.nseindia.com))*

All non-ASBA Bidders are required to submit their Bids through the Syndicate or the Registered Brokers only. ASBA Bidders are required to submit their Bids through the SCSBs (in physical or electronic form) or with the Syndicate at the Specified Locations or to the Registered Brokers at the Broker Centers, authorising SCSBs to block funds that are available in the ASBA Account specified in the Bid cum Application Form. Non-ASBA Bidders shall only use the specified Bid cum Application Form bearing the stamp of a member of the Syndicate or a Registered Broker for the purpose of making a Bid in terms of the Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered as multiple Bids.

No separate receipts shall be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection centre of the Syndicate or the Registered Brokers will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder. The Bidder should preserve this acknowledgment slip and should provide the same for any queries relating to non-Allotment of Equity Shares in the Issue.

Kindly note that the Syndicate/ Sub Syndicate or the Registered Broker at the Specified Locations or the Brokers Centers, as applicable, may not accept the Bid if there is no branch of the Escrow Collection Banks at that location.

**ASBA Bidders bidding through a member of the Syndicate or a Registered Broker should ensure that the Bid cum Application Form is submitted to a member of the Syndicate only in the Specified Locations or to a Registered Broker in a Broker Center. ASBA Bidders should also ensure that Bid cum Application Forms submitted to the member of the Syndicate in the Specified Locations or a Registered Broker at a Broker Center will not be accepted if the SCSB where the ASBA Account, as specified in the Bid cum Application Form, is maintained has not named at least one branch at that location for the members of the Syndicate or the Registered Broker to deposit Bid cum Application Forms (a list of such branches is available on the website of SEBI at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>). ASBA Bidders bidding directly through the SCSBs should ensure that the Bid cum Application Form is submitted to a Designated Branch of a SCSB where the ASBA Account is maintained.**

**It is not obligatory for the Registered Broker to accept the Bid cum Application Forms. However, upon acceptance of a Bid cum Application Form, it is the responsibility of the Registered Broker to comply with the obligations set out in 2012 Circular, including in relation to uploading the Bids on the online system of the Stock Exchanges, depositing the cheque and sending the updated electronic schedule to the relevant branch of the Escrow Collection Bank (in case of Bids by Bidders other than ASBA Bidders) and forwarding the schedule along with the Bid cum Application Form to the relevant branch of the SCSB (in case of Bids by ASBA Bidders), and are liable for any failure in this regard.**

Upon completion and submission of the Bid cum Application Form to a Syndicate or the Registered Broker or the SCSB, the Bidder is deemed to have authorised our Company to make the necessary changes in the Red Herring Prospectus as would be required for filing this Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the Bidder. Upon the filing of the Prospectus with the RoC, the Bid cum Application Form shall be considered as the Application Form.

To supplement the foregoing, the mode and manner of Bidding through the Bid cum Application Form is illustrated in the following chart:

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Category of bidder	Mode of Bidding	To whom the application form has to be submitted
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Retail Individual Bidders	Either (i) ASBA or (ii) non-ASBA	<p>In case of ASBA Bidders</p> <p>(i) If using physical Bid cum Application Form, to the Syndicate/ Sub Syndicate at the Specified Locations, or to the Designated Branches of the SCSBs where the ASBA Account is maintained, or to the Registered Brokers at the Broker Centres; or</p> <p>(ii) If using electronic Bid cum Application Form, to the SCSBs, electronically through internet banking facility, where the ASBA Account is maintained.</p> <p>In case of non-ASBA Bidder:</p> <p>Using physical Bid cum Application Form, to the Syndicate/ Sub Syndicate at the Specified Locations or the Registered Brokers at the Broker Centres.</p>
Non Institutional Bidders and QIBs	ASBA ( <i>Kindly note that ASBA is mandatory and no other mode of Bidding is permitted</i> )	<p>(i) If using physical Bid cum Application Form, to the Syndicate / Sub Syndicate at the Specified Locations, to the Designated Branches of the SCSBs where the ASBA Account is maintained, or to the Registered Brokers at the Broker Centres; or</p> <p>(ii) If using electronic Bid cum Application Form, to the SCSBs, electronically through internet banking facility, where the ASBA Account is maintained.</p>

### Who can Bid?

The following persons are also eligible to invest in the Equity Shares under all applicable laws, regulations and guidelines, including:

- 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);
- Bids/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 Bidder/Applicant should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form/Application Form as follows: "Name of sole or first Bidder/Applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Bids/Applications by HUFs may be considered at par with Bids/Applications from individuals;
- Companies, corporate bodies and societies 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;

- Qualified Foreign Investors subject to applicable law;
- Indian Financial Institutions, regional rural banks, co-operative banks (subject to RBI regulations and the SEBI ICDR Regulations, 2009 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 Bid/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.

#### **Participation by associates/ affiliates of Book Running Lead Manager and Syndicate Members**

The Book Running Lead Manager and the Syndicate Members shall not be allowed to subscribe to this Issue in any manner, except towards fulfilling their underwriting obligations. However, the associates and affiliates of the BRLM and the Syndicate Members may subscribe to the Equity Shares in the Issue, either in the QIB Portion or in the Non-Institutional portion as may be applicable to such Bidders, where the allocation is on a proportionate basis and such subscription may be on their own account or on behalf of their clients. All categories of investors, including associates or affiliates of Book Running Lead Manager and Syndicate Members, shall be treated equally for the purpose of allocation to be made on a proportionate basis.

#### **Bids by Mutual Funds**

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged with the Bid cum Application Form. Failing this, our Company reserves the right to reject any Bid without assigning any reason thereof.

**In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.**

#### **Bids by eligible NRIs**

Only Bids accompanied by payment in Indian Rupees or freely convertible foreign exchange will be considered for Allotment. Eligible NRIs intending to make payment through freely convertible foreign exchange and bidding on a repatriation basis could make payments through Indian Rupee drafts purchased abroad or cheques or bank drafts or by debits to their NRE Account or FCNR Account, maintained with banks authorized by the RBI to deal in foreign exchange. Eligible NRIs bidding on a repatriation basis are advised to use the Bid cum Application Form meant for Non-Residents (blue in colour), accompanied by a bank certificate confirming that the payment has been made by debiting to the NRE Account or FCNR Account, as the case may be. Payment for Bids by non-resident Bidder bidding on a repatriation basis will not be accepted out of NRO Accounts.

NRIs Bidding on 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 the NRO Account / Non-Resident (Special) Rupee account / Non-Resident Non-Repatriable Term Deposit Account. NRIs Bidding on non-repatriation basis are advised to use the Bid cum Application Form for Residents (white in colour).

### **Bids by FPIs**

On January 7, 2014, SEBI notified the SEBI FPI Regulations pursuant to which the existing classes of portfolio investors namely 'foreign institutional investors' and 'qualified foreign investors' will be subsumed under a new category namely 'foreign portfolio investors' or 'FPIs'. RBI on March 13, 2014 amended the FEMA Regulations and laid down conditions and requirements with respect to investment by FPIs in Indian companies.

In terms of the SEBI FPI Regulations, an FII who holds a valid certificate of registration from SEBI shall be deemed to be a registered FPI until the expiry of the block of three years for which fees have been paid as per the SEBI FII Regulations. Accordingly, such FIIs can participate in this Issue in accordance with Schedule 2 of the FEMA Regulations. An FII shall not be eligible to invest as an FII after registering as an FPI under the SEBI FPI Regulations. Further, a QFI can continue to buy, sell or otherwise deal in securities until January 6, 2015 or until the QFI obtains a certificate of registration as FPI, whichever is earlier. Such QFIs shall be eligible to participate in this Issue in accordance with Schedule 8 of the FEMA Regulations and are required to Bid under the Non-Institutional Bidders category.

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) is not permitted to exceed 10% of our post-Issue Equity Share capital. Further, in terms of the FEMA Regulations, the total holding by each FPI shall be below 10% of the total paid-up Equity Share capital of our Company and the total holdings of all FPIs put together shall not exceed 24% of the paid-up Equity Share capital of our Company. The aggregate limit of 24% may be increased up to the sectoral cap by way of a resolution passed by the Board of Directors followed by a special resolution passed by the Shareholders of our Company and subject to prior intimation to RBI. In terms of the FEMA Regulations, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs as well as holding of FIIs (being deemed FPIs) shall be included. The existing individual and aggregate investment limits an FII or sub account in our Company is 10% and 24% of the total paid-up Equity Share capital of our Company, respectively.

Further, the existing individual and aggregate investment limits for QFIs in an Indian company are 5% and 10% of the paid up capital of an Indian company, respectively.

FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 22 of the SEBI FPI Regulations, an FPI, other than Category III foreign portfolio and unregulated broad based funds, which are classified as Category II foreign portfolio investor by virtue of their investment manager being appropriately regulated, may issue or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with 'know your client' norms. An FPI is also required to ensure that no further issue or

transfer of any offshore derivative instrument is made by or on behalf of it to any persons that are not regulated by an appropriate foreign regulatory authority.

**Bids by SEBI registered Venture Capital Funds, Alternative Investment Funds and Foreign Venture Capital Investors**

The SEBI VCF Regulations and SEBI FVCI Regulations, *inter alia* prescribe the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the SEBI AIF Regulations prescribe, amongst others, the investment restrictions on AIFs.

Accordingly, the holding by any individual VCF registered with SEBI in one venture capital undertaking should not exceed 25% of the corpus of the VCF. Further, VCFs and FVCIs can invest only up to 33.33% of the investible funds by way of subscription to an initial public offering.

The category I and II AIFs cannot invest more than 25% of the corpus in one Investee Company. A category III AIF cannot invest more than 10% of the corpus in one Investee Company. A venture capital fund registered as a category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than 1/3rd of its corpus by way of subscription to an initial public offering of a venture capital undertaking. Additionally, the VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the VCF Regulations.

**All Non-Resident Bidders including Eligible NRIs, FPIs and FVCIs should note that refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian rupees will be converted into USD or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE Accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. Our Company or BRLM will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.**

**There is no reservation for Eligible NRIs, FPIs and FVCIs and all Bidders will be treated on the same basis with other categories for the purpose of allocation.**

**Bids by limited liability partnerships**

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form. Failing this, our Company reserves the right to reject any Bid without assigning any reason thereof. Limited liability partnerships can participate in the Issue only through the ASBA process.

**Bids by banking companies**

In case of Bids made by banking companies registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, and (ii) the approval of such banking company's investment committee are required to be attached to the Bid cum Application Form, failing which our Company reserves the right to reject any Bid without assigning any reason.

The investment limit for banking companies as per the Banking Regulation Act, 1949, as amended, is 30% of the paid up share capital of the investee company or 30% 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 2, 2012 sets forth prudential norms required to be followed for classification, valuation and operation of investment portfolio of banking companies.

**Bids by insurance companies**



In case of Bids made by insurance companies registered with the IRDA, a certified copy of certificate of registration issued by IRDA must be attached to the Application-Cum-Bidding Form. Failing this, our Company reserves the right to reject any Bid without assigning any reasons thereof.

The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2000 (the 'IRDA Investment Regulations'), are broadly set forth below:

1. *Equity shares of a company*: The least of 10% of the investee company's subscribed capital (face value) or 10% of the respective fund in case of life insurer or 10% of investment assets in case of general insurer or reinsurer
2. *The entire group of the investee company*: the least of 10% of the respective fund in case of a life insurer or 10% of investment assets in case of a general insurer or reinsurer (25% in case of Unit Linked Insurance Plans); and
3. *The industry sector in which the investee company operates*: 10% of the insurer's total investment exposure to the industry sector (25% in case of Unit Linked Insurance Plans).

### **Bids by SCSBs**

SCSBs participating in the Issue are required to comply with the terms of the SEBI circulars dated September 13, 2012 and January 2, 2013. Such SCSBs are required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for ASBA applications.

### **Bids under Power of Attorney**

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, FPIs, Mutual Funds, insurance companies, insurance funds set up by the army, navy or air force of the Union of India, insurance funds set up by the Department of Posts, India or the National Investment Fund and provident funds with a minimum corpus of ₹250 million (subject to applicable law) and pension funds with a minimum corpus of ₹250 million, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, our Company, reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

In case of a Bid by way of ASBA pursuant to a power of attorney, a certified copy of the power of attorney must be lodged along with the Bid cum Application Form.

In addition to the above, certain additional documents are required to be submitted by the following entities:

- (a) With respect to Bids by FPIs and Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form.
- (b) With respect to Bids by insurance companies registered with the IRDA, in addition to the above, a certified copy of the certificate of registration issued by the IRDA must be lodged along with the Bid cum Application Form.
- (c) With respect to Bids made by provident funds with a minimum corpus of ₹250 million (subject to applicable law) and pension funds with a minimum corpus of ₹250 million, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Bid cum Application Form.
- (d) With respect to Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form.

Our Company in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application form, subject to such terms and conditions that our Company and the BRLM may deem fit.

### **Bids by provident funds/pension funds**

In case of Bids made by provident funds/pension funds, subject to applicable laws, with minimum corpus of ₹250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be attached to the Bid cum Application Form. Failing this, our Company reserves the right to reject any Bid, without assigning any reason thereof.

**The above information is given for the benefit of the Bidders. Our Company, the BRLM and the Syndicate Members are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and Bidders are advised to ensure that any single Bid from them does not exceed the applicable investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in the Draft Red Herring Prospectus.**

### *Maximum and Minimum Bid Size*

- (a) **For Retail Individual Bidders:** The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter, so as to ensure that the Bid Amount payable by the Bidder does not exceed ₹200,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed ₹200,000. Where the Bid Amount is above ₹200,000, non-QIB Bidders, must ensure that they apply only through the ASBA process and such Bidders applying through the ASBA process will be considered for allocation under the Non-Institutional Portion. Furthermore, in case of non-ASBA Bids, if the Bid Amount is above ₹200,000, the Bid is liable to be rejected. The Cut-off Price option is an option given only to the Retail Individual Bidders indicating their agreement to Bid for and purchase the Equity Shares at the final Issue Price as determined at the end of the Book Building Process. Retail Individual Bidders can revise their Bid during the Bid/Issue period and withdraw their Bids until finalisation of Basis of Allotment.

Retail Individual Bidders bidding at the Cut-Off Price shall ensure payment at the Cap Price at the time of making the Bid. Retail Individual Bidders, who are not bidding at Cut-Off Price, should ensure that the Bid price per Equity Share (within the Price Band) shall be mentioned in the Bid cum Application Form.

- (b) **Other Bidders (Non-Institutional Bidders and QIBs):** The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds ₹200,000 and in multiples of [●] Equity Shares thereafter. A Bid cannot be submitted for more than the Issue size. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. **QIB Bidders and Non-Institutional Bidders cannot withdraw their Bids or lower the size of their Bids (in terms of quantity of Equity Shares or Bid Amount) at any stage. QIBs and Non Institutional Bidders are mandatorily required to submit their Bids through the ASBA process and pay the entire Bid Amount upon submission of the Bid.** The identity of QIBs Bidding in the Issue under the QIB Portion shall not be made public during the Issue Period.

In case the Bid Amount reduces to ₹200,000 or less due to a revision of the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion. Non-Institutional Bidders and QIBs are not allowed to (i) Bid at 'Cut-off Price' (ii) withdraw the Bids at any stage, and (iii) revise the Bids to lower the size of the Bids (both in terms of number of Equity Shares Bid for and Payment Amount) at any stage.

The maximum and minimum Bid size applicable to a QIB, Retail Individual Bidder or a Non-Institutional Bidder shall be applicable to an ASBA Bidder in accordance with the category that such ASBA Bidder falls under.

**Bidders are advised to make independent enquiries and ensure that any single Bid 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 Draft Red Herring Prospectus.**

- (a) Our Company and the Book Running Lead Manager shall declare the Bid/Issue Opening Date and Bid/Issue Closing Date in the Red Herring Prospectus to be registered with the RoC and also publish the same in an English, a Hindi national daily newspaper and a Malayalam daily newspaper, each with wide circulation. This advertisement shall be in the prescribed format.
- (b) Our Company will file the Red Herring Prospectus with the RoC at least three Working Days before the Bid/Issue Opening Date.
- (c) Our Company, in consultation with the Book Running Lead Manager, will determine the Price Band and minimum Bid Lot and the same shall be advertised in an English, a Hindi national daily newspaper and a daily newspaper, each with wide circulation at least five Working Days prior to the Bid/Issue Opening Date. The Syndicate and the SCSBs shall accept Bids from the Bidders during the Bid/Issue Period.
- (d) The Bid/Issue Period shall be for a minimum of three Working Days. In case the Price Band is revised, the Bid/Issue Period may be extended, if required, by an additional three Working Days, subject to the total Bid/Issue Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/Issue Period, if applicable, will be published in an English, a Hindi national daily newspaper and a Malayalam daily newspaper, each with wide circulation and also by indicating the change on the websites of the Book Running Lead Manager and at the terminals of the members of the Syndicate.
- (e) QIBs and Non Institutional Bidders can participate in the Issue only through the ASBA process. Retail Individual Bidders have the option to Bid through the ASBA process or the non-ASBA process.
- (f) Eligible Bidders who are interested in subscribing for the Equity Shares should approach the Book Running Lead Manager or Syndicate Members, their authorised agent(s) or the Non Syndicate Registered Brokers to register their Bids. Bidders who wish to use the ASBA process should approach the Designated Branches of the SCSBs, the Syndicate (only in the Specified Cities) or the Non Syndicate Registered Brokers to register their Bids.
- (g) Eligible Bidders who are interested in subscribing for the Equity Shares should approach the Book Running Lead Manager or Syndicate Members, their authorised agent(s) or the Non Syndicate Registered Brokers to register their Bids. Bidders who wish to use the ASBA process should approach the Designated Branches of the SCSBs, the Syndicate (only in the Specified Cities) or the Non Syndicate Registered Brokers to register their Bids.
- (h) The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms (other than in respect of ASBA Bids) should bear the stamp of the member of the Syndicate or the Non Syndicate Registered Brokers; or otherwise they are liable to be rejected. Bid cum Application Forms submitted directly to the SCSBs should bear the stamp of the SCSBs and/or the Designated Branch and/or a member of the Syndicate in the Specified Cities or the Non Syndicate Registered Brokers, if not, the same are liable to be rejected. Bid cum Application Forms submitted by Bidders whose beneficiary account is inactive shall be rejected.
- (i) Except for Bids by or on behalf of the Central or State Government and the officials appointed by the courts and by Bidders resident in the State of Sikkim, the Bidders, or in the case of a Bid in joint names, the first Bidder, 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 Bid cum Application Form without the PAN is liable to be rejected. In case of Bids submitted on behalf of the Central Government or the State Government or officials appointed by a court, such Bidders shall provide sufficient documentary evidence in support of the fact that such Bids have been submitted on behalf of the Central Government or the State Government or officials appointed by a court. Residents of Sikkim shall provide sufficient documentary evidence in support of their address as provided in the SEBI MRD circular MRD/DOP/Dep/cir-29/2004 dated August 24, 2004. With effect from August 16, 2010, the beneficiary accounts of Bidders for whom PAN details have not been verified will be “suspended for credit” by the Depositories, and no credit of Equity Shares pursuant to the Issue will be made in the accounts of such Bidders.

- (j) In case no corresponding record is available with the Depositories, which matches the three parameters, namely, DP ID, Client ID and PAN, then such Bids are liable to be rejected.
- (k) No separate receipts will be issued for the money payable on the submission of Bid cum Application Form or Revision Form by ASBA Bidders. However, the collection centre of the members of the Syndicate or the SCSB, as the case may be, will, after the Bid has been uploaded, acknowledge the uploading of the Bid cum Application Forms or Revision Forms by stamping the date and time and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder.
- (l) Pursuant to SEBI Circular No. CIR/CFD/14/2012 dated October 4, 2012 all investors can submit their application form through nationwide broker network of Stock Exchanges. The details of locations including name of the broker, contact details such as name of the contact person, postal address, telephone number, e-mail address of the broker, etc. where the application forms shall be collected will be disclosed by the Stock Exchanges on their websites.
- (m) Application forms can be downloaded from the Stock Exchanges websites/broker terminals, so that any eligible investor or stock broker can download/print the forms directly.
- (n) Eligible investors may submit the Bid cum Application Form, indicating the mode of payment to the Non Syndicate Registered Brokers.
- (o) The Non Syndicate Registered Brokers shall be responsible for uploading the bid on the Stock Exchange platform, banking the cheque / submitting the Bid cum Application Form to SCSB, etc. and liable for any failure in this regard.
- (p) All Registered Brokers of NSE and BSE (list available at [http://www.nseindia.com/products/content/equities/ipos/ipo\\_mem\\_terminal.htm](http://www.nseindia.com/products/content/equities/ipos/ipo_mem_terminal.htm) and [http://www.bseindia.com/Markets/PublicIssues/brokercentres\\_new.aspx?expandable=3](http://www.bseindia.com/Markets/PublicIssues/brokercentres_new.aspx?expandable=3)) which are part of the nationwide broker network of the Stock Exchanges are enabled to accept application forms. The Registered Broker shall be responsible for uploading the bid on the Stock Exchange platform; banking the cheque / submitting the ASBA form to the SCSBs, etc. and liable for any failure in this regard.

**The Bidders should note that in case the DP ID, Client ID and PAN mentioned in the Bid cum Application Form and entered into the electronic bidding system of the Stock Exchanges by the Syndicate do not match with the DP ID, Client ID and PAN available in the database of Depositories, the Bid cum Application Form is liable to be rejected and our Company and members of the Syndicate shall not be liable for losses, if any.**

**Bidders are advised not to submit the Bid cum Application Form to Escrow Collection Banks and the same will be rejected in such cases and the Bidders will not be entitled to any compensation on account of such rejection.**

**Additional information specific to ASBA Bidders**

1. The SCSBs and Syndicate, at Syndicate ASBA Centres and at the terminals of the Registered Brokers, will make such copies of Bid-cum-Application Forms available to investors applying under the ASBA process. Additionally, our Company shall ensure that the SCSBs are provided with soft copies of the abridged prospectus and the Bid-cum-Application Form. The SCSBs shall make such documents available on their websites. The BRLM shall ensure that certain information, including a soft copy of the abridged prospectus, is provided to the Stock Exchanges at least two days prior to the Bid/Issue Opening Date to enable the Stock Exchanges to include such information in the Bid-cum-Application Form before it is made available on their websites.
2. Bid cum Application Forms in physical form will be available with the Designated Branches with the members of the Syndicate at Syndicate ASBA Centres and at the terminals of the Registered Brokers; and electronic Bid cum Application Forms will be available on the websites of the SCSBs, the Non Syndicate Registered Brokers

and the Stock Exchanges at least one day prior to the Issue Opening Date. Further, the SCSBs will ensure that the abridged Red Herring Prospectus is made available on their websites.

3. SCSBs may provide the electronic mode of Bidding either through an internet enabled Bidding and banking facility or such other secured, electronically enabled mechanism for Bidding and blocking funds in the ASBA Account. Eligible ASBA Bidders may also approach the Designated Branches to register their Bids through the ASBA process.
4. ASBA Bidders should approach the Designated Branches to register their Bids, except for the ASBA Bidders Bidding through Syndicate ASBA process or the Registered Brokers, who should approach the members of the Syndicate in case of Bid by way of Syndicate ASBA process or the Registered Brokers to upload their Bids who shall in turn submit the same to the SCSBs after uploading the Bids and other relevant details of Bid-cum-Application Forms in the bidding platform provided by the Stock Exchanges.
5. The SCSBs shall accept Bids only during the Bid Period and only from the ASBA Bidders. The SCSB shall not accept any Bid cum Application Form after the closing time of acceptance of Bids on the Issue Closing Date.
6. The Bid cum Application Form shall bear the stamp of the Designated Branch, the members of the Syndicate (in case of Bids through Syndicate ASBA) or the Non Syndicate Registered Broker, if not, the same shall be rejected.

### **Method and Process of Bidding**

- (a) Our Company in consultation with the Book Running Lead Manager, will determine the Price Band and minimum Bid Lot and the same shall be advertised in an English national daily newspaper, a Hindi national daily newspaper and a Malayalam daily newspaper, each with wide circulation at least five Working Days prior to the Bid/Issue Opening Date, with the relevant financial ratios calculated at the Floor Price and at the Cap Price. Such information shall also be disclosed to the Stock Exchanges for dissemination through, and shall be pre-filled in the Bid cum Application Forms available on, the Stock Exchanges' websites. The members of the Syndicate, SCSBs and the Non Syndicate Registered Brokers shall accept Bids from the Bidders during the Bid/Issue Period.
- (b) The Bid/Issue Period shall be for a minimum of three Working Days and shall not exceed 10 Working Days. The Bid/Issue Period may be extended, if required, by an additional three Working Days, subject to the total Bid/Issue Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/Issue Period, if applicable, will be published in one English national daily newspaper, one Hindi national daily newspaper and one Malayalam daily newspaper, each with wide circulation and also by indicating the change on the website of the Book Running Lead Manager and at the terminals of the Syndicate.
- (c) During the Bid/Issue Period, Bidders who are interested in subscribing for the Equity Shares should approach the members of the Syndicate or the Non Syndicate Registered Brokers or their authorised agents to register their Bid. The members of the Syndicate and the Non Syndicate Registered Brokers accepting Bids have the right to vet the Bids during the Bid/Issue Period in accordance with the terms of the Red Herring Prospectus. ASBA Bidders Bidding through Syndicate ASBA should submit their Bids to the members of the Syndicate. ASBA Bidders Bidding through the SCSBs are required to submit their Bids to the Designated Branches of such SCSBs. ASBA Bidders Bidding through the Non Syndicate Registered Brokers are required to submit their Bids at the Non Syndicate Broker Centres.
- (d) Each Bid cum Application Form will give the Bidder the choice to Bid for up to three optional prices (for details refer to the paragraph titled "Bids at Different Price Levels and Revision of Bids" below) within the Price Band and specify the demand (i.e., the number of Equity Shares Bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Issue Price will be considered for allocation/Allotment and the rest of the Bid(s), irrespective of the Bid Amount, will become automatically invalid.

- (e) The Bidder cannot Bid on another Bid cum Application Form after Bids on one Bid cum Application Form have been submitted to any member of the Syndicate, the SCSBs or the Non Syndicate Registered Brokers, as the case may be. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate or SCSB or Non Syndicate Registered Broker will be treated as multiple Bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the approval of the Basis of Allotment. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph “*Build up of the Book and Revision of Bids*”. Please note that, upon submission of the Bid, Non Institutional Bidders and QIBs are not permitted to withdraw or lower the size of their Bids (both in terms of number of Equity Shares Bid for and Payment Amount) at any stage.
- (f) The Syndicate, the SCSBs or the Non Syndicate Registered Brokers, as the case may be, will enter each Bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip, (“**TRS**”), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid cum Application Form. All accepted applications made at the Broker Centres shall be stamped and thereby acknowledged by the Registered Brokers at the time of receipt, which shall form the basis of any complaint.
- (g) Along with the Bid cum Application Form, all non-ASBA Bidders will make payment in the manner described in “*Payment Instructions*” in the chapter titled “*Issue Procedure*” on page 194.
- (h) With regard to Syndicate ASBA or an ASBA Bid submitted to a Non Syndicate Registered Broker, upon receipt of the Bid cum Application Form by a member of the Syndicate or a Non Syndicate Registered Broker, as the case may be, the concerned member of the Syndicate or Non Syndicate Registered Broker shall issue an acknowledgement by giving the counter foil of the Bid cum Application Form to the ASBA Bidder as proof of having accepted the Bid. Thereafter, the member of the Syndicate or Non Syndicate Registered Broker, as the case may be, shall upload the details of the Bid in the electronic Bidding system of the Stock Exchanges and forward the Bid cum Application Form to the concerned SCSB. The SCSB shall carry out further action for such Bid cum Application Forms such as signature verification and blocking of funds. The SCSBs shall block the application amount only against/in a funded deposit account and ensure that clear demarcated funds are available for ASBA applications. The SCSB shall block an amount equivalent to the Payment Amount mentioned in the Bid-cum-Application Form and generate a TRS for each price and demand option. The TRS shall be furnished to the ASBA Bidder on request.
- (i) With regard to non-Syndicate ASBA i.e., ASBA Bidders Bidding through the SCSBs, upon receipt of the Bid cum Application Form, submitted whether in physical or electronic mode, the respective Designated Branch shall verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the Bid cum Application Form, prior to uploading such Bids with the Stock Exchanges.
- (j) If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB shall reject such Bids and shall not upload such Bids with the Stock Exchanges.
- (k) If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the Bid cum Application Form and will enter each Bid option into the electronic bidding system as a separate Bid and generate a TRS for each price and demand option. The TRS shall be furnished to the ASBA Bidder on request.
- (l) With regard to ASBA Bidders Bidding through the Non-Syndicate Registered Brokers, post acknowledgment of the accepted applications made at the Broker Centres which shall be stamped and thereby acknowledged by the Registered Brokers at the time of receipt, the Registered Brokers shall forward a schedule (containing application number and amount) along with the Bid-cum-Application Form to the branch named for ASBA of the respective SCSBs for blocking of funds.
- (m) The Bid Amount shall remain blocked in the aforesaid ASBA Account until finalisation of the Basis of Allotment and consequent transfer of the Bid Amount against the Allotted Equity Shares to the Public Issue Account, or until withdrawal (by Retail Individual Bidders) or failure of the Issue or until rejection of the Bid cum Application Form, as the case may be. Once the Basis of Allotment is finalized, the Registrar to the Issue shall send an appropriate request to the Controlling Branch of the SCSB for unblocking the relevant ASBA

Accounts and for transferring the amount allocable to the successful Bidders to the Public Issue Account. In case of withdrawal (by Retail Individual Bidders) or failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the Registrar to the Issue.

- (n) All Registered Brokers of NSE and BSE (list available at [http://www.nseindia.com/products/content/equities/ipos/ipo\\_mem\\_terminal.htm](http://www.nseindia.com/products/content/equities/ipos/ipo_mem_terminal.htm) and [http://www.bseindia.com/Markets/PublicIssues/brokercentres\\_new.aspx?expandable=3](http://www.bseindia.com/Markets/PublicIssues/brokercentres_new.aspx?expandable=3)) which are part of the nationwide broker network of the Stock Exchanges, are enabled to accept application forms. The Registered Broker shall be responsible for uploading the bid on the Stock Exchange platform; banking the cheque / submitting the ASBA form to the SCSBs, etc. and liable for any failure in this regard.

### **Bids at Different Price Levels**

- (a) In accordance with the SEBI Regulations, our Company in consultation with the Book Running Lead Manager, will decide on any revision in the Price Band, without the prior approval of, or intimation, to the Bidders, 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 atleast five Working Days prior to the Bid/Issue Opening and Cap Price will be revised accordingly. The revised Price Band and the Issue Period will be widely disseminated by notification to the Stock Exchanges and the SCSBs and also by indicating the change on the terminals of the members of the Syndicate.
- (b) Our Company in consultation with the Book Running Lead Manager will finalise the Issue Price within the Price Band, without the prior approval of, or intimation, to the Bidders.
- (c) The Bidders can Bid at any price within the Price Band. The Bidder has to Bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders may Bid at the Cut-off Price. However, bidding at Cut-off Price is prohibited for QIBs and Non-Institutional Bidders and such Bids from QIBs and Non-Institutional Bidders shall be rejected.
- (d) Retail Individual Bidders who Bid at the Cut-off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders shall submit the Bid cum Application Form along with a cheque/demand draft for the Bid Amount based on the Cap Price with the Syndicate.
- (e) In case of ASBA Bidders (excluding Non-Institutional Bidders and QIB Bidders) bidding at Cut-off Price, the ASBA Bidders shall instruct the SCSBs to block an amount based on the Cap Price.
- (f) In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders who Bid at the Cut-off Price, such Retail Individual Bidders will receive refunds of the excess amounts in the manner provided in the Draft Red Herring Prospectus.
- (g) In accordance with the SEBI ICDR Regulations, QIB Bidders and Non-Institutional Bidders are not permitted to lower the size of their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage. QIB Bidders and Non-Institutional Bidders may revise their Bids upwards (in terms of quantity of Equity Shares or the Bid Amount) during the Bid/Issue Period. Such upward revision must be made using the Revision Form. Retail Individual Bidders can revise their Bids during the Bid/Issue Period and withdraw their Bids until finalisation of Basis of Allotment.

### **Electronic Registration of Bids**

- (a) The Syndicate and the SCSBs will register the Bids using the on-line facilities of the Stock Exchanges.
- (b) The Syndicate and the SCSBs will undertake modification of selected fields in the Bid details already uploaded within one Working Day from the Bid/Issue Closing Date.
- (c) There will be at least one on-line connectivity facility in each city, where a stock exchange is located in

India and where Bids are being accepted.

- (d) The Registered Brokers shall upload the Bids and update the electronic schedule (containing application details including the application amount) as downloaded from platform of the Stock Exchange and send it to local branch of the collecting bank.
- (e) None of the Book Running Lead Manager, our Company or the Registrar to the Issue shall be responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the Bids accepted by the Syndicate Members or the SCSBs, (ii) the Bids uploaded by the SCSBs or the Non Syndicate Registered Brokers; (iii) the Bids accepted but not uploaded by the SCSBs or the Non Syndicate Registered Brokers; or (iv) with respect to Bids by ASBA Bidders, Bids accepted and uploaded by the SCSBs and Non Syndicate Registered Brokers without blocking funds in the ASBA Accounts or (v) with respect to Bids accepted and uploaded by the Non-Syndicate Registered Brokers at the platform of the Stock Exchanges.
- (f) A SCSB shall be responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the Bids accepted by the SCSBs, (ii) the Bids uploaded by such SCSBs, (iii) the Bids accepted but not uploaded by such SCSB and (iv) with respect to Bids by ASBA Bidders, Bids accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for Bids uploaded by the SCSB, the full Bid Amount has been blocked in the relevant ASBA Account. A Syndicate member shall be responsible for any acts, mistakes or errors or omissions and commissions in relation to (i) the Bids accepted by such Syndicate member, (ii) the Bids uploaded by such Syndicate member, (iii) Bids accepted but not uploaded by such Syndicate member. With respect to Bids by ASBA Bidders, which are accepted and uploaded by a Syndicate member, the designated branches of the relevant SCSB, which receives the relevant schedule (along with Bid cum Application forms will be responsible for blocking the necessary amounts in the ASBA Accounts. It shall be presumed that for Bids uploaded by the Syndicate for the Syndicate ASBA Bidders, the full Bid Amount has been blocked in the relevant ASBA Account.
- (g) In case of apparent data entry error by either the members of the Syndicate, Non Syndicate Registered Brokers or the collecting bank in entering the Bid cum Application Form number in their respective schedules other things remaining unchanged, the Bid cum Application Form may be considered as valid and such exceptions may be recorded in minutes of the meeting submitted to Stock Exchange(s).
- (h) The Stock Exchanges will offer an electronic facility for registering Bids for the Issue. This facility will be available with the Syndicate and their authorised agents, the SCSBs and the Non Syndicate Registered Brokers during the Bid/Issue Period. The members of the Syndicate and the Designated Branches of the SCSBs can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for Book Building on a regular basis. On the Bid/Issue Closing Date, the Syndicate, the Designated Branches of the SCSBs and the Non Syndicate Registered Brokers shall upload the Bids till such time as may be permitted by the Stock Exchanges. This information will be available with the members of the Syndicate on a regular basis. Bidders are cautioned that a high inflow of high volumes on the last day of the Bid/Issue Period may lead to some Bids received on the last day not being uploaded and such Bids will not be considered for allocation.
- (i) Based on the aggregate demand and price for Bids registered on the electronic facilities of the Stock Exchanges, a graphical representation of consolidated demand and price as available on the websites of the Stock Exchanges would be made available at the Bidding centres during the Bid/Issue Period.
- (j) At the time of registering each non-ASBA Bids, the members of the Syndicate and the Non Syndicate Registered Brokers shall enter the following details of the Bidders in the on-line system:
- Name of the Bidder: Bidders should ensure that the name given in the Bid-cum-Application Form is exactly the same as the name in which the Depository Account is held. In case the Bid-cum-Application Form is submitted in joint names, Bidders should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form;
  - Bid cum Application Form number;



- PAN (of the sole/first bidder);
- Investor Category and sub-category;
- DP ID and Client ID;
- Bid Amount;
- Cheque number or demand draft number;
- Number of Equity Shares Bid for; and
- Price per Equity Share.

With respect to ASBA Bids, at the time of registering such Bids, the member of the Syndicate, the Designated Branch or Non Syndicate Registered Brokers, as the case may be, shall enter the following information pertaining to the ASBA Bidders into the online system:

1. Name of the Bidder: Bidders should ensure that the name given in the Bid cum Application Form is exactly the same as the name in which the Depository Account is held. In case the Bid cum Application Form is submitted in joint names, Bidders should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form;
  2. Bid cum Application Form Number;
  3. PAN (of the sole/first bidder);
  4. Investor Category and sub-category;
  5. DP ID and Client ID;
  6. Numbers of Equity Shares Bid for;
  7. Price per Equity Share;
  8. Bid Amount;
  9. Bank account number of the ASBA Bidder;
  10. Location of Syndicate ASBA Bidding Location; and
  11. Bank code for the SCSB, where the ASBA Account is maintained.
- (k) A system generated TRS will be generated for each of the bidding options when the Bid is registered. It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate or the Designated Branches of the SCSBs or the Non Syndicate Registered Brokers. The registration of the Bid by the member of the Syndicate or the Designated Branches of the SCSBs or the Non Syndicate Registered Brokers does not guarantee that the Equity Shares shall be allocated / Allotted by our Company.
- (l) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- (m) In case of QIBs, Bidding through the Syndicate ASBA, the Book Running Lead Manager and their affiliate members of the Syndicate, may reject Bids at the time of acceptance of the Bid cum Application Form provided that the reasons for such rejection shall be disclosed to such Bidder in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, Bids will be rejected on technical grounds listed herein. The members of the Syndicate may also reject Bids if all the information required is not provided and the Bid cum Application Form is incomplete in any respect. The SCSBs shall have no right to reject Bids, except on technical grounds.

- (n) The permission given by the Stock Exchanges to use their network and software of the electronic bidding system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company and/or the Book Running Lead Manager are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, the management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.
- (o) Only Bids that are uploaded on the electronic bidding system of the Stock Exchanges shall be considered for allocation/ Allotment. The members of the Syndicate and the Non Syndicate Registered Brokers shall capture all data relevant for the purposes of finalizing the Basis of Allotment while uploading Bid data in the electronic Bidding systems of the Stock Exchanges. In order that the data so captured is accurate the members of the Syndicate and the Non Syndicate Registered Brokers will be given up to one Working Day after the Bid/Issue Closing Date to verify DP ID and Client ID uploaded in the electronic bidding system during the Bid/Issue Period after which the Registrar to the Issue will receive this data from the Stock Exchanges and will validate the electronic bid details with depository's records. In case no corresponding record is available with depositories, which matches the three parameters, namely, DP ID, Client ID and PAN, then such bids are liable to be rejected.
- (p) The details uploaded in the electronic bidding system shall be considered as final and Allotment will be based on such details.
- (q) The members of the Syndicate located at the Syndicate ASBA Centres and the Non-Syndicate Registered Brokers shall before accepting the Bid-cum-Application Form satisfy themselves that the SCSBs whose name has been filled in the Bid-cum-Application Forms also have the name of the branch of the SCSBs where such Bid-cum-Application Forms are to be submitted.

**Build-up of the book and revision of Bids**

- (a) Bids received from various Bidders through the members of the Syndicate, the SCSBs and the Non Syndicate Registered Brokers shall be electronically uploaded to the Stock Exchanges' mainframe on a regular basis.
- (b) The book gets built up at various price levels. This information will be available with the members of the Syndicate at the end of each day of the Bid/Issue Period.
- (c) During the Bid/Issue Period, any Bidder who has registered his or her Bid at a particular price level is free to revise his or her Bid within the Price Band using the printed Revision Form, except in case of Non Institutional Bidders and QIB Bidders who are not permitted to lower the size of their Bids (both in terms of number of Equity Shares Bid for and Bid Amount) at any stage. QIB Bidders and Non- Institutional Bidders may revise their Bids upwards (in terms of quantity of Equity Shares or Bid Amount) during the Bid/Issue Period. Such upward revision must be made using the Revision Form. A Retail Individual Bidder may withdraw or revise his or her Bid at any time prior to the finalisation of Allotment.
- (d) Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form, except in case of Non Institutional Bidders and QIB Bidders who are not permitted to lower the size of their Bids (both in terms of number of Equity Shares Bid for and Bid Amount) at any stage. Apart from mentioning the revised options in the Revision Form, the Bidder must also mention the details of all the options in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid cum Application Form and such Bidder is changing only one of the options in the Revision Form, the Bidder must still fill the details of the other two options that are not being revised, in the Revision Form. The members of the Syndicate, the Non Syndicate Registered Brokers and the Designated Branches of the SCSBs will not accept incomplete or inaccurate Revision Forms.

- (e) The Bidder can make this revision any number of times during the Bid/Issue Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate, the Non Syndicate Registered Broker or the same SCSB through whom such Bidder had placed the original Bid. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof. QIB Bidders and Non-Institutional Bidders are not permitted to lower the size of their Bid(s) (in terms of quantity of Equity Shares or the Bid Amount) at any stage. QIB Bidders and Non-Institutional Bidders may revise their Bids upwards (in terms of quantity of Equity Shares or Bid Amount) during the Bid/Issue Period. Such upward revision must be made using the Revision Form.
- (f) In case of an upward revision in the Price Band announced as above, Retail Individual Bidders who had Bid at Cut-off Price could either (i) revise their Bid or (ii) shall make additional payment based on the cap of the revised Price Band (such that the total amount i.e., original Bid Amount plus additional payment does not exceed ₹200,000 if the Bidder wants to continue to Bid at Cut-off Price). The revised Bids must be submitted by the ASBA Bidders to SCSB or to the members of the Syndicate or the Non Syndicate Registered Brokers to whom the original Bid was submitted. The non ASBA Bidders need to submit the revised Bids with the Syndicate to whom the original Bid was submitted. In case the total amount (i.e., original Bid Amount plus additional payment) exceeds ₹200,000, the Bid will be considered for allocation under the Non-Institutional Portion in terms of the Red Herring Prospectus. If, however, the Retail Individual Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of allocation, such that no additional payment would be required from the Retail Individual Bidder and the Retail Individual Bidder is deemed to have approved such revised Bid at Cut-off Price.
- (g) In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have Bid at Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Escrow Account or unblocked, as the case may be.
- (h) Our Company in consultation with the Book Running Lead Manager, shall decide the minimum number of Equity Shares for each Bid to ensure that the minimum application size in terms of number of Equity Shares will not be less than ₹ one lac per application.
- (i) Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. With respect to the Bids by ASBA Bidders, if revision of the Bids results in an incremental amount, the relevant SCSB shall block the additional Bid Amount. In case of non-ASBA Bids, the members of the Syndicate or the Non Syndicate Registered Brokers, as the case may be, shall collect the payment in the form of cheque or demand draft if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions. In such cases, the members of the Syndicate or the Non Syndicate Registered Brokers, as the case may be, will revise the earlier Bid details with the revised Bid and provide the cheque or demand draft number of the new payment instrument in the electronic book. The Registrar to the Issue will reconcile the Bid data and consider the revised Bid data for preparing the Basis of Allotment. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of the Red Herring Prospectus.
- (j) When a Bidder revises his or her Bid, he or she should surrender the earlier TRS and request for a revised TRS from the members of the Syndicate, the SCSB or the Non Syndicate Registered Brokers, as applicable. It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.
- (k) If an ASBA Bidder, excluding QIBs and Non-Institutional Bidder, wants to withdraw its Bid during the Bidding/Issue Period, the ASBA Bidder shall submit the withdrawal request to the SCSB or to the members of the Syndicate, as the case may be, which shall perform the necessary actions, including deletion of details of the withdrawn Bid-cum-Application Form from the electronic bidding system of the Stock Exchanges and unblocking of funds in the relevant bank account. QIBs and Non-Institutional Bidders cannot withdraw Bids at any time of Bidding/Issue Period.

- (l) If an ASBA Bidder, excluding QIBs and Non-Institutional Bidder, wants to withdraw its Bid after the Bid/Issue Closing Date, such ASBA Bidder shall submit the withdrawal request to the Registrar to the Issue before finalization of basis of Allotment. The Registrar to the Issue shall delete the withdrawn Bid from the Bid file. The instruction for unblocking of funds in the relevant bank account, in such withdrawals, shall be forwarded by the Registrar to the Issue to the SCSB once the basis of Allotment has been approved by the Designated Stock Exchange.

**Price Discovery and Allocation**

- (a) Based on the demand generated at various price levels, our Company in consultation with the Book Running Lead Manager shall finalise the Issue Price and the number of Equity Shares to be allotted to each category of Bidder.
- (b) In the event of under-subscription in the Retail Portion or the Non-Institutional Portion in the Issue, the unsubscribed 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 Book Running Lead Manager and the Designated Stock Exchange. However, under-subscription, if any, in the QIB Portion will not be allowed to be met with spill-over from other categories or a combination of categories. If at least 50% of the Issue cannot be allotted to QIBs, then the entire application money shall be refunded forthwith.
- (c) Only Bids that are uploaded on the online system of the Stock Exchanges shall be considered for allocation/Allotment. The members of the Syndicate in case of Bid by way of Syndicate ASBA, the SCSBs and the Non-Syndicate Registered Brokers shall capture all data relevant for the purposes of finalizing the Basis of Allotment while uploading Bid data in the electronic Bidding systems of the Stock Exchanges. In order that the data so captured is accurate the members of the Syndicate and the SCSBs will be given up to one Working Day after the Bid/Issue Closing Date to modify/verify certain selected fields uploaded in the online system during the Bidding/Issue Period after which the data will be sent to the Registrar for reconciliation with the data available with the NSDL and CDSL.
- (d) In case no corresponding record is available with the Depositories, which matches any of the three parameters, namely, DP ID, Client ID and PAN, then such Bids are liable to be rejected.
- (e) Allocation to Non-Residents, including Eligible NRIs, Eligible QFIs, and FIIs registered with SEBI, applying on repatriation basis will be subject to applicable law, rules, regulations, guidelines and approvals.
- (f) The Basis of Allotment shall be published on the website of the Registrar to the Issue.

**Designated Date and Allotment of Equity Shares:**

- (a) Our Company will ensure that: (i) the Allotment of Equity Shares; and (ii) credit to the successful Bidder's depository account will be completed within 12 Working Days of the Bid/Issue Closing Date.
- (b) In accordance with the SEBI ICDR Regulations, Equity Shares will be issued and transferred and Allotment shall be made only in the dematerialised form to the Allottees.
- (c) Allottees will have the option to re-materialise the Equity Shares so Allotted as per the provisions of the Companies Act, 2013 Act and the Depositories Act.

**Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be Allotted to them pursuant to the Issue.**

**Issuance of Allotment Advice**

- (a) The Registrar to the Issue shall upload the Basis of Allotment approved by the Designated Stock Exchange on its website. On the basis of the approved Basis of Allotment, our Company shall pass necessary corporate action for Allotment of Equity Shares.

- (b) Pursuant to confirmation of corporate actions with respect to Allotment of Equity Shares, the Registrar to the Issue will dispatch Allotment Advice to the Bidders who have been Allotted Equity Shares in the Issue.
- (c) The dispatch of Allotment Advice shall be deemed a valid, binding and irrevocable contract for the Bidder.

### **Unblocking of ASBA Account**

Once the Basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the Issue shall provide the following details to the Controlling Branches of each SCSB, along with instructions to unblock the relevant bank accounts and transfer the requisite money to the Public Issue Account designated for this purpose, within the timelines specified in the ASBA facility: (i) the number of Equity Shares to be Allotted against each valid ASBA Bid, (ii) the amount to be transferred from the relevant bank account to the Public Issue Account, for each valid ASBA Bid, (iii) the date by which funds referred to above shall be transferred to the Public Issue Account, and (iv) details of rejected ASBA Bids, if any, along with reasons for rejection and details of withdrawn and/or unsuccessful ASBA Bids, if any, to enable SCSBs to unblock the respective bank accounts. On the basis of instructions from the Registrar to the Issue, the SCSBs shall transfer the requisite amount against each successful ASBA Bidder to the Public Issue Account and shall unblock the excess amount, if any, in the ASBA Account. In case of withdrawal/failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the Registrar to the Issue.

### **General Instructions**

#### **Do's:**

1. Check if you are eligible to apply as per the terms of the Red Herring Prospectus and under applicable laws, rules and regulations;
2. Ensure that you have Bid within the Price Band;
3. Read all the instructions carefully and complete the Bid-cum-Application Form/ ASBA Bid-cum-Application Form;
4. Ensure that the details about PAN, Depository Participant and beneficiary account are correct and the beneficiary account is activated as allotment of Equity Shares will be in the dematerialised form only;
5. Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of the Syndicate (except in case of electronic forms) or with respect to ASBA Bidders, ensure that your Bid is submitted either to a member of the Syndicate (in the Specified Locations), a Designated Branch of the SCSB where the ASBA Bidder or the person whose bank account will be utilised by the ASBA Bidder for bidding has a bank account, or to a Registered Broker at the Broker Centres.
6. In relation to the ASBA Bids, ensure that your Bid cum Application Form is submitted either at a Designated Branch of a SCSB where the ASBA Account is maintained or with the Syndicate in the Specified Locations or with a Registered Broker at the Broker Centres, and not to the Escrow Collecting Banks (assuming that such bank is not a SCSB) or to our Company or the Registrar to the Issue;
7. With respect to the ASBA Bids, ensure that the Bid cum 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 Bid cum Application Form;
8. QIBs and the Non-Institutional Investors should submit their Bids through the ASBA process only;
9. With respect to Bids by SCSBs, ensure that you have a separate account in your own name with any other SCSB having clear demarcated funds for applying under the ASBA process and that such separate account (with any other SCSB) is used as the ASBA Account with respect to your Bid;
10. Ensure that you request for and receive a TRS for all your Bid options;

11. Ensure that you have funds equal to the Bid Amount in the ASBA Account maintained with the SCSB before submitting the Bid cum Application Form under the ASBA process to the respective member of the Syndicate (in the Specified Locations), the SCSBs or the Registered Broker (at the Broker Centres);
12. Ensure that you have funds equal to the Bid Amount in your bank account before submitting the Bid cum Application Form under non-ASBA process to the Syndicate or the Registered Brokers;
13. With respect to non-ASBA Bids, ensure that the full Bid Amount is paid for the Bids and with respect to ASBA Bids, ensure funds equivalent to the Bid Amount are blocked;
14. Instruct your respective banks to not release the funds blocked in the ASBA Account under the ASBA process;
15. Submit revised Bids to the same member of the Syndicate, SCSB or Registered Broker, as applicable, through whom the original Bid was placed and obtain a revised TRS;
16. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of a SEBI circular dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, and (ii) Bids by persons resident in the state of Sikkim, who, in terms of a SEBI circular dated July 20, 2006, may be exempted from specifying their PAN for transacting in the securities market, all Bidders should mention their PAN allotted under the Income Tax Act, 1961. The exemption for the Central or State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the demographic details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in “active status”; and (b) in the case of residents of Sikkim, the address as per the demographic details evidencing the same;
17. Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects.
18. Ensure that thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India are attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.
19. Ensure that the signature of the First Bidder in case of joint Bids, is included in the Bid cum Application Forms.
20. Ensure that the name(s) given in the Bid cum Application Form is/are exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case of joint Bids, the Bid cum Application Form should contain only the name of the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names;
21. Ensure that the category and sub-category is indicated;
22. Ensure that in case of Bids under power of attorney or by limited companies, corporate, trust etc., relevant documents are submitted;
23. Ensure that Bids submitted by any person outside India should be in compliance with applicable foreign and Indian laws;
24. Ensure that the DP ID, the Client ID and the PAN mentioned in the Bid cum Application Form and entered into the online IPO system of the stock exchanges by the Syndicate, the SCSBs or the Registered Brokers, as the case may be, match with the DP ID, Client ID and PAN available in the Depository database;
25. In relation to the ASBA Bids, ensure that you use the Bid cum Application Form bearing the stamp of the Syndicate (in the Specified Locations) and/or relevant SCSB and/ or the Designated Branch and/ or the Registered Broker at the Broker Centres (except in case of electronic forms);

26. Ensure that the Bid cum Application Forms are delivered by the Bidders within the time prescribed as per the Bid cum Application Form and the Red Herring Prospectus;
27. ASBA Bidders bidding through a member of the Syndicate should ensure that the Bid cum Application Form is submitted to a member of the Syndicate only in the Specified Locations and that the SCSB where the ASBA Account, as specified in the Bid cum Application Form, is maintained has named at least one branch at that location for the Syndicate to deposit Bid cum Application Forms (a list of such branches is available on the website of SEBI at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>). ASBA Bidders bidding through a Registered Broker should ensure that the SCSB where the ASBA Account, as specified in the Bid cum Application Form, is maintained has named at least one branch at that location for the Registered Brokers to deposit Bid cum Application Forms;
28. Ensure that you have mentioned the correct ASBA Account number in the Bid cum Application Form;
29. In relation to the ASBA Bids, ensure that you have correctly signed the authorization/undertaking box in the Bid cum Application Form, or have otherwise provided an authorisation to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form; and
30. In relation to the ASBA Bids, ensure that you receive an acknowledgement from the Designated Branch of the SCSB or from the member of the Syndicate in the Specified Locations or from the Registered Broker at the Broker Centres, as the case may be, for the submission of your Bid cum Application Form.

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

**Don'ts:**

1. Do not Bid for lower than the minimum Bid size;
2. Do not Bid/ revise Bid price to less than the Floor Price or higher than the Cap Price;
3. Do not Bid on another Bid-cum-Application Form after you have submitted a Bid to the member of the Syndicate, the SCSBs or the Registered Broker;
4. Do not pay the Bid amount in cash, by money order or by postal order or by stockinvest and in relation to ABSA Bidders in any other mode other than blocked amounts in the bank accounts maintained by SCSBs;
5. Do not send Bid cum Application Forms by post; instead submit the same to a member of the Syndicate, Designated Branch of the SCSBs or the Registered Broker only;
6. Do not submit the Bid cum Application Forms to the Escrow Collection Bank(s), our Company or the Registrar to the Issue;
7. Do not Bid on a Bid cum Application Form that does not have the stamp of the Syndicate, the Registered Brokers or the SCSBs;
8. Do not Bid at Cut-Off price (for QIBs and Non-Institutional Bidders);
9. Do not Bid for a Bid Amount exceeding ₹200,000 (for Bids by Retail Individual Bidders);
10. Do not fill up the Bid-cum-Application Form such that the Equity Shares bid for exceeds the Issue size and/ or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations or under the terms of the Draft Red Herring Prospectus;
11. Do not submit the GIR number instead of the PAN;

12. Do not submit the Bids without the full Bid Amount;
13. Do not submit incorrect details of the DP ID, Client ID and PAN or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Issue;
14. Do not submit Bids on plain paper or on incomplete or illegible Bid cum Application Forms or on Bid cum Application Forms in a colour prescribed for another category of Bidder;
15. If you are a QIB, do not submit your Bid after 3.00 pm on the Bid/Issue Closing Date for QIBs;
16. If you are a Non-Institutional Investor or Retail Individual Investor, do not submit your Bid after 3.00 pm on the Bid/Issue Closing Date;
17. Do not Bid if you are not competent to contract under the Indian Contract Act, 1872;
18. Do not withdraw your Bid or lower the size of your Bid (in terms of quantity of the Equity Shares or the Bid Amount) at any stage, if you are a QIB or a Non-Institutional Investor;
19. Do not submit more than five Bid cum Application Forms per ASBA Account;
20. Do not submit ASBA Bids to a member of the Syndicate at a location other than the Specified Locations or to the brokers other than the Registered Brokers at a location other than the Broker Centres;
21. Do not submit ASBA Bids to a member of the Syndicate in the Specified Locations unless the SCSB where the ASBA Account is maintained, as specified in the Bid cum Application Form, has named at least one branch in the relevant Specified Location, for the Syndicate to deposit Bid cum Application Forms (a list of such branches is available on the website of SEBI at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>);
22. Do not submit ASBA Bids to a Registered Broker unless the SCSB where the ASBA Account is maintained, as specified in the Bid cum Application Form, has named at least one branch in that location for the Registered Broker to deposit the Bid cum Application Forms.
23. Do not Bid if you are prohibited from doing so under the law of your local jurisdiction.

#### **ADDITIONAL INSTRUCTIONS SPECIFIC TO ASBA BIDDERS**

##### **Do's:**

- (a) Check if you are eligible to Bid under ASBA;
- (b) Before submitting the physical Bid cum Application Form with the member of the Syndicate for Bidding through Syndicate ASBA or a Non Syndicate Registered Broker at a Non Syndicate Broker Centre, ensure that the SCSB, whose name has been filled in the Bid cum Application Form, has named a branch in that centre;
- (c) Ensure that you use the Bid cum Application Form specified for the purposes of ASBA and read all the instructions carefully and complete the Bid cum Application Form;
- (d) For ASBA Bidders Bidding through Syndicate ASBA, ensure that your Bid cum Application Form is submitted to the members of the Syndicate at the Syndicate ASBA Centre or to the Non Syndicate Registered Brokers at the Non Syndicate Broker Centre and not to the Escrow Collection Banks (assuming that such bank is not a SCSB), to our Company or the Registrar to the Issue;
- (e) For ASBA Bidders Bidding through the SCSBs, ensure that your Bid cum Application Form is submitted at a Designated Branch of the SCSB where the ASBA Account is maintained, and not to the Escrow



Collection Banks (assuming that such bank is not a SCSB), to our Company or the Registrar to the Issue or the members of the Syndicate;

- (f) For ASBA Bids by SCSBs on own account, ensure that a separate ASBA Account in its own name is opened with any other SCSB;
- (g) Ensure that the Bid cum Application Form is signed by the ASBA Account holder in case the ASBA Bidder is not the account holder;
- (h) Ensure that you have mentioned the correct ASBA Account number in the Bid cum Application Form;
- (i) Ensure that you have funds equal to the Bid Amount in the ASBA Account before submitting the Bid cum Application Form to the respective Designated Branch;
- (j) Ensure that you have correctly ticked, provided or checked the authorisation box in the Bid cum Application Form, or have otherwise provided an authorisation to the SCSB *via* the electronic mode, for the Designated Branch to block funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form;
- (k) Ensure that you receive an acknowledgement from the Designated Branch or the concerned member of the Syndicate, as the case may be, for the submission of the Bid cum Application Form;
- (l) Submit the Revision Form with the same Designated Branch, the concerned member of the Syndicate, or the relevant Non Syndicate Registered Brokers as the case may be, through whom the Bid cum Application Form was placed and obtain a revised acknowledgment;
- (m) Ensure that the name(s) given in the Bid cum Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant.

**Don'ts:**

- (a) Do not Bid on another Bid cum Application Form after you have submitted a Bid to a member of the Syndicate, a Designated Branch or a Non Syndicate Registered Broker, as the case may be;
- (b) Payment of Bid Amount in any mode other than through blocking of Bid Amount in the ASBA Accounts shall not be accepted under the ASBA;
- (c) Do not submit the Bid cum Application Form with a member of the Syndicate or a Non Syndicate Registered Broker, at a location other than the Syndicate ASBA Centres or Non Syndicate Broker Centre, as the case may be;
- (d) Do not send your physical Bid cum Application Form by post. Instead submit the same with a Designated Branch, members of the Syndicate the Non Syndicate Registered Brokers, as the case may be; and
- (e) Do not submit more than five Bid cum Application Forms per ASBA Account.

**INSTRUCTIONS FOR COMPLETING THE BID CUM APPLICATION FORM**

Bids must be:

- (a) Made only in the prescribed Bid cum Application Form or Revision Form, as applicable.
- (b) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained in the Red Herring Prospectus, in the Bid cum Application Form or in the Revision Form. Incomplete Bid cum Application Forms or Revision Forms are liable to be rejected. Bidders should note that the members of the Syndicate, Non Syndicate Registered Brokers and / or the SCSBs, as appropriate, will not be liable for errors in data entry due to incomplete or illegible Bid cum Application Forms or Revision Forms.

- (c) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal. Bids must be in single name or in joint names (not more than three, and in the same order as their Depository Participant details).
- (d) Bidders must provide details of valid and active DP ID, Client ID and PAN clearly and without error. On the basis of the Bidder's active DP ID, Client ID and PAN provided in the Bid cum Application Form, and as entered into the electronic Bidding system of the Stock Exchanges by the Syndicate, the SCSBs and the Non-Syndicate Registered Brokers, as the case may be, the Registrar to the Issue will obtain from the Depository the Demographic Details. Invalid accounts, suspended accounts or where such account is classified as invalid or suspended may not be considered for Allotment.
- (e) Information provided by the Bidders will be uploaded in the electronic bidding system by the members of the Syndicate, the SCSBs or the Non Syndicate Registered Brokers, as the case may be, and the electronic data will be used to make allocation/ Allotment. The Bidders should ensure that the details are correct and legible.
- (f) For Retail Individual Bidders, the Bid must be for a minimum of [●] Equity Shares and in multiples of [●] thereafter subject to a maximum Bid Amount of ₹200,000. Retail Individual Bidders may Bid at the Cut-off Price.
- (g) For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares that the Bid Amount exceeds ₹200,000 and in multiples of [●] Equity Shares thereafter. Bids cannot be made for more than the Issue size. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of Equity Shares that can be held by them under the applicable laws or regulations. Bids must be submitted through ASBA process only.
- (h) In single name or 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.
- (i) Based on the category of the Bidder, the Bid must comply with the maximum and minimum Bid size, as described in "*Maximum and Minimum Bid Size*" on page 163.  
Bids through ASBA must be:
  - made in single name or in joint names (not more than three, and in the same order as their details appear with the Depository Participant).
  - completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained in the Red Herring Prospectus and in the Bid cum Application Form.
- (j) If the ASBA Account holder is different from the ASBA Bidder, the Bid cum Application Form should be signed by the ASBA Account holder also, in accordance with the instructions provided in the Bid cum Application Form.
- (k) For ASBA Bidders, SCSBs may provide the electronic mode of Bidding either through an internet enabled Bidding and banking facility or such other secured, electronically enabled mechanism for Bidding and blocking funds in the ASBA Account. For details regarding mode of Bidding and manner of submission of the Bid cum Application Form, please see the sub-section on "Issue Procedure – Bid cum Application Form" on page 169.

#### **Bidder's PAN, Depository Account and Bank Account Detail**

**Bidders should note that on the basis of PAN of the Bidders, DP ID and Client ID provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the demographic details including address, Bidders bank account details, MICR code and occupation (hereinafter referred to**

as “Demographic Details”). These Demographic Details would be used for giving Allotment Advice to the Bidders, refunds (including through physical refund warrants, direct credit, NECS, NEFT and RTGS) or unblocking of ASBA Account. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in despatch/ credit of refunds to Bidders or unblocking of ASBA Account at the Bidders sole risk and none of the Book Running Lead Manager, the Registrar to the Issue, the Escrow Collection Banks, the SCSBs, the Non Syndicate Registered Brokers, our Company shall have any responsibility and undertake any liability for the same. Hence, Bidders should carefully fill in their Depository Account details in the Bid cum Application Form.

**IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DP ID, CLIENT ID AND PAN IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE DP ID, CLIENT ID AND PAN GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE DP ID, CLIENT ID AND PAN AVAILABLE IN THE DEPOSITORY DATABASE. 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.**

Bidders may note that in case the DP ID, Client ID and PAN mentioned in the Bid cum Application Form, as the case may be and entered into the electronic bidding system of the stock exchanges by the members of the Syndicate, the SCSBs and the Non Syndicate Registered Brokers, as the case may be, do not match with the DP ID, Client ID and PAN available in the Depository database, the Bid cum Application Form is liable to be rejected and our Company and the members of the Syndicate shall not be liable for losses, if any.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the refund orders/CANs/Allotment Advice and printing of bank particulars on the refund orders or for refunds through electronic transfer of funds, as applicable.

By signing the Bid cum Application Form, the Bidder would be deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Refund orders/ Allotment Advice would be mailed at the address of the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/ Allotment Advice may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In case of refunds through electronic modes as detailed in this Draft Red Herring Prospectus, refunds may be delayed if bank particulars obtained from the Depository are incorrect. In such an event, the address and other details given by the non-ASBA Bidder in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at such Bidder’s sole risk and neither our Company nor the Escrow Collection Banks, Registrar to the Issue, the Book Running Lead Manager shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories, which matches the parameters, namely, PAN of the Bidder and the DP ID and Client ID, then such Bids are liable to be rejected.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission.

Refund, dividends and other distributions will be credited to their NRE Accounts registered with the depositories and in case of QFIs, will be payable to a single non interest bearing rupee account opened with AD Category-I bank in India and the same shall be operated by the qualified depository participant of each QFI.

**There is no reservation for Eligible NRIs, Eligible QFIs and FIIs and all Bidders will be treated on the same basis with other categories for the purpose of allocation.**

**Bids by Non Residents including Eligible NRIs, FIIs registered with SEBI**

Bids and revision to Bids must be made in the following manner:

On the Bid cum Application Form or the Revision Form, as applicable, and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.

In a single name or joint names (not more than three and in the same order as their Depository Participant details).

Bids on a repatriation basis shall be in the names of individuals, or in the name of FIIs, Eligible QFIs, and multilateral and bilateral development financial institutions but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.

Bids by Eligible NRIs for a Payment Amount of up to ₹200,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Payment Amount of more than ₹200,000 would be considered under Non-Institutional Portion for the purposes of allocation.

**Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and/ or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. In case of QFIs, the refunds, dividends and other distributions, if any, will be payable to a single non-interest bearing rupee account opened with AD Category-I bank in India and the same shall be operated by the qualified depository participant of each QFI. Our Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.**

**PAYMENT INSTRUCTIONS**

**Escrow Mechanism for non-ASBA Bidders**

Our Company and the Syndicate shall open Escrow Account(s) with one or more Escrow Collection Bank(s) in whose favour the Bidders (other than ASBA Bidders) shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the Bid. Cheques or demand drafts received for the full Bid Amount from Bidders would be deposited in the Escrow Account.

The Escrow Collection Banks will act in terms of the Red Herring Prospectus and the Escrow Agreement. The Escrow Collection Banks shall maintain the monies in the Escrow Account for and on behalf of the Bidders until the Designated Date. The Escrow Collection Banks shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the funds represented by allocation of Equity Shares (including the amount due to other than ASBA funds with the SCSBs) from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Bankers to the Issue. The balance amount after transfer to the Public Issue Account shall be transferred to the Refund Account. Payments of refund to the Bidders shall also be made from the Refund Account as per the terms of the Escrow Agreement and the Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the Syndicate, the Escrow Collection Banks and the Registrar to the Issue to facilitate collections from the Bidders.

**Payment mechanism for ASBA Bidders**

For ASBA Bids submitted to the Syndicate/ Sub Syndicate at the Syndicate ASBA Centres or to the Registered Brokers at the Registered Broker Centres, the Syndicate/ Sub Syndicate or the Registered Broker, as the case may be, shall upload the ASBA Bid onto the electronic bidding system of the Stock Exchanges and deposit the Bid-cum-Application Form with the relevant branch of the SCSB at the Syndicate ASBA Centres or the Registered Broker Centres, authorized to accept such Bid-cum-Application Forms relating to ASBA Bids from the Syndicate or the Registered Broker (a list of such branches is available at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>). The relevant branch of the SCSB shall perform verification procedures and block an amount in the ASBA Account equal to the Payment Amount specified in the Bid cum Application Form.

The ASBA Bidders submitting their Bids directly to SCSBs, shall specify the ASBA account number in the Bid cum Application Form and the relevant SCSB shall block an amount equivalent to the Bid Amount in the ASBA account specified in the Bid cum Application Form. The SCSB shall keep the Bid Amount in the relevant bank account blocked until withdrawal (by Retail Individual Bidders) or rejection of the ASBA Bid or receipt of instructions from the Registrar to the Issue to unblock the Bid Amount. In the event of withdrawal or rejection of the Bid cum Application Form or for unsuccessful Bid cum Application Forms, the Registrar to the Issue shall give instructions to the SCSB to unblock the funds in the relevant bank account within one day of receipt of such instruction. The Bid Amount shall remain blocked in the ASBA Account until finalisation of the Basis of Allotment in the Issue and consequent transfer of the Bid Amount to the Public Issue Account, or until withdrawal/ failure of the Issue or until rejection of the Bids by ASBA Bidder, as the case may be.

In case of Bids by FIIs, a special Rupee Account should be mentioned in the Bid cum Application Form, for blocking of funds, along with documentary evidence in support of the remittance.

In case of Bids by Eligible NRIs applying on repatriation basis, a Non-Resident External (NRE) Account or a Foreign Currency Non-Resident (FCNR) Account, maintained with banks authorised to deal in foreign exchange in India, should be mentioned in the Bid cum Application Form for blocking of funds, along with documentary evidence in support of the remittance.

In terms of RBI circular no. DPSS.CO. CHD. No./133/04.07.05/2013-14 dated July 16, 2013, non-CTS cheques are processed in three CTS centres in separate clearing session. This separate clearing session will operate thrice a week up to April 30, 2014, thereafter twice a week up to October 31, 2014 and once a week from November 1, 2014 onwards. In order to enable listing and trading of Equity Shares within 12 Working Days of the Bid/Issue Closing Date, investors are advised to use CTS cheques or use the ASBA facility to make payment. Investors are cautioned that Bid cum Application Forms accompanied by non-CTS cheques are liable to be rejected due to any delay in clearing beyond six Working Days from the Bid/Issue Closing Date.

#### **Payment into Escrow Account for non-ASBA Bidders**

**Please note that payment into Escrow Account is applicable to Retail Individual Bidders Bidding through Bid cum Application Form.**

Each such Bidder shall draw a cheque or demand draft for the Bid Amount payable on the Bid as per the following terms:

1. All Bidders would be required to pay the full Bid Amount at the time of the submission of the Bid cum Application Form.
2. The Bidders shall, with the submission of the Bid cum Application Form, draw a payment instrument for the Bid Amount in favour of the Escrow Account and submit the same to the members of the Syndicate or the Non Syndicate Registered Brokers. If the payment is not made favouring the Escrow Account along with the Bid cum Application Form, the Bid of the Bidder shall be rejected. Bid cum Application Forms accompanied by cash/ stockinvest/money orders/postal orders will not be accepted.
3. The payment instruments for payment into the Escrow Account should be drawn in favour of:

- (a) In case of Resident Retail Individual Bidders: “[●]”

- (b) In case of Non-Resident Retail Individual Bidders: “[●]”
4. In case of Bids by Eligible NRIs applying on repatriation basis, only Bids accompanied by payment in Indian Rupees or freely convertible foreign exchange will be considered for Allotment. Eligible NRIs who intend to make payment through freely convertible foreign exchange and are Bidding on a repatriation basis may make the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of NRO Account of Non-Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE Account or FCNR Account.
  5. In case of Bids by Eligible NRIs applying on non-repatriation basis, the payments must be made through Indian Rupee Drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External NRE Accounts or FCNR Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance or out of a NRO Account of a Non-Resident Bidder bidding on a non-repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR or NRO Account.
  6. The monies deposited in the Escrow Account will be held for the benefit of the non-ASBA Bidders till the Designated Date.
  7. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account as per the terms of the Escrow Agreement into the Public Issue Account with the Bankers to the Issue and the refund amount shall be transferred to the Refund Account.
  8. No later than 12 Working Days from the Issue Closing Date, the Registrar to the Issue shall despatch all refund amounts payable to unsuccessful Bidders (other than ASBA Bidders) and also the excess amount paid on Bidding, if any, after adjusting for Allotment to such Bidders.
  9. Payments should be made by cheque, or a demand draft drawn on any bank (including a co-operative bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected.
  10. Payments made through cheques without the Magnetic Ink Character Recognition (“MICR”) code will be rejected.
  11. Bidders are advised to provide the number of the Bid cum Application Form on the reverse of the cheque or bank draft to avoid misuse of instruments submitted with the Bid cum Application Form.

### **Submission of Bid cum Application Form**

All Bid cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate or the Non Syndicate Registered Brokers at the time of submission of the Bid. With regard to submission of Bid cum Application Forms, please see the sub-section on “*Issue Procedure - Bid cum Application Form*” on page 169.

All Registered Brokers of NSE and BSE (list available at [http://www.nseindia.com/products/content/equities/ipos/ipo\\_mem\\_terminal.htm](http://www.nseindia.com/products/content/equities/ipos/ipo_mem_terminal.htm) and [http://www.bseindia.com/Markets/PublicIssues/brokercentres\\_new.aspx?expandable=3](http://www.bseindia.com/Markets/PublicIssues/brokercentres_new.aspx?expandable=3)) which are part of the nationwide broker network of the Stock Exchanges, are enabled to accept application forms. The Registered Broker shall be responsible for uploading the bid on the Stock Exchange platform, banking the cheque / submitting the ASBA form to the SCSBs, etc. and liable for any failure in this regard.

No separate receipts shall be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection centre of the members of the Syndicate and the Non Syndicate Broker Centre of the Non Syndicate Registered Brokers will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder. In case of ASBA Bids, an acknowledgement from the Designated Branch, concerned member of the Syndicate or the relevant Non Syndicate Registered Broker, as the case may be, for submission of the Bid cum Application Form may be provided.

## **OTHER INSTRUCTIONS**

### **Joint Bids in the case of Individuals**

Bids may be made in single name or as joint Bids. In case of joint Bids, all payments will be made out the Bid cum Application Form should contain only in favour of the name of the first Bidder whose name should also appears first in the Bid cum Application or Revision Forms 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. The First Bidder shall be liable for all the obligations arising in relation to the Issue. All communications will be addressed to the first Bidder and will be dispatched to his or her address as per the Demographic Details received from the Depository.

### **Multiple Bids**

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. In this regard, all Bids will be checked for common PAN as per Depository records and all such bids will be treated as multiple Bids and are liable to be rejected.

In case of a Mutual Fund, a separate Bid may be made in respect of each scheme of the Mutual Fund and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

For Bids from Mutual Funds and FII sub-accounts, which are submitted under the same PAN, as well as Bids on behalf of the Central or State government, an official liquidator or receiver appointed by a court and residents of Sikkim, for whom the submission of PAN is not mandatory, the Bids are scrutinised for DP ID and Client ID. In case such Bids bear the same DP ID and Client ID, these will be treated as multiple Bids and will be rejected.

After submitting an ASBA Bid either in physical or electronic mode, where such ASBA Bid has been uploaded with the Stock Exchanges, an ASBA Bidder cannot Bid (either in physical or electronic mode) on another Bid cum Application Form. Submission of a second Bid cum Application Form to either the same or another Designated Branch of the SCSB or to any member of the Syndicate in Specified Cities or to Non Syndicate Registered Brokers, will be treated as multiple Bids and would be rejected before entering the Bid into the electronic Bidding system or at any point of time prior to the allocation or Allotment of Equity Shares in the Issue. Duplicate copies of the Bid cum Application Forms available on the website of the Stock Exchanges bearing the same application number will be treated as multiple Bids and are liable to be rejected. More than one ASBA Bidder may Bid for Equity Shares using the same ASBA Account, provided that the SCSBs will not accept a total of more than five Bid cum Application Forms from such ASBA Bidders with respect to any single ASBA Account. However, ASBA Bidders may revise their Bids through the Revision Form, the procedure for which is described in “*Issue Procedure - Build Up of the Book and Revision of Bids*” above on page 184. Please note that QIB Bidders and Non-Institutional Bidders are not permitted to withdraw or lower the size of their Bid(s) (in terms of quantity of Equity Shares or the Bid Amount) at any stage.

Our Company, in consultation with the Book Running Lead Manager, reserves the right to reject, in their absolute discretion, all or any multiple Bids in any or all categories. In this regard, the procedure which would be followed by the Registrar to the Issue to detect multiple Bids is given below:

1. All Bids will be checked for common PAN as per the records of the Depository. For Bidders other than Mutual Funds and FII sub-accounts, Bids bearing the same PAN will be treated as multiple Bids and will be rejected.
2. For Bids from Mutual Funds and FII sub-accounts, submitted under the same PAN, as well as Bids on behalf of the Bidders for whom submission of PAN is not mandatory such as the Central or State Government, an official liquidator or receiver appointed by a court and residents of Sikkim, the Bid cum Application Forms will be checked for common DP ID and Client ID.

#### **Permanent Account Number or PAN**

Except for Bids by or on behalf of the Central or State Government and the officials appointed by the courts and by investors residing in Sikkim, the Bidders, or in the case of a Bid in joint names, the first Bidders, should mention his/ her PAN allotted under the Income Tax Act. In accordance with the circulars issued by SEBI, the PAN would be the sole identification number for participants transacting in the securities market, irrespective of the amount of transaction. **Any Bid cum Application Form without the PAN is liable to be rejected, except for residents in the state of Sikkim, who are exempted from specifying their PAN for transactions in the securities market. It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.**

However, the exemption for the Central or State Government and the officials appointed by the courts and for investors residing in the State of Sikkim is subject to the Depository Participants' verifying the veracity of such claims of the investors by collecting sufficient documentary evidence in support of their claims. At the time of ascertaining the validity of these Bids, the Registrar to the Issue will check under the Depository records for the appropriate description under the PAN field i.e., either Sikkim category or exempt category.

With effect from August 16, 2010, the beneficiary accounts of Bidders for whom PAN details have not been verified have been labelled "suspended for credit" by the Depositories and no credit of Equity Shares pursuant to the Issue will be made in the accounts of such Bidders.

#### **Withdrawal of Bids**

**QIBs and Non-Institutional Bidders cannot withdraw or lower the size of their Bids (both in terms of number of Equity Shares Bid for and Bid Amount) at any stage. Retail Individual Bidders can revise their Bid(s) during the Bid/Issue Period and withdraw their Bid(s) until finalisation of Basis of Allotment.**

ASBA Bidders (other than QIBs and Non-Institutional Bidders) can withdraw their Bids during the Issue Period by submitting a request for the same to the concerned SCSB, the concerned member of the Syndicate or the Non Syndicate Registered Broker, as applicable, who shall do the requisite, including deletion of details of the withdrawn Bid cum Application Form from the electronic Bidding system of the Stock Exchanges. Further the SCSBs shall unblock the funds in the ASBA Account either directly or at the instruction of the member of the Syndicate which had forwarded to it the Bid Cum Application Form.

In case an ASBA Bidder (other than a QIB and a Non-Institutional Bidder) wishes to withdraw the Bid after the Issue Closing Date, the same can be done by submitting a withdrawal request to the Registrar to the Issue prior to the finalization of Allotment. The Registrar to the Issue shall delete the withdrawn Bid from the Bid allotment file and give instruction to the SCSB for unblocking the ASBA Account after approval of the 'Basis of Allotment'.

#### **REJECTION OF BIDS**

Our Company has a right to reject Bids based on technical grounds. In case of QIBs, Bidding through Syndicate ASBA or through the Non Syndicate Registered Brokers, the Book Running Lead Manager and their affiliate members of the Syndicate, may reject Bids at the time of acceptance of the Bid cum Application Form provided that the reasons for such rejection shall be disclosed to such Bidder in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, our Company has a right to reject Bids based on technical grounds only. Consequent refunds shall be made through any of the modes described in the Red Herring Prospectus and will be sent to the Bidder's address, where applicable, at the sole/first Bidder's risk. In relation to all ASBA Bidders, SCSBs or the



Non Syndicate Registered Brokers shall have no right to reject Bids, except on technical grounds or in the event that if at the time of blocking the Payment Amount in the ASBA Account, the SCSB ascertains that sufficient funds are not available in the Bidder's ASBA Account. Further, in case any DP ID, Client ID or PAN mentioned in the Bid cum Application Form and as entered into the electronic Bidding system of the Stock Exchanges by the members of the Syndicate, the SCSBs or the Non Syndicate Registered Brokers, as the case may be, does not match with one available in the depository's database, such ASBA Bid shall be rejected by the Registrar to the Issue. Subsequent to the acceptance of a Bid by way of ASBA by the SCSB, our Company would have a right to reject such Bids by way of ASBA only on technical grounds.

### ***Grounds for Technical Rejections***

Bidders are advised to note that Bids are liable to be rejected *inter alia* on the following technical grounds:

- DP ID and Client ID not mentioned in the Bid cum Application;
- Amount paid does not tally with the amount payable for the highest value of Equity Shares Bid for. With respect to Bids by ASBA Bidders, the amounts mentioned in the Bid cum Application Form does not tally with the amount payable for the value of the Equity Shares Bid 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. However, a limited liability partnership can apply in its own name;
- Bid by persons not competent to contract under the Indian Contract Act, 1872, as amended (other than minors having valid depository accounts as per the Demographic Details provided by the Depositories);
- PAN not mentioned in the Bid cum Application Form except for Bids 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;
- GIR number furnished instead of PAN;
- Bids for lower number of Equity Shares than the minimum specified for that category of investors;
- Bids at a price less than the Floor Price;
- Bids at a price more than the Cap Price;
- Signature of sole or first Bidder, as the case may be, missing;
- Submission of more than five Bid cum Application Forms per ASBA account;
- Bids by Bidders whose demat accounts have been 'suspended for credit' pursuant to the circular issued by SEBI on July 29, 2010 bearing number CIR/MRD/DP/22/2010;
- Bids at the Cut-off Price by Non-Institutional and QIB Bidders;
- Bids for a Bid Amount of more than ₹200,000 by Retail Individual Bidders applying through the non-ASBA process;
- Bids for number of Equity Shares which are not in multiples of [●];
- Category not indicated;
- Multiple Bids as defined in the Red Herring Prospectus;
- In case of Bids under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;

- Bids accompanied by Stockinvest/money order/postal order/cash;
- Bid cum Application Forms do not have the stamp of the Book Running Lead Manager or Syndicate Members or the SCSB;
- Bid cum Application Forms do not have Bidder's depository account details or the details given are incomplete or incorrect;
- Bid cum Application Forms not being signed by the ASBA account holder, if the account holder is different from the ASBA Bidder;
- Bid cum Application Form submitted to the members of the Syndicate does not bear the stamp of the members of the Syndicate. ASBA Bids submitted directly to the SCSBs does not bear the stamp of the SCSB and/or the Designated Branch and/or the members of the Syndicate, as the case may be;
- Bid cum Application Forms submitted under the ASBA process not having details of the ASBA Account to be blocked;
- Bid cum Application Forms submitted under the ASBA process not containing the authorization for blocking the Bid Amount in the bank account specified in the Bid cum Application Form;
- Bid cum Application Forms are not delivered by the Bidders within the time prescribed as per the Bid cum Application Forms, Bid/Issue Opening Date advertisement and the Red Herring Prospectus and as per the instructions in the Red Herring Prospectus and the Bid cum Application Forms;
- In case no corresponding record is available with the Depositories that matches the DP ID, Client ID and PAN;
- With respect to ASBA Bids, inadequate funds in the bank account to block the Bid Amount specified in the Bid cum Application Form at the time of blocking such Bid Amount in the bank account;
- Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
- Bids where clear funds are not available in Escrow Accounts as per final certificate from the Escrow Collection Banks;
- With respect to ASBA Bids, where no confirmation is received from SCSB for blocking of funds;
- Bids by QIBs and Non Institutional Bidders not submitted through ASBA process;
- Bids by QIBs and Non Institutional Bidders accompanied by cheque(s) or demand draft(s);
- ASBA Bids submitted to a member of the Syndicate at locations other than the Specified Cities and Bid cum Application Forms, submitted to the Escrow Collecting Banks (assuming that such bank is not a SCSB), to our Company or the Registrar to the Issue;
- Bids by any person outside India if not in compliance with applicable foreign and Indian Laws;
- Bids not uploaded on the terminals of the Stock Exchanges;
- Bids by QIB Bidders submitted after 3 pm on the QIB Bid/Issue Closing Date, Bids by Non-Institutional Bidders submitted after 3 pm on the Bid/Issue Closing Date, and Bids by Retail Individual Bidders submitted after 4 pm on the Bid/Issue Closing Date unless extended by the Stock Exchanges, as applicable;

- Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority; and
- Bids by OCBs.
- With respect to ASBA Bids, the Bid cum Application Form not being signed by the account holders, if the account holder is different from the Bidder;
- ASBA Bids by SCSBs on their own account, through an ASBA Account maintained in its own name with itself.

**FOR BID CUM APPLICATION FORMS FROM NON-ASBA BIDDERS, THE BASIS OF ALLOTMENT WILL BE BASED ON THE REGISTRAR'S VALIDATION OF THE ELECTRONIC BID DETAILS WITH THE DEPOSITORY RECORDS, AND THE COMPLETE RECONCILIATION OF THE FINAL CERTIFICATES RECEIVED FROM THE ESCROW COLLECTION BANKS WITH THE ELECTRONIC BID DETAILS IN TERMS OF THE SEBI CIRCULAR CIR/CFD/DIL/3/2010 DATED APRIL 22, 2010. THE REGISTRAR TO THE ISSUE WILL UNDERTAKE TECHNICAL REJECTIONS BASED ON THE ELECTRONIC BID DETAILS AND THE DEPOSITORY DATABASE. IN CASE OF ANY DISCREPANCY BETWEEN THE ELECTRONIC BID DATA AND THE DEPOSITORY RECORDS, THE ISSUER RESERVES THE RIGHT TO PROCEED AS PER THE DEPOSITORY RECORDS OR TREAT SUCH BID AS REJECTED.**

**IN TERMS OF THE SEBI CIRCULAR CIR/CFD/DIL/3/2010 DATED APRIL 22, 2010, FOR BID CUM APPLICATION FORM, THE REGISTRAR TO THE ISSUE WILL RECONCILE THE COMPILED DATA RECEIVED FROM THE STOCK EXCHANGES AND ALL SCSBS, AND IN TERMS OF THE SEBI CIRCULAR CIR/CFD/14/2012 DATED OCTOBER 4, 2012, FOR BID-CUM-APPLICATION FORMS, THE REGISTRAR TO THE ISSUE WILL RECONCILE THE SCHEDULES RECEIVED FROM ALL SCSBS WITH THE STOCK EXCHANGE DATA, AND MATCH THE SAME WITH THE DEPOSITORY DATABASE FOR CORRECTNESS OF DP ID, CLIENT ID AND PAN. IN CASES WHERE ANY DP ID, CLIENT ID AND PAN MENTIONED IN THE BID FILE FOR AN ASBA.**

**BIDDER DOES NOT MATCH THE ONE AVAILABLE IN THE DEPOSITORY DATABASE THE ISSUER RESERVES THE RIGHT TO PROCEED AS PER THE DEPOSITORY RECORDS ON SUCH ASBA BIDS OR TREAT SUCH ASBA BIDS AS REJECTED. THE REGISTRAR TO THE ISSUE WILL REJECT MULTIPLE ASBA BIDS BASED ON COMMON PAN.**

**IN CASE THE DP ID, CLIENT ID AND PAN MENTIONED IN THE BID CUM APPLICATION FORM ENTERED INTO THE ELECTRONIC BIDDING SYSTEM OF THE STOCK EXCHANGES BY THE SYNDICATE/THE SCSBs DO NOT MATCH WITH THE DP ID, CLIENT ID AND PAN AVAILABLE IN THE RECORDS WITH THE DEPOSITORIES, THE APPLICATION IS LIABLE TO BE REJECTED AND OUR COMPANY AND THE MEMBERS OF THE SYNDICATE SHALL NOT BE LIABLE FOR LOSSES, IF ANY.**

**FURTHER, BIDS BY PERSONS PROHIBITED FROM BUYING, SELLING OR DEALING IN THE EQUITY SHARES DIRECTLY OR INDIRECTLY BY SEBI OR ANY OTHER REGULATORY AUTHORITY WILL BE REJECTED.**

#### **EQUITY SHARES IN DEMATERIALISED FORM WITH NSDL OR CDSL**

As per the provisions Section 29 of the Companies Act, 2013 the Allotment of Equity Shares in the Issue shall be only in a de-materialised form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two agreements have been signed among our Company, the respective Depositories and the Registrar to the Issue:

- Agreement dated [●] among NSDL, our Company and the Registrar to the Issue;

- Agreement dated [●] among CDSL, our Company and the Registrar to the Issue.

Our Company's International Securities Identification Number (ISIN) is [●].

All Bidders can seek Allotment only in dematerialised mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

- (a) A Bidder 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 Bid.
- (b) The Bidder must necessarily fill in the details (including the PAN, DP ID and Client ID) appearing in the Bid cum Application Form or Revision Form.
- (c) Allotment to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.
- (d) Names in the Bid cum Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint Bids, the Bid cum Application Form should necessarily contain the names in the same sequence as they appear in the account details in the Depository. 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.
- (e) If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid cum Application Form or Revision Form, it is liable to be rejected.
- (f) The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid cum Application Form vis-à-vis those with his or her Depository Participant.
- (g) Equity Shares in electronic form can be traded only on the Stock Exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where the Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.
- (h) The trading of the Equity Shares of our Company would be in dematerialised form only for all Bidders in the demat segment of the respective Stock Exchanges.
- (i) Non transferable advice or refund orders will be directly sent to the Bidders by the Registrar to the Issue.

### **Communications**

All future communications in connection with Bids made in the Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid cum Application Form number, Bidders Depository Account Details, number of Equity Shares applied for, date of Bid cum Application Form, name and address of the member of the Syndicate, the Designated Branch of the SCSBs or the Non Syndicate Registered Brokers where the Bid was submitted and cheque or draft number and issuing bank thereof or with respect to ASBA Bids, bank account number in which the amount equivalent to the Bid Amount was blocked.

**Bidders can contact the Company Secretary Compliance Officer or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of Allotment Advice, credit of Allotted Equity Shares in the respective beneficiary accounts, refund orders etc. In case of ASBA Bids submitted to the Designated Branches of the SCSBs or the Non Syndicate Registered Brokers, the Bidders can contact the relevant Designated Branches of the SCSBs or the Non Syndicate Registered Broker.**

All grievances relating to the ASBA process may be addressed either to (i) the concerned member of the Syndicate and the relevant SCSB, in the event of a Bid submitted by an ASBA Bidder at any of the Syndicate ASBA Bidding Locations, or (ii) the Designated Branch of the SCSB where the Bid cum Application Form was submitted by the ASBA Bidder, giving full details such as name, address of the applicant, number of Equity Shares applied for,

amount paid on application, in the event of a Bid submitted directly with a Designated Branch by an ASBA Bidder; in both cases with a copy to the Registrar to the Issue.

## PAYMENT OF REFUND

Non-ASBA Bidders must note that on the basis of Bidder's DP ID and Client ID provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain, from the Depositories, the Bidders' bank account details, including the nine digit Magnetic Ink Character Recognition ("MICR") code as appearing on a cheque leaf to make refunds. Accordingly, Bidders are advised to immediately update their details as appearing on the records of their Depository Participants. Failure to do so may result in delays in dispatch of refund orders or refunds through electronic transfer of funds, as applicable, and any such delay will be at the Bidders' sole risk and neither our Company, the Registrar to the Issue, the Escrow Collection Banks, or the members of the Syndicate, will be liable to compensate the Bidders for any losses caused to them due to any such delay, or liable to pay any interest for such delay.

On the Designated Date and no later than 12 Working Days from the Bid/Issue Closing Date, the Registrar to the Issue shall despatch refund orders for all amounts payable to unsuccessful non-ASBA Bidders and also the excess amount paid on bidding, if any, after adjusting for allocation/Allotment to such Bidders.

### *Mode of making refunds for non-ASBA Bidders*

The payment of refund, if any, for non-ASBA Bidders would be done through various modes by any of the following:

1. NECS – Payment of refund would be done through NECS for applicants having an account at any of the centres where such facility has been made available. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories.
2. Direct Credit – Applicants having bank accounts with the Refund Bank(s), as per the Demographic Details received from the Depositories, shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by our Company.
3. RTGS – Bidders having a bank account with a bank branch which is RTGS-enabled as per the information available on the RBI's website and whose refund amount exceeds ₹0.2 million, will be eligible to receive refund through RTGS, provided the Demographic Details downloaded from the Depositories contain the nine digit MICR code of the Bidder's bank which can be mapped with the RBI data to obtain the corresponding Indian Financial System Code ("IFSC"). Any bank charges levied by the Refund Bank will be borne by our Company. Any bank charges levied by the Bidders' bank receiving the credit will be borne by the respective Bidders.
4. NEFT – Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the IFSC, which can be linked to a MICR, if any, available to that particular bank branch. IFSC will be obtained from the website of the RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC of that particular bank branch and the payment of refund will be made to the applicants through this method.
5. For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be despatched through Speed Post/ Registered Post. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

### *Mode of making refunds for ASBA Bidders*

In case of ASBA Bidders, the Registrar to the Issue shall instruct the SCSBs to unblock the funds in the relevant ASBA Accounts to the extent of the Bid Amount specified in the Bid cum Application Forms for withdrawn (by

Retail Individual Bidders), rejected or unsuccessful or partially successful ASBA Bids within 12 Working Days of the Bid/Issue Closing Date.

#### **DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS AND INTEREST IN CASE OF DELAY**

With respect to non-ASBA Bidders, 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 with Depository Participants of the Bidders and submit the documents pertaining to the Allotment to the Stock Exchanges within 12 Working Days from the Bid/Issue Closing Date. With respect to the ASBA Bidders, our Company shall ensure dispatch of CANs and/or unblocking of funds in the ASBA Account within 12 Working Days from the Bid/Issue Closing Date.

In case of applicants who receive refunds through NECS, NEFT, direct credit or RTGS, the refund instructions will be given to the clearing system within 12 Working Days from the Bid/Issue Closing Date. A suitable communication shall be sent to the Bidders receiving refunds through this mode within 12 Working Days from the Bid/Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

Our Company shall ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed are taken within 12 Working Days of the Bid/Issue Closing Date.

In accordance with the Companies Act, 2013 Act, the requirements of the Stock Exchanges and the SEBI Regulations, our Company further undertakes that:

- Allotment of Equity Shares shall be made only in dematerialised form within 12 Working Days of the Bid/Issue Closing Date;
- With respect to non-ASBA Bidders, dispatch of refund orders or in a case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within 12 Working Days of the Bid/Issue Closing Date would be ensured. With respect to the ASBA Bidders, instructions for unblocking of the ASBA Bidder's Bank Account shall be made within 12 Working Days from the Bid/Issue Closing Date. Adequate funds will be provided to the Registrar to the Issue to enable it to send refund orders or Allotment advice by registered post/speed post. With regard to refunds, bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.; and
- Our Company shall pay interest at 15% p.a. for any delay beyond 15 days or 12 Working Days from the Bid/Issue Closing Date, whichever is later, if Allotment is not made and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/or demat credits are not made to investors within the 12 Working Days prescribed above. If such money is not repaid within eight days from the day our Company become liable to repay, our Company, every Director of our Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to repay the money with interest as prescribed under the applicable law. Further, as per the Companies Act, 2013, if the "stated minimum amount" has not been subscribed, the application money has to be returned within such period as may be prescribed. In the event of any failure to refund the application money within the specified period, a penalty of ₹1,000 for each day during which the default continues or ₹100,000, whichever is less. Additionally, section 40(3) of the Companies Act, 2013 requires application money to be refunded in the event of failure to Allot Equity Shares for any reason. The penalty for the failure to comply with the provisions of section 40(3) of the Companies Act, 2013t would amount to not less than ₹500,000, and which may extend to ₹5,000,000 and every officer of the Company who is in default shall be punishable with imprisonment for a term which may extend to one year a fine not exceeding ₹300,000 or both.

**Attention of the applicants is also 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 punishable with imprisonment for a term which may extend to ten years.”*

## **BASIS OF ALLOTMENT**

### **A. For Retail Individual Bidders**

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all the successful Retail Individual Bidders will be made at the Issue Price.
- The Issue size less Allotment to Non-Institutional and QIB Bidders will be available for Allotment to Retail Individual Bidders who have Bid in the Issue at a price that is equal to or greater than the
- Issue Price.
- If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Issue Price, full Allotment shall be made to the Retail Individual Bidders to the extent of their valid Bids.
- In the event, the Bids received from Retail Individual Bidders exceeds [●] Equity Shares, then the maximum number of Retail Individual Bidders who can be allocated/Allotted the minimum Bid Lot will be computed by dividing the total number of Equity Shares available for allocation/Allotment to Retail Individual Investors by the minimum Bid Lot (“**Maximum RII Allottees**”). The allocation/Allotment to Retail Individual Investors will then be made in the following manner:
  - In the event the number of Retail Individual Bidders who have submitted valid Bids in the Issue is equal to or less than Maximum RII Allottees, (i) Retail Individual Bidders shall be allocated / Allotted the minimum Bid Lot; and (ii) the balance Equity Shares, if any, remaining in the Retail Portion shall be allocated/ Allotted to the Retail Individual Bidders who have received allocation/Allotment as per (i) above for less than the Equity Shares Bid by them (i.e. who have Bid for more than the minimum Bid Lot).
  - In the event the number of Retail Individual Bidders who have submitted valid Bids in the Issue is more than Maximum RII Allottees, the Retail Individual Bidders (in that category) who will then be allocated/ Allotted minimum Bid Lot shall be determined on draw of lots basis.

For details see, “– Illustration Explaining Procedure of Allotment to Retail Individual Bidders” on page 207.

- Each successful Retail Individual Bidder shall be Allotted a minimum of [●] Equity Shares.

### **B. For Non-Institutional Bidders**

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.

- The Issue size less Allotment to QIBs and Retail Individual Bidders will be available for Allotment to Non-Institutional Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Issue Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their demand.
- In case the aggregate demand in this category is greater than [●] Equity Shares at or above the Issue Price, Allotment shall be made on a proportionate basis up to a minimum of [●] Equity Shares, and in multiples of [●] Equity Shares thereafter. For the method of proportionate Basis of Allotment refer below.

**C. For QIBs**

- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Allotment to all the successful QIB Bidders will be made at the Issue Price.
- The QIB Portion will be available for Allotment to QIB Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.
- Allotment shall be undertaken in the following manner:
  - (a) In the first instance allocation to Mutual Funds for up to 5% of the QIB Portion shall be determined as follows:
    - (i) In the event that Bids by Mutual Fund exceeds 5% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for up to 5% of the QIB Portion.
    - (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Portion then all Mutual Funds shall get full Allotment to the extent of valid Bids received above the Issue Price.
    - (iii) Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds will be available for Allotment to all QIB Bidders as set out in (b) below;
  - (b) In the second instance Allotment to all QIBs shall be determined as follows:
    - (i) In the event that the oversubscription in the QIB Portion, all QIB Bidders who have submitted Bids above the Issue Price shall be allotted Equity Shares on a proportionate basis for up to 95% of the QIB Portion.
    - (ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.
    - (iii) Under-subscription below 5% of the QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.
- The aggregate Allotment (other than spill over in case of under-subscription in other categories) to QIB Bidders shall be at least 50% of the Issue and up to [●] Equity Shares.

**Method of Proportionate Basis of Allotment in the Issue**

Subject to valid Bids being received, allocation of Equity Shares to each Retail Individual Bidder shall not be less than the minimum Bid lot, subject to availability of Equity Shares in the Retail Portion and the remaining available Equity Shares, if any, shall be allotted on a proportionate basis.



In the event of the Issue being over-subscribed, our Company, in consultation with the Book Running Lead Manager, shall finalise the Basis of Allotment in consultation with the Designated Stock Exchange. The executive director (or any other senior official nominated by them) of the Designated Stock Exchange along with the Book Running Lead Manager and the Registrar to the Issue shall be responsible for ensuring that the Basis of Allotment is finalised in a fair and proper manner.

The Allotment to QIB Bidders and Non-Institutional Bidders shall be made in marketable lots, on a proportionate basis as explained below:

- a) Bidders will be categorised according to the number of Equity Shares applied for.
- b) The total number of Equity Shares to be Allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.
- c) Number of Equity Shares to be Allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.
- d) In all Bids where the proportionate Allotment is less than [●] Equity Shares per Bidder, the Allotment shall be made as follows:
  - The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares Allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above; and
  - Each successful Bidder shall be Allotted a minimum of [●] Equity Shares.
- e) If the proportionate Allotment to a Bidder is a number that is more than [●] but is not a multiple of one (which is the marketable lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5 it would be rounded off to the lower whole number. Allotment to all in such categories would be arrived at after such rounding off.
- f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares Allotted to the Bidders in that category, the remaining Equity Shares available for Allotment shall be first adjusted against any other category, where the Allotted Equity Shares are not sufficient for proportionate Allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

**Illustration Explaining Procedure of Allotment to Retail Individual Bidders** *(Investors should note that this example is solely for illustrative purposes and is not specific to the Issue)*

Total number of equity shares offered in the issue: 10 million, at an issue price of ₹600 per equity share. The retail portion for the issue consists of 3.5 million equity shares. The issuer fixes the minimum bid lot as 20 equity shares.

- A. A total of 0.1 million retail individual bidders have applied in the issue, in varying number of bid lots i.e. between 1 to 16 bid lots, based on the maximum application size of up to ₹200,000. The retail individual bidders' category is oversubscribed 4 times. From the 0.1 million retail individual bidders, there are five retail individual bidders, namely A, B, C, D and E, who have applied in the issue as follows: A has applied for 320 equity shares, B has applied for 220 equity shares, C has applied for 120 equity shares, D has applied for 60 equity shares and E has applied for 20 equity shares. As per the SEBI Regulations, the allotment to retail individual investors shall not be less than the minimum bid lot, subject to availability of shares, and the remaining available shares, if any, shall be allotted on a proportionate basis. Accordingly, the actual entitlement of each of A, B, C, D and E shall be as follows:

Name of the retail individual bidder	Total No. of equity shares applied for	Total number of equity shares eligible to be allotted
A	320	<b>20 equity shares</b> (i.e. the minimum bid lot) + <b>38 equity shares</b> $[\{3,500,000 - (100,000 * 20)\} / \{14,000,000 - (100,000 * 20)\}] * 300$ (i.e. 320-20)
B	220	<b>20 equity shares</b> (i.e. the minimum bid lot) + <b>25 equity shares</b> $[\{35,00,000 - (1,00,000 * 20)\} / \{140,00,000 - (1,00,000 * 20)\}] * 200$ (i.e. 220-20)
C	120	<b>20 equity shares</b> (i.e. the minimum bid lot) + <b>13 equity shares</b> $[\{35,00,000 - (1,00,000 * 20)\} / \{(140,00,000 - (1,00,000 * 20))\}] * 100$ (i.e. 120-20)
D	60	<b>20 equity shares</b> (i.e. the minimum bid lot) + <b>5 equity shares</b> $[\{35,00,000 - 1,00,000 * 20\} / \{(140,00,000 - (1,00,000 * 20))\}] * 40$ (i.e. 60-20)
E	20	<b>20 equity shares</b> (i.e. the minimum bid lot)

- B. A total of 0.2 million retail individual bidders have applied in the issue, in varying number of bid lots i.e. between 1 to 16 bid lots, based on the maximum application size of upto ₹200,000. The retail individual bidders' category is oversubscribed 9.37 times. Since the total number of equity shares offered retail individual bidders is 3,500,000 and the minimum bid lot is 20 equity shares, the maximum number of retail individual bidders who can be allotted this minimum bid lot will be 175,000 (i.e. 3,500,000/20). The remaining 25,000 retail applicants will not get allotment and such bidders will be determined on basis of draw of lots, in the manner provided below:

No. of lots	No. of equity shares at each lot	No. of retail individual bidders applying at each lot	Total No. of equity shares applied for at each lot	No. of retail individual bidders who shall receive minimum bid-lot (to be selected on lottery)
A	B	C	D=(B*C)	E (175,000/200,000)*C
1	20	10,000	200,000	8,750
2	40	10,000	400,000	8,750
3	60	10,000	600,000	8,750
4	80	10,000	800,000	8,750
5	100	20,000	2,000,000	17,500
6	120	20,000	2,400,000	17,500
7	140	15,000	2,100,000	13,125
8	160	20,000	3,200,000	17,500
9	180	10,000	1,800,000	8,750
10	200	15,000	3,000,000	13,125
11	220	10,000	2,200,000	8,750
12	240	10,000	2,400,000	8,750
13	260	10,000	2,600,000	8,750
14	280	5,000	1,400,000	4,375
15	300	15,000	4,500,000	13,125
16	320	10,000	3,200,000	8,750
<b>Total</b>		<b>200,000</b>	<b>32,800,000</b>	<b>1,75,000</b>

#### Procedure for Allotment to Non-Institutional Bidders

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Issue size less Allotment to QIBs and Retail Individual Bidders shall be available for Allotment to Non-Institutional Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Issue Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their demand.
- In case the aggregate demand in this category is greater than [●] Equity Shares at or above the Issue Price, Allotment shall be made on a proportionate basis up to a minimum of [●] Equity Shares. For the method of proportionate Basis of Allotment refer below.

#### **Procedure for Allotment to QIBs in the QIB Portion**

Bids received from the QIBs Bidding in the QIB Portion at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Allotment to all the QIBs will be made at the Issue Price.

The QIB Portion shall be available for Allotment to QIBs who have Bid at a price that is equal to or greater than the Issue Price.

Allotment shall be undertaken in the following manner:

- (a) In the first instance allocation to Mutual Funds for upto 5% of the QIB Portion shall be determined as follows:
  - i. In the event that Bids by Mutual Fund exceeds 5% of the Net QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for upto 5% of the QIB Portion.
  - ii. In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Portion then all Mutual Funds shall get full Allotment to the extent of valid Bids received above the Issue Price;
  - iii. Equity Shares remaining unsubscribed, if any and not allocated to Mutual Funds shall be available for Allotment to all QIBs as set out in (b) below;
- (b) In the second instance Allotment to all QIBs shall be determined as follows:
  - i. In the event of oversubscription in the Net QIB Portion, all QIBs who have submitted Bids above the Issue Price shall be allotted Equity Shares on a proportionate basis for up to 95% of the Net QIB Portion;
  - ii. Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIBs;
  - iii. Under-subscription below 5% of the QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIBs on a proportionate basis.
- The aggregate Allotment to QIBs Bidding in the Net QIB Portion may be up to [●] Equity Shares.

#### **Letters of Allotment or Refund Orders or instructions to the SCSBs**

The Registrar to the Issue shall give instructions for credit to the beneficiary account with depository participants within 12 Working Days from the Bid/Issue Closing Date. Applicants residing at the centres where clearing houses are managed by the RBI, will get refunds through NECS only except where applicant is otherwise eligible to get refunds through direct credit, RTGS and NEFT. Our Company shall ensure dispatch of refund orders, if any, by registered post or speed post at the sole or first Bidder's sole risk within 12 Working Days of the Bid/Issue Closing Date. Bidders to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post, intimating them about the mode of credit of refund within 12 days from the Bid/Issue Closing Date. In case of

ASBA Bidders, the Registrar to the Issue shall instruct the relevant SCSBs to, on the receipt of such instructions from the Registrar to the Issue, unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the Bid cum Application Form or the relevant part thereof, for withdrawn (by Retail Individual Bidders), rejected or unsuccessful or partially successful ASBA Bids within 12 Working Days of the Bid/Issue Closing Date.

**Interest in case of delay in despatch of Allotment Letters or Refund Orders/ instruction to the SCSBs by the Registrar to the Issue.**

Our Company agrees that (i) Allotment of Equity Shares; and (ii) credit to the successful Bidders' depository accounts will be completed within 12 Working Days of the Bid/Issue Closing Date. Our Company further agrees that it shall pay interest at the rate of 15% p.a. if the Allotment letters or refund orders have not been despatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given in the disclosed manner within 15 days from the Bid/Issue Closing Date, whichever is later. If such money is not repaid within eight days from the day our Company become liable to repay, our Company, every Director of our Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to repay the money with interest as prescribed under the applicable law.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by our Company as a Refund Bank and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Our Company will provide adequate funds required for dispatch of refund orders or Allotment Advice to the Registrar to the Issue.

**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 all editions of a widely circulated English national newspaper, Hindi national newspaper and Marathi newspaper.

**Signing of the Underwriting Agreement and the RoC Filing**

- (a) Our Company and the Syndicate will enter into an Underwriting Agreement after the finalisation of the Issue Price.
- (b) After signing the Underwriting Agreement, an updated Red Herring Prospectus will be filed with the RoC in accordance with the applicable law, which then would be termed as the 'Prospectus'. The Prospectus will contain details of the Issue Price, Issue size and underwriting arrangements and will be complete in all material respects.

**Undertakings by our Company**

We undertake as follows:

- 1. That if our Company does not proceed with the Issue after the Bid/Issue Closing Date, the reason thereof shall be given as a public notice within two days of the Bid/Issue Closing Date. The public notice shall be issued in the same newspapers where the pre-Issue advertisements were published. The stock exchanges on which the Equity Shares are proposed to be listed shall also be informed promptly;
- 2. That the complaints received in respect of the Issue shall be attended to expeditiously and satisfactorily;
- 3. That all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the stock exchanges where the Equity Shares are proposed to be listed within seven Working Days of finalization of the Basis of Allotment or twelve (12) Working Days from the Bid/Issue Closing Date, whichever is earlier;

4. That the funds required for making refunds as per the modes disclosed or dispatch of allotment advice by registered post or speed post shall be made available to the Registrar to the Issue by us;
5. That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 12 days of the Bid/Issue Closing Date, as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
6. That the certificates of the securities/ refund orders to the non-resident Indians shall be dispatched within specified time;
7. That no further issue of Equity Shares shall be made till the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.; and
8. That, adequate arrangements shall be made to collect all Applications Supported by Blocked Amount and to consider them similar to non-ASBA applications while finalizing the Basis of Allotment.
9. Our Company shall not have recourse to the proceeds of the Issue until final approval for trading of the Equity Shares from all Stock Exchanges where listing is sought has been received.

#### **Utilization of the Issue proceeds**

The Board of Directors of our Company certifies that:

1. all monies received out of the Issue shall be transferred to a separate Bank Account other than the bank account referred to in Sub-Section (3) of Section 40 of the Companies Act, 2013;
2. details of all monies utilized out of the Issue referred above shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilized;
3. details of all unutilized monies out of the Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested; and
4. the utilisation of monies received under Promoter's contribution, if any shall be disclosed, and continue to be disclosed till the time any part of the Issue proceeds remains unutilised, under an appropriate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised; and
5. the details of all unutilised monies out of the funds received under Promoter's contribution, if any shall be disclosed under a separate head in the balance sheet of our Company indicating the form in which such unutilised monies have been invested.

The Book Running Lead Manager undertakes that the complaints or comments received in respect of the Issue shall be attended to by our Company expeditiously and satisfactorily.

## RESTRICTED OF FOREIGN OWNERSHIP IN INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The government bodies responsible for granting foreign investment approvals are FIPB and the RBI.

The Government has from time to time made policy pronouncements on FDI through press notes and press releases. The Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India ("DIPP"), issued Circular 1 of 2014 ("Circular 1 of 2014"), which with effect from April 17, 2014, consolidates and supersedes all previous press notes, press releases and clarifications on FDI issued by the DIPP that were in force and effect as on April 16, 2014. The Government proposes to update the consolidated circular on FDI Policy once every year and therefore, Circular 1 of 2014 will be valid until the DIPP issues an updated circular.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the FIPB or the RBI, provided that (i) the activities of the investee company are under the automatic route under the foreign direct investment ("FDI") 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/RBI.

As per the existing policy of the Government of India, OCBs cannot participate in this Offer.

**Subject to confirmation from RBI: (i) FIIs can participate in this Issue under the portfolio investment scheme in accordance with Schedule 2 of the FEMA Regulations; (ii) FPIs can participate in this Issue under the foreign portfolio investment scheme in accordance with Schedule 2A of the FEMA Regulations; (iii) Eligible NRIs can participate in this Issue on a non-repatriation basis in accordance with Schedule 4 of the FEMA Regulations; and (iv) Eligible QFIs can participate in this Issue in accordance with Schedule 8 of the FEMA Regulations. Non-Residents, other than as mentioned above, are not permitted to participate in this Issue.**

**The Equity Shares have not been and will not be registered under the Securities Act, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold (i) within the United States to persons reasonably believed to be qualified institutional investors (as defined in Rule 144A under the Securities Act) pursuant to Section 4(a)(2) of the Securities Act and (ii) outside the United States in offshore transactions in reliance on Regulation S under the Securities Act and applicable laws of the jurisdictions where such offers and sales occur.**

**The above information is given for the benefit of the Bidders. Our Company and the BRLM 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 VIII – MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION OF OUR COMPANY**

### **CAPITAL**

3. The Authorized Share Capital of the Company shall be such amounts and be divided into such shares as may, from time to time provided in Clause V of the 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.

### **RESTRICTIONS ON ALLOTMENT**

5. 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

### **BUY BACK OF SHARES**

7.2 Notwithstanding what is stated in Articles 7.1 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.

### **ISSUE OF SECURITIES AT A PREMIUM**

8. 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.

### **ISSUE OF REDEEMABLE PREFERENCE SHARES**

9. 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 79 unless the terms of issue otherwise provide.

## **SHARES AND SHAREHOLDERS**

### **REGISTER OF MEMBERS**

10.

(1) The Company shall cause to be kept and maintained 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

### **SHARES TO BE NUMBERED PROGRESSIVELY**

11. The shares in the capital shall be numbered progressively according to their several classes.

### **SHARES AT THE DISPOSAL OF THE DIRECTORS**

12. 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 the 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.

#### **TRANSFER OF SHARES**

13.(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.

#### **APPLICATION OF PREMIUMS RECEIVED ON ISSUE OF SHARES**

14.

(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

#### **FURTHER ISSUE OF CAPITAL**

15. The Company shall comply with the provisions of Section 62 of the Act with regard to increasing the subscribed capital of the Company.

16. 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 authorize 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

#### **ACCEPTANCE OF SHARES**

17. 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.

#### **DEPOSIT AND CALL ETC. TO BE A DEBT PAYABLE IMMEDIATELY**

18. 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 allotted thereof, and shall be paid by him accordingly.

#### **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**

19. 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.

#### **RETURN OF ALLOTMENT**

20. 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.



**INSTALLMENTS ON SHARES TO BE DULY PAID**

21. 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 of the shares or his legal representative.

**LIABILITY OF MEMBERS**

22. 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.

**LIABILITY OF JOINT HOLDERS**

23. If any share stands in the names of two or more persons all the joint-holders of the share 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.

**REGISTERED HOLDER ONLY THE OWNER OF THE SHARES**

24. 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.

**CERTIFICATES****CERTIFICATE OF SHARES**

25. 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.

**MEMBERS' RIGHT TO CERTIFICATES**

26.

(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 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.

**MAY BE DELIVERED TO ANYONE OF JOINT-HOLDERS**

(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.

### **SHARES IN DEPOSITORY FORM**

(iii) Notwithstanding anything contained herein, the Company shall be entitled to dematerialize 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 dematerialized form.

(iv) 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 recognize any became 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.

(v) 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 dematerialized.

### **ISSUE OF NEW CERTIFICATE IN PLACE OF ONE DEFACED, LOST OR DESTROYED**

27. 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 ₹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 utilized.

### **BOARD MAY WAIVE FEES**

28. The Board may waive payment of any fee generally or in any particular case.

### **ENDORSEMENT ON CERTIFICATE**

29. Every endorsement upon the certificate of any share in favor of any transferee thereof shall be signed by such person for the time being authorized by the Board in that behalf.

### **BOARD TO COMPLY WITH RULES**

30. 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.

### **CALLS ON SHARES**

#### **DIRECTORS MAY MAKE CALLS AND CALLS MAY BE MADE BY INSTALLMENTS**

31. 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.

#### **CALL TO DATE FROM RESOLUTION**

32. A call shall be deemed to have been made at the time when the resolution of the Board authorizing such call was passed and may be made payable by members on a subsequent date to be specified by Directors.

### **NOTICE OF CALL**

33. Fourteen days' 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 favor.

#### **PROVISIONS APPLICABLE TO INSTALLMENTS**

34. 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.

#### **WHEN INTEREST ON CALL OR INSTALLMENT PAYABLE**

35. 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.

#### **MONEY DUE TO MEMBERS FROM THE COMPANY MAY BE APPLIED IN PAYMENT OF CALL OR INSTALLMENT**

36. 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.

#### **PART PAYMENT ON ACCOUNT TO CALL ETC. NOT TO PRECLUDE FORFEITURE**

37. Neither a judgment nor a decree in favor of the Company for calls of other moneys due in respect of any shares nor any part-payment or satisfaction there under 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.

#### **PAYMENT OF UNPAID SHARE CAPITAL IN ADVANCE, INTEREST MAY BE PAID THEREON, REPAYMENT OF SUCH ADVANCES, PRIORITY OF PAYMENT IN CASE OF WINDING UP**

39.

(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.

#### **NO RIGHT TO VOTE**

(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.

#### **FORFEITURE OF AND LIEN ON SHARES**

**IF CALL OR INSTALLMENT NOT PAID NOTICE TO BE GIVEN TO MEMBER**

40. 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 authorized by them for the purpose may, at any time thereafter, during such time as such money remains unpaid, or a judgment 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.

**TERM OF NOTICE**

41. 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.

**IN DEFAULT OF PAYMENT SHARES MAY BE FORFEITED**

42. If the requirements of any such notice as aforesaid are not complied with, every or any share in respect of which the notices 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 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.

**NOTICE OF FORFEITURE ENTRY OF FORFEITURE IN REGISTER OF MEMBERS**

43. 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.

**FORFEITED SHARES TO BECOME PROPERTY OF THE COMPANY AND MAY BE SOLD ETC.**

44. 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.

**FORFEITURE MAY BE REMITTED OR ANNULLED**

45. 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 favor but not as of right, upon such terms and conditions as they think fit.

**MEMBERS STILL LIABLE TO PAY MONEY DUE NOTWITHSTANDING THE FORFEITURE**

46. 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 expense sowing 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.

**EFFECT OF FORFEITURE**

47. 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.

**SURRENDER OF SHARES**

48. 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.

**CERTIFICATE OF FORFEITURE**

49. A certificate in writing, under signature of one Director and countersigned by another person who may be authorized 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 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.

**TITLE OF PURCHASER AND ALLOTTEE FOR FORFEITED SHARES**

50. The Company may receive the consideration, if any, given for the share on any sale, 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.

**COMPANY'S LIEN ON SHARES**

51. 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.

**LIEN ENFORCED BY SALE**

52. 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 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.

**APPLICATION OF SALE PROCEEDS MEMBER**

53. 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.

**EXECUTION OF INSTRUMENT OF TRANSFER**

54. 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.

**VALIDITY OF SALE OF SUCH SHARES**

55. 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 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.

## **TRANSFER AND TRANSMISSION OF SHARES**

### **REGISTER OF TRANSFERS**

56. 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.

### **INSTRUMENT OF TRANSFER TO BE EXECUTED BY TRANSFEROR AND TRANSFEREE**

57. 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.

### **DEATH OF ONE OR MORE JOINT HOLDERS**

58. 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 recognized 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.

### **TITLE OF SHARE OF DECEASED MEMBER**

59.

(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 recognized 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 recognized 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 recognize 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.

### **REGISTRATION OF PERSON ENTITLED TO SHARES OTHERWISE THAN BY TRANSFER (TRANSMISSION CLAUSE)**

60. 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.

### **EVIDENCE OF TRANSMISSION TO BE VERIFIED**

61. 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.

#### **RIGHTS OF SUCH PERSON**

62. 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.

#### **PROCEDURE ON APPLICATION FOR TRANSFER**

63. 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.

#### **TRANSFER TO BE LEFT AT OFFICE WITH CERTIFICATE AND WITH EVIDENCE OF TITLE**

64.

(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.

#### **DIRECTORS MAY DECLINE TO REGISTER TRANSFERS**

65. 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.

#### **TRANSFEROR TO REMAIN HOLDER OF SHARES TILL TRANSFER REGISTERED**

66. 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.

#### **REGISTERED TRANSFER TO REMAIN WITH COMPANY**

67. 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 comprised 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.

#### **THE COMPANY NOT LIABLE FOR DISREGARD OF ANY NOTICE PROHIBITING REGISTRATION OF A TRANSFER**

69. 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.

#### **TRANSFER OF DEBENTURES**

70. The provision of these Articles shall mutatis mutandis apply to the transfer or transmission by operation of law of debentures of the Company.

#### **ALTERATION OF SHARE CAPITAL**

##### **COMPANY MAY ALTER ITS CAPITAL IN CERTAIN WAYS**

71. 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.

##### **INCREASE OF CAPITAL BY THE DIRECTORS AND HOW CARRIED INTO EFFECT**

72. 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.

##### **FURTHER ISSUE OF CAPITAL**

73.

(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 favor 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.

### **HOW FAR NEW SHARE IN ORIGINAL CAPITAL**

74. 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.

### **NOTICE OF INCREASE OF CAPITAL**

75. 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 authorizing the increase.

### **REDUCTION OF CAPITAL**

78. 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.

### **PROVISIONS RELATING TO THE REDEMPTION OF PREFERENCE SHARES**

79.

(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.

(iii) The premium, if any payable on redemption must be provided for out of the profits of the Company or out of the Company's Securities Premium Account 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 authorized 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.

## **MODIFICATION OF RIGHTS**

### **POWER TO MODIFY RIGHTS**

80.

(i) 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.

### **ARTICLE 80 NOT TO DEROGATE FROM COMPANY'S POWERS**

(ii) 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.

## **JOINT HOLDERS**

81.

(i) 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.

### **NO TRANSFER TO MORE THAN THREE PERSONS**

(ii) The Company shall be entitled to decline to register more than three persons as the joint holders of any Securities.

## **LIABILITIES OF HOLDERS**

(iii) 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.

## **DEATH OF JOINT HOLDERS**

(iv) On the death of any one or more of such joint holders the survivor or survivors shall be the only person or persons recognized 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.

## **RECEIPT OF ONE SUFFICIENT**

(v) Any one of such joint holders may give effectual receipts for any dividends or other moneys payable in respect of such Security.

## **DELIVERY OF CERTIFICATE AND GIVING OF NOTICES TO FIRST NAMED HOLDER**

(vi) 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.

**VOTES OF JOINT HOLDER**

(vii) 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 authorized 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 authorized 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.

**GENERAL MEETING****ANNUAL GENERAL MEETING**

82. 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.

**DIRECTORS MAY CALL EXTRAORDINARY GENERAL MEETINGS**

83. 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.

**CALLING OF EXTRAORDINARY GENERAL MEETING ON REQUISITION**

85.

(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 subclause (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 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.

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**Explanation:-** For the purposes of this sub-clause, the Board shall in the case of 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.

## **LENGTH OF NOTICE FOR CALLING MEETING**

86.

(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.

## **CONTENTS OF NOTICE**

(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.

## **TO WHOM NOTICE TO BE GIVEN**

(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.

## **OMISSION TO GIVE NOTICE OR NON-RECEIPT OF NOTICE SHALL NOT INVALIDATE PROCEEDINGS**

(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.

## **PROXY**

(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.

## **EXPLANATORY STATEMENTS**

(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 material 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.

## **INSPECTION OF DOCUMENTS REFERRED IN THE EXPLANATORY STATEMENT**

(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.

## **BUSINESS TO BE TRANSACTED AT MEETINGS**

87. 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.

**CIRCULATION OF MEMBERS RESOLUTIONS**

88. 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.

**CERTIFICATE CONCLUSIVE AS TO MEETING HAVING BEEN DULY CALLED**

89. 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 evidencethereof.

**SECURITY ARRANGEMENT AT VENUE OF MEETINGS**

90. The Board, and the persons authorized 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.

**PROCEEDINGS AT GENERAL MEETINGS AND ADJOURNMENT THEREOF BUSINESS WHICH MAY NOT BE TRANSACTED AT THE MEETING**

91. 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.

**PRESENCE OF QUORUM**

92. 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.

**IF QUORUM NOT PRESENT, WHEN MEETING TO BE DISSOLVED AND WHEN TO BE ADJOURNED**

93. 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.

**ADJOURNED MEETING TO TRANSACT BUSINESS EVEN IF NO QUORUM PRESENT**

94. 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.

**GENERAL MEETING**

95. 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 subsection (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.

**WHEN CHAIR VACANT BUSINESS CONFINED TO ELECTION OF CHAIRMAN**

96. No business shall be transacted at any General Meeting, except the election of Chairman, whilst the chair is vacant.

**CHAIRMAN WITH CONSENT OF MEMBERS MAY ADJOURN MEETING**

97. The Chairman may, with the consent of 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**

98. 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**

99.

(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.

**CHAIRMAN'S DECLARATION OF RESULT OF VOTING BY SHOW OF HANDS CONCLUSIVE.**

(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 or proportion of the votes cast in favour of or against such resolution.

**CASTING VOTE OF THE CHAIRMAN**

100. 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.

**MINUTES OF PROCEEDINGS OF GENERAL MEETINGS OF BOARD AND OTHER MEETING**

101.

(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; or

(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.

**MINUTES TO BE EVIDENCE**

(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.

## **VOTING RIGHTS AND PROXY**

### **INDEBTED MEMBERS NOT TO VOTE**

105. 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.

### **RESTRICTIONS ON EXERCISE OF VOTING RIGHTS IN OTHER CASES TO BE VOID**

106. 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 being a ground set out in Article 106.

### **VOTE OF PERSON OF UNSOUND MIND**

107. 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.

### **VOTES IN RESPECT OF SECURITIES UNDER DISPUTE**

108. 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.

### **REPRESENTATION OF CORPORATIONS**

109. 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 authorize 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 authorized 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.

### **NUMBER OF VOTES TO WHICH MEMBER IS ENTITLED**

110.

(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 authorized by a power-of-attorney or representative duly authorized 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).

### **NO VOTING BY PROXY ON SHOW OF HANDS**

(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 authorized 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.

### **RIGHT TO USE VOTES DIFFERENTLY**

111. On a poll taken at a meeting of the Company a member entitled to more than one vote, or his proxy or other person entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast in the same way all the votes he uses. 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.

**INSTRUMENT OF PROXY TO BE IN WRITING**

112. 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 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.

**PROXY MAY DEMAND POLL**

113. The instrument appointing a proxy shall be in writing and shall be signed by the appointer or his attorney duly authorized 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 authorized by it, or by the persons authorized 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.

**INSTRUMENT OF PROXY TO BE DEPOSITED AT THE REGISTERED OFFICE**

114. 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 notarial 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.

**CUSTODY OF THE INSTRUMENT OF APPOINTMENT**

115. 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.

**FORM OF PROXY**

116. The instrument appointing a proxy whether for a specified meeting or otherwise shall be in Form MGT-11

**VOTE OF PROXY HOW FAR VALID**

117.

(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.

**TIME FOR OBJECTION TO VOTE**

118. 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.

**CHAIRMAN SOLE JUDGE OF THE VALIDITY OF A VOTE**



119. 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.

## **CAPITALISATION OF PROFITS AND DIVIDENDS**

### **THE COMPANY IN GENERAL MEETING MAY DECLARE A DIVIDEND**

120. 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.

### **EQUAL RIGHTS OF SHAREHOLDERS**

121. 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.

### **POWER OF DIRECTORS TO LIMIT DIVIDEND**

122. No larger dividend shall be declared than is recommended by the Directors, but the Company in General Meeting may declare a smaller dividend.

### **DIVIDENDS IN PROPORTION TO THE AMOUNT PAID UP.**

123. 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.

### **CAPITAL ADVANCED ON INTEREST NOT TO EARN DIVIDENDS**

124. Capital paid-up in advance of calls shall not confer a right to dividend or to participate in profits.

### **DIVIDENDS OUT OF PROFITS ONLY AND NOT TO CARRY INTEREST WHAT TO BE DEEMED PROFITS**

125. 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.

### **AD-INTERIM DIVIDEND**

126. 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.

### **NO MEMBER TO RECEIVE DIVIDEND WHILE INDEBTED TO THE COMPANY**

127. 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.

### **RETENTION OF DIVIDENDS UNTIL COMPLETION OF TRANSFER UNDER THE TRANSMISSION CLAUSE**

128. 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 clauses entitled to transfer, until such person shall become a member in respect thereof or shall duly transfer the same.

### **TRANSFER MUST BE REGISTERED TO PASS RIGHT TO DIVIDEND**

129.

(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.

#### **DIVIDEND WHEN AND HOW TO BE PAID**

130. 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.

#### **NOTICE OF DIVIDENDS**

131. 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.

#### **PRODUCTION OF SHARE CERTIFICATE WHEN APPLYING FOR DIVIDENDS**

132. 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.

#### **ANY ONE OF JOINT-HOLDERS OF SHARE MAY RECEIVE DIVIDENDS**

133. 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.

#### **DIVIDEND PAYABLE IN CASH**

134. No dividend shall be payable except in cash.

Provided that nothing herein shall be deemed to prohibit the capitalization 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.

#### **DIVIDEND AND CALL TOGETHER SET OFF ALLOWED**

135. 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.

#### **CAPITALISATION OF RESERVES**

136.

(1) The Board of Directors can direct capitalization 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, apply: (i) its free reserves, (ii) the Securities Premium Account (iii) the Capital Redemption Reserve Fund and (iv) such other reserves or account as may be applied for issue of bonus shares.

#### **DATE FOR DETERMINATION OF MEMBERS ENTITLED TO BONUS, DIVIDEND AND OTHER ACTIONS OF THE COMPANY.**

137. 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 capitalization of reserves, and for any other action of the Company that requires determination of the details of Members.

#### **REMUNERATION OF COMMITTEE**

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.

#### **EXPENSES TO BE REIMBURSED**

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.

#### **APPOINTMENT AND ROTATION OF DIRECTORS**

##### **APPOINTMENT OF DIRECTORS**

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 undercharged 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.

##### **APPOINTMENT OF DIRECTORS AND PROPORTION TO RETIRE BY ROTATION**

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.

##### **PROVISION REGARDING DIRECTORS RETIRING BY ROTATION**

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 reelection.

(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 :-

(a) at the meeting or at the previous meeting a resolution for the reappointment of such Director has been put to the meeting and lost;

(b) 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;

(c) he is not qualified or is disqualified for appointment;

(d) a resolution, whether special or ordinary, is required for his appointment or re-appointment by virtue of any provisions of the said Act; or

(e) Section 162 is applicable to the case.

### **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 re-appointed a Director by the Board of Directors.

### **NOTICE OF CANDIDATURE WHEN TO BE GIVEN**

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 lac 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.

### **CONSENT OF CANDIDATE FOR DIRECTORSHIP TO BE FILED WITH THE REGISTRAR**

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.

### **APPOINTMENT OF DIRECTORS TO BE VOTED ON INDIVIDUALLY**

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.

### **DIRECTORS MAY APPOINT ADDITIONAL DIRECTORS**

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.

### **FILLING UP OF CASUAL VACANCIES**

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 reappointment 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.

#### **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.

#### **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.

##### **MEETING THROUGH VIDEO CONFERENCING**

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.

##### **NOTICE OF MEETINGS**

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.

### **QUORUM FOR MEETINGS**

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 videoconferencing 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.

### **PROCEDURE OF MEETING ADJOURNED FOR WANT OF QUORUM**

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.

### **POWER OF QUORUM**

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.

### **WHEN MEETINGS TO BE CONVENED**

175. The Chairman may, and manager or Secretary on the requisition of a Director shall, at any time, summon a meeting of the Board.

### **QUESTION HOW DECIDED**

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 thereat shall have a second or casting vote.

### **CHAIRMAN OF DIRECTORS' MEETINGS**

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.

### **DIRECTORS MAY APPOINT COMMITTEES**

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.

### **MEETING AND PROCEEDINGS OF COMMITTEE HOW GOVERNED**

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.

### **RESOLUTIONS BY CIRCULAR**

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.

#### **VALIDITY OF ACTS OF DIRECTORS**

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.

#### **MINUTES OF PROCEEDINGS OF THE BOARD AND THE COMMITTEE TO BE VALID**

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.

183.

(i) 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.

(ii) The provisions contained in Article 103(1)(b) and 103(2) relating to inspection and taking copies shall be mutatis mutandis be applicable to the registers specified in this Article.

#### **APPOINTMENT OF KEY MANAGERIAL PERSONNEL**

183.

(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.

#### **BORROWING POWERS OF DIRECTORS**

##### **POWER TO BORROW CONDITIONS ON WHICH MONEY MAY BE BORROWED**

184.

(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 may be 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.

##### **RESTRICTIONS ON POWERS OF BOARD**

(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.

#### **POWER OF DIRECTORS**

**BUSINESS OF THE COMPANY TO BE MANAGED BY DIRECTORS**

188.

(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.

**POWER TO DELEGATE**

(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.

**SPECIFIC POWERS TO DIRECTORS**

189. Subject to the provisions of Articles 189but 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, formule, concessions, rights and privileges which the Company is authorized 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 manufacture, 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 authorize 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 realize 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 favor 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 authorized 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) 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 equalizing 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 maybe 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.

(30) 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 authorize, or empower them to exercise and perform and by Power-of-Attorney under seal to appoint any person to be the 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;

(31) to appoint, and at their pleasure to remove, discharge, or suspend and to reemploy or replace, for the management, of the business, secretaries, managers, experts, engineers, accountants, agents, subagents, bankers, brokers, muddadums, 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;

(32) 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 authorize 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 authorized by the Directors to sub-delegate all or any of the powers, authorities and discretions for the time being vested in him.

(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 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 authorize 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) to authorize 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.

## **MANAGING DIRECTORS**

### **POWER TO APPOINT MANAGING DIRECTOR**

190. 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.

### **WHAT PROVISIONS HE WILL BE SUBJECT TO**

191. 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.

### **REMUNERATION OF MANAGING DIRECTOR**

192. 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.

### **POWERS AND DUTIES OF MANAGING DIRECTORS**

193. 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.

### **SECRETARY**

194.

(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.

## **INDEMNITY TO AND PROTECTION OF DIRECTORS AND OFFICERS**

### **INDEMNITY**

195.

(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.

#### **DIRECTORS AND OTHER OFFICERS NOT RESPONSIBLE OR ACTS OF OTHERS**

196. 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.

197. An Independent Director, and a nonexecutive 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.

#### **SEAL**

198.

(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 authorize 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.

#### **SECRECY CLAUSE**

206. 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.

#### **WINDING-UP**

207. 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.

**SECTION IX – OTHER INFORMATION**

**MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION**

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two (2) years before the date of filing of the Draft Red Herring Prospectus) which are or may be deemed material have been entered or are to be entered into by our Company. These contracts, copies of which will be attached to the copy of the Red Herring Prospectus will be delivered to the RoC for registration and also the documents for inspection referred to hereunder, may be inspected at the Corporate Office of our Company located at S.F.956, B.K. Koil Road, Mettupalayam, 641305, from date of filing the Offer Document with RoC to Bid / Issue Closing Date on working days from 10.00 a.m. to 5.00 p.m.

**Material Contracts**

1. Issue Agreement dated February 10, 2015 amongst our Company and Keynote Corporate Services Limited, the Book Running Lead Manager.
2. Agreement dated December 10, 2014 amongst our Company and S.K.D.C Consultants Limited, the Registrar to the Issue.
3. Agreement dated [●] among NSDL, our Company and the Registrar to the Issue.
4. Agreement dated [●] among CDSL, our Company and the Registrar to the Issue.
5. Escrow Agreement dated [●] amongst our Company and the Book Running Lead Manager, Syndicate Members, Escrow Collection Bank and the Registrar to the Issue.
6. Syndicate Agreement dated [●] amongst our Company and the Book Running Lead Manager and the Syndicate Members.
7. Underwriting Agreement dated [●] amongst our Company and the Book Running Lead Manager and the Syndicate Members.
8. Market Making Agreement dated [●] amongst the Company and Market Maker

**Documents for Inspection**

1. MOA and AOA of our Company
2. Board Resolution dated December 11, 2014 and Special Resolution passed at the EGM dated December 19, 2014, authorizing the Issue.
3. Special Resolution dated December 19, 2014 appointing Mr. AKS. Saravanan as Managing Director of our Company.
4. Syndicate Bank sanction letter no. 187/6123ADV/2014 dated December 16, 2014.
5. Statement of Tax Benefits dated February 11, 2015 issued by our Statutory Auditor, M/s. RJC Associates, Chartered Accountants.
6. Certificate on Sources and Deployment of Funds dated February 07, 2015 issued by our Statutory Auditor, M/s. RJC Associates, Chartered Accountants.
7. Report of the Peer Review Auditor, M/s. CA A.M. Murugan, Chartered Accountants dated December 19, 2014 on the Restated Financial Statements for the March 31, 2010, 2011, 2012, 2013 and 2014 and half year ended September 30, 2014 of our Company.

8. Copies of annual reports of our Company for the financial years ended March 31, 2010, 2011, 2012, 2013 and 2014 and half yearly audit report as at September 30, 2014
9. Consents of Directors, Company Secretary and Compliance Officer, Statutory Auditor, Peer Review Auditor, Bankers to our Company, the Book Running Lead Manager, Registrar to the Issue, Syndicate Members\*, Bankers to the Issue/Escrow Collection Banks\*, Refund Banker to the Issue\*, Market Maker\* and Underwriter\* to act in their respective capacities.
10. In-principle listing approval from NSE vide letters no. [●] dated [●]
11. Due Diligence Certificate dated [●] from the Book Running Lead Manager upon filing the Prospectus.

*\* The aforesaid will be appointed prior to filing of the Red Herring Prospectus with RoC and their consents as above would be obtained prior to the filing of the Red Herring Prospectus with RoC.*

Any of the contracts or documents mentioned in the 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 of the provisions contained in the Companies Act and other relevant statutes.

**DECLARATION**

We hereby certify that all relevant provisions of the Companies Act, 2013 and the guidelines/ regulations issued by the Government of India or the guidelines/ regulations issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Offer Document is contrary to the provisions of the Companies Act, the SCRA, the SEBI Act or rules made thereunder or guidelines or regulations issued, as the case may be. We further certify that all the disclosures and statements in this Offer Document are true and correct.

Signed by all the Directors of AKS Cold Storage Limited

<b>Name and designation</b>	<b>Signature</b>
<b>AK.Subramaniam</b> <i>Non Executive &amp; Non Independent Director</i>	Sd/-
<b>AKS.Saravanan</b> <i>Managing Director</i>	Sd/-
<b>M.Ramakrishnan</b> <i>Independent Director</i>	Sd/-
<b>G.Madankumar</b> <i>Independent Director</i>	Sd/-

Sd/-  
**P. Nalla Senapati**  
*Company Secretary and Compliance Officer*

Place: Mettupalayam  
Date: March 03, 2015