

**DRAFT RED HERRING PROSPECTUS**

Dated: September 15, 2023

Please read Section 26 and 32 of the

Companies Act, 2013

(This Draft Red Herring Prospectus will be

updated upon filing with the RoC)

100% Book Built Issue

(Please scan this QR Code to view the DRHP)

**SHANTI SPINTEX LIMITED**  
CIN: U17120GJ2010PLC062084

REGISTERED OFFICE	CONTACT PERSON	EMAIL AND TELEPHONE	WEBSITE
Sub Plot 1, Unit 1, Survey No. 297, Dholi - Integrated Spinning Park Limited, Dholi, Dholka, Ahmedabad, Gujarat - 382 240, India	Mohini Singhal, Company Secretary & Compliance Officer	E-mail: <a href="mailto:info@shantisintex.com">info@shantisintex.com</a> Tel No: +91-98258 01039	<a href="http://www.shantisintex.com">www.shantisintex.com</a>

**PROMOTERS OF THE COMPANY**

Bharat Bhushan Omprakash Agarwal and Rikin Bharatbhushan Agarwal

**DETAILS OF THE ISSUE**

TYPE	FRESH ISSUE SIZE (IN ₹ LAKHS)	OFS SIZE (BY NO. OF SHARES OR BY AMOUNT IN ₹)	TOTAL ISSUE SIZE	ELIGIBILITY
Fresh Issue & OFS	Upto 26,88,000 Equity shares aggregating upto Rs. [●] Lakhs	Upto 17,76,000 Equity Shares aggregating upto Rs. [●] Lakhs	up to 44,64,000 Equity Shares aggregating up to ₹[●] lakhs	This Offer is being made in terms of chapter IX of the SEBI (ICDR) Regulations, 2018 as amended. For details in relation to share reservation among QIB's, NII's and RIB's, see "Offer Structure" on page 200 of this Draft Red Herring Prospectus.

**DETAILS OF OFFER FOR SALE, SELLING SHAREHOLDERS AND THEIR AVERAGE COST OF ACQUISITION-** For further details see "Other Regulatory and Statutory Disclosures" on page 183 of this Draft Red Herring Prospectus.

Name of Selling Shareholder	Type	No. of Shares Offered	Weighted average cost of Acquisition (in ₹ per Equity Share)
Vineeta V. Chiripal	Public	10,84,000	27.00
Chiripal Exim LLP	Public	6,92,000	15.00

**RISK IN RELATION TO THE FIRST ISSUE**

The face value of the Equity Shares is ₹10. The Floor Price, Cap Price and Offer Price determined by our Company and selling shareholders, in consultation with the Book Running Lead Manager, on the basis of the assessment of market demand for the Equity Shares by way of the Book Building Process, as stated under "Basis for Offer Price" on page 69 should not be considered to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active or sustained trading in the Equity Shares nor regarding the price at which the Equity Shares will be traded after listing.

**GENERAL RISKS**

Investments in Equity and Equity-related securities involve a degree of risk and investors should not invest any funds in this Offer unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Offer. For taking an investment decision, investors must rely on their own examination of our Company and the Offer including the risks involved. The Equity Shares Offered in the Offer have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of the Draft Red Herring Prospectus. Specific attention of the investors is invited to the section "Risk Factors" beginning on page 23 of this Draft Red Herring Prospectus.


**ISSUER & SELLING SHAREHOLDERS ABSOLUTE RESPONSIBILITY**

The Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Red Herring Prospectus contains all information with regard to the Company and the Offer, which is material in the context of the Offer, that the information contained in this Draft Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions, misleading in any material respect. Further, each of the Selling Shareholders, severally and not jointly, accepts responsibility for only such statements specifically confirmed or specifically undertaken by such Selling Shareholder in this Draft Red Herring Prospectus to the extent such statements specifically pertain to itself and/or its Offered Shares and confirms that such statements are true and correct in all material respects and are not misleading in any material respect. However, none of the Selling Shareholders assume any responsibility for any other statements, disclosures or undertakings, including without limitation, any and all of the statements, disclosures or undertakings made by or in relation to our Company, its business, or any other Selling Shareholder, in this Draft Red Herring Prospectus.


**LISTING**

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

**BOOK RUNNING LEAD MANAGER TO THE ISSUE**

Name and Logo	Contact Person	Email & Telephone
 <b>HEM SECURITIES LIMITED</b>	Mr. Akun Goyal	Email: <a href="mailto:ib@hemsecurities.com">ib@hemsecurities.com</a> Tel. No.: +91- 22- 49060000

**REGISTRAR TO THE ISSUE**

Name and Logo	Contact Person	Email & Telephone
 <b>KFIN TECHNOLOGIES LIMITED</b>	Mr. M. Murali Krishna	Email: <a href="mailto:ssl.ipo@kfintech.com">ssl.ipo@kfintech.com</a> Tel No: +91 40 6716 2222

**ISSUE PROGRAMME**

<b>ANCHOR INVESTOR BID/ISSUE PERIOD*: [●]</b>	<b>BID/ISSUE OPENS ON**: [●]</b>	<b>BID/ISSUE CLOSES ON***: [●]</b>
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\*Our Company and the Selling Shareholders in consultation with the BRLM, may consider participation by Anchor Investors, in accordance with the SEBI (ICDR) Regulations. The Anchor Investor Bidding Date shall be one Working Day prior to the Bid/Offer Opening Date.

\*\*Our Company and the Selling Shareholders, in consultation with the BRLM, may decide to close the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date, in accordance with the SEBI (ICDR) Regulations.

\*\*\*The UPI mandate end time and date shall be at 5:00 p.m. on Bid/Offer Closing Day.



SHANTI SPINTEX LIMITED  
CIN: U17120GJ2010PLC062084

Our Company was originally incorporated as a private limited Company under the name of "Shanti Spintex Private Limited" on August 23, 2010 under the provisions of the Companies Act, 1956 with the Registrar of Companies, Ahmedabad, bearing registration number as 062084. Thereafter, our Company was converted from private limited to public limited and the name of our Company was changed from "Shanti Spintex Private Limited" to "Shanti Spintex Limited" vide fresh certificate of incorporation dated August 18, 2023, issued by the Registrar of Companies, Ahmedabad, Gujarat.

**Registered Office:** Sub Plot 1, Unit 1, Survey No. 297, Dholi - Integrated Spinning Park Limited, Dholi, Dholka, Ahmedabad, Gujarat – 382 240, India.

**Contact Person:** Mohini Singhal, Company Secretary & Compliance Officer

**Tel No:** +91-98258 01039; **E-mail:** [info@shantisintex.com](mailto:info@shantisintex.com); **Website:** [www.shantisintex.com](http://www.shantisintex.com)

**Promoters of our Company:** Bharat Bhushan Omprakash Agarwal and Rikin Bharatbhushan Agarwal

#### DETAILS OF THE ISSUE

INITIAL PUBLIC OFFER OF UPTO 44,64,000 EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH (THE "EQUITY SHARES") OF SHANTI SPINTEX LIMITED ("OUR COMPANY" OR "SSL" OR "THE OFFER") AT AN OFFER PRICE OF ₹ [●] PER EQUITY SHARE FOR CASH, AGGREGATING UP TO ₹ [●] LAKHS ("PUBLIC OFFER") COMPRISING OF A FRESH ISSUE OF UPTO 26,88,000 EQUITY SHARES AGGREGATING TO ₹ [●] LAKHS (THE "FRESH ISSUE") AND AN OFFER FOR SALE OF UPTO 17,76,000 EQUITY SHARES BY THE SELLING SHAREHOLDERS ("OFFER FOR SALE") AGGREGATING TO ₹ [●] LAKHS COMPRISING; UP TO 10,84,000 EQUITY SHARES AGGREGATING UPTO ₹ [●] LAKHS BY VINEETA V. CHIRIPAL AND UPTO 6,92,000 EQUITY SHARES AGGREGATING UP TO ₹ [●] LAKHS BY CHIRIPAL EXIM LLP (COLLECTIVELY REFERRED AS "SELLING SHAREHOLDERS") OUT OF WHICH 2,24,000 EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH, AT AN OFFER PRICE OF ₹ [●] PER EQUITY SHARE FOR CASH, AGGREGATING ₹ [●] LAKHS WILL BE RESERVED FOR SUBSCRIPTION BY THE MARKET MAKER TO THE OFFER (THE "MARKET MAKER RESERVATION PORTION"). THE PUBLIC OFFER LESS MARKET MAKER RESERVATION PORTION I.E. OFFER OF 42,40,000 EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH, AT AN OFFER PRICE OF ₹ [●] PER EQUITY SHARE FOR CASH, AGGREGATING UPTO ₹ [●] LAKHS IS HEREIN AFTER REFERRED TO AS THE "NET OFFER". THE PUBLIC OFFER AND NET OFFER WILL CONSTITUTE 26.43% AND 25.11% RESPECTIVELY OF THE POST- OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.

THE PRICE BAND AND THE MINIMUM BID LOT WILL BE DECIDED BY OUR COMPANY AND SELLING SHAREHOLDERS IN CONSULTATION WITH THE BRLM AND WILL BE ADVERTISED IN [●] EDITION OF [●] (A WIDELY CIRCULATED ENGLISH NATIONAL DAILY NEWSPAPER) AND [●] EDITION OF [●] (A WIDELY CIRCULATED HINDI NATIONAL DAILY NEWSPAPER, AND AHMEDABAD EDITION OF [●], A GUJARATI REGIONAL NEWSPAPER (GUJARATI BEING THE REGIONAL LANGUAGE OF AHMEDABAD WHERE OUR REGISTERED OFFICE IS LOCATED), AT LEAST TWO WORKING DAYS PRIOR TO THE BID/OFFER OPENING DATE AND SHALL BE MADE AVAILABLE TO THE SME PLATFORM OF BSE LIMITED ("BSE SME") FOR THE PURPOSES OF UPLOADING ON THEIR WEBSITE.

In case of any revision to the Price Band, the Bid/Offer Period will be extended by at least three additional Working Days following such revision of the Price Band, subject to the Bid/Offer Period not exceeding 10 Working Days. In cases of force majeure, banking strike or similar circumstances, our Company may, in consultation with the Book Running Lead Managers, for reasons to be recorded in writing, extend the Bid/Offer Period for a minimum of three Working Days, subject to the Bid/Offer Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/Offer Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a public notice, and also by indicating the change on the respective websites of the Book Running Lead Managers and at the terminals of the Syndicate Members and by intimation to Self-Certified Syndicate Banks ("SCSBs"), other Designated Intermediaries and the Sponsor Bank(s), as applicable.

The Offer is being made through the Book Building Process, in terms of Rule 19(2)(b)(i) of the Securities Contracts (Regulation) Rules, 1957, as amended ("SCRR") read with Regulation 253 of the SEBI ICDR Regulations, as amended, wherein not more than 50% of the Net Offer shall be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs", the "QIB Portion"), provided that our Company and Selling Shareholders, in consultation with the Book Running Lead Managers, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations ("Anchor Investor Portion"), of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription, or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. Further, 5% of the Net QIB Portion shall be available for allocation on a proportionate basis only to Mutual Funds, and the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above the Offer Price. However, if the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining Net QIB Portion for proportionate allocation to QIBs. Further, not less than 15% of the Net Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Offer shall 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 Offer Price. All potential Bidders (except Anchor Investors) are required to mandatorily utilise the Application Supported by Blocked Amount ("ASBA") process providing details of their respective ASBA accounts, and UPI ID in case of RIBs using the UPI Mechanism, if applicable, in which the corresponding Bid Amounts will be blocked by the SCSBs or by the Sponsor Bank under the UPI Mechanism, as the case may be, to the extent of respective Bid Amounts. Anchor Investors are not permitted to participate in the Offer through the ASBA process. For details, see "Offer Procedure" beginning on page 204 of this Draft Red Herring Prospectus.

#### ELIGIBLE INVESTORS

For details in relation to Eligible Investors, please refer to section titled "Offer Procedure" beginning on page 204 of this Draft Red Herring Prospectus.

#### RISK IN RELATION TO THE FIRST ISSUE

The face value of the Equity Shares is ₹ 10 each. The Floor Price, Cap Price and Issue Price determined by our Company, in consultation with the Book Running Lead Manager, on the basis of the assessment of market demand for the Equity Shares by way of the Book Building Process, as stated under "Basis for Offer Price" on page 69 should not be considered to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active or sustained trading in the Equity Shares nor regarding the price at which the Equity Shares will be traded after listing.

#### GENERAL RISKS

Investments in Equity and Equity-related securities involve a degree of risk and investors should not invest any funds in this Offer unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Offer. For taking an investment decision, investors must rely on their own examination of our Company and the Offer including the risks involved. The Equity Shares Offered in the Offer have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of the Draft Red Herring Prospectus. Specific attention of the investors is invited to the section "Risk Factors" beginning on page 23 of this Draft Red Herring Prospectus.

#### ISSUER & SELLING SHAREHOLDERS ABSOLUTE RESPONSIBILITY

The Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Red Herring Prospectus contains all information with regard to the Company and the Offer, which is material in the context of the Offer, that the information contained in this Draft Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions, misleading in any material respect. Further, each of the Selling Shareholders, severally and not jointly, accepts responsibility for only such statements specifically confirmed or specifically undertaken by such Selling Shareholder in this Draft Red Herring Prospectus to the extent such statements specifically pertain to itself and/or its Offered Shares and confirms that such statements are true and correct in all material respects and are not misleading in any material respect. However, none of the Selling Shareholders assume any responsibility for any other statements, disclosures or undertakings, including without limitation, any and all of the statements, disclosures or undertakings made by or in relation to our Company, its business, or any other Selling Shareholder, in this Draft Red Herring Prospectus.

#### LISTING

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

#### BOOK RUNNING LEAD MANAGER TO THE ISSUE

#### REGISTRAR TO THE ISSUE



**HEM SECURITIES LIMITED**  
904, A Wing, Naman Midtown, Senapati Bapat Marg,  
Elphinstone Road, Lower Parel, Mumbai-400013, India  
**Tel. No.:** +91- 022- 49060000; **Fax No.:** +91- 022- 22625991  
**Email:** [ib@hemsecurities.com](mailto:ib@hemsecurities.com)  
**Investor Grievance Email:** [redressal@hemsecurities.com](mailto:redressal@hemsecurities.com)  
**Website:** [www.hemsecurities.com](http://www.hemsecurities.com)  
**Contact Person:** Mr. Akun Goyal  
**SEBI Regn. No.** INM000010981



**KFin Technologies Limited**  
**Address:** Selenium Tower B, Plot No.31  
32, Gachibowli, Financial District,  
Nanakramguda, Serilingampally, Hyderabad 500032, Telangana, India  
**Tel No.:** +91 40 6716 2222  
**Facsimile:** +91 40 6716 1563  
**Email:** [ssl.ipo@kfintech.com](mailto:ssl.ipo@kfintech.com)  
**Contact Person:** M.Murali Krishna  
**Website:** [www.kfintech.com](http://www.kfintech.com)  
**SEBI Registration Number:** INR000000221

#### ISSUE PROGRAMME

**ANCHOR INVESTOR BID/ISSUE PERIOD\*:** [●] **BID/ISSUE OPENS ON\*\*:** [●] **BID/ISSUE CLOSES ON\*\*\*:** [●]

\*Our Company and the Selling Shareholders in consultation with the BRLM, may consider participation by Anchor Investors, in accordance with the SEBI ICDR Regulations. The Anchor Investor Bidding Date shall be one Working Day prior to the Bid/Offer Opening Date.

\*\*Our Company and the Selling Shareholders, in consultation with the BRLM, may decide to close the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date, in accordance with the SEBI (ICDR) Regulations.

\*\*\*The UPI mandate end time and date shall be at 5:00 p.m. on Bid/Offer Closing Day.

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## SECTION I – GENERAL

### DEFINITIONS AND ABBREVIATIONS

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

*The words and expressions used in this Draft Red Herring Prospectus but not defined herein, shall have, to the extent applicable, the meaning ascribed to such terms under the Companies Act, 2013, the SEBI (ICDR) Regulations, 2018, the Securities Contracts Regulation Act, 1956 (“SCRA”), the Depositories Act or the rules and regulations made there under.*

*Notwithstanding the foregoing, terms used in of the sections “Statement of Special Tax Benefits”, “Financial Information of the Company” and “Main Provisions of the Articles of Association” on page 76, 128 and 233 respectively, shall have the meaning ascribed to such terms in such sections.*

#### General Terms

Terms	Description
“SSL”, “the Company”, “our Company”, “Issuer” or “Shanti Spintex Limited”	Shanti Spintex Limited, a Company incorporated in India under the Companies Act, 1956, having its Registered office at Sub Plot 1, Unit 1, Survey No. 297, Dholi - Integrated Spinning Park Limited, Dholi, Dholka, Ahmedabad, Gujarat – 382 240, India.
“we”, “us” or “our”	Unless the context otherwise indicates or implies refers to our Company.
“you”, “your” or “yours”	Prospective investors in this Offer

#### Company related terms

Term	Description
AOA/ Articles/ Articles of Association	The articles of association of our Company, as amended
Audit Committee	Audit Committee of our Company as described in the chapter titled “ <b>Our Management</b> ” beginning on page 110 of this Draft Red Herring Prospectus.
Auditors/ Statutory Auditors	The Statutory Auditors of our Company being M/s. Anil Shah & Co., (Firm Registration No. as 100474W).
Bankers to our Company	State Bank of India
Board of Directors/ the Board/ our Board	The board of directors of our Company, as constituted from time to time. For further details of our Directors, please refer to section titled “ <b>Our Management</b> ” beginning on page 110 of this Draft Red Herring Prospectus.
Chief Financial Officer/ CFO	The Chief Financial Officer of our Company being Bharat Bhushan Omprakash Agarwal.
CIN	Corporate Identification Number
Companies Act/ Act	The Companies Act, 2013 and amendments thereto and erstwhile Companies Act 1956 as applicable
Company Secretary and Compliance Officer	The Company Secretary & Compliance Officer of our Company being Mohini Singhal (M. No.: A47724)
CSR Committee/ Corporate Social Responsibility Committee	CSR Committee of our Company as described in the chapter titled “ <b>Our Management</b> ” beginning on page 110 of this Draft Red Herring Prospectus.
Depositories	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996 as amended from time to time, being, National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).
Director(s) / our Directors	The Director(s) of our Company, unless otherwise specified. For details of our directors, see “ <b>Our Management</b> ” on page 110 of this Draft Red Herring Prospectus
DP/ Depository Participant	A depository participant as defined under the Depositories Act.
DP ID	Depository’s Participant’s Identity Number
Equity Shareholders/ Shareholders	Persons/ Entities holding Equity Shares of our Company
Equity Shares	Equity Shares of the Company of Face Value of ₹ 10/- each unless otherwise specified in the context thereof.
Executive Directors	Executive Directors are the Managing Director & Whole-time Directors of our Company.
Fugitive economic offender	Shall mean an individual who is declared a fugitive economic offender under section 12 of the Fugitive Economic Offenders Act, 2018 (17 of 2018)
Group Companies	Our group companies in accordance with the SEBI ICDR Regulations and the Materiality

Term	Description
	Policy as set out in section titled <b>“Our Group Companies”</b> on page 181
Independent Director	An Independent Director as defined under Section 2(47) of the Companies Act, 2013 and as defined under the Listing Regulations. For details of our Independent Directors, see <b>“Our Management”</b> on page 110 of this Draft Red Herring Prospectus.
ISIN	International Securities Identification Number. In this case being INE0QZQ01019
Key Management Personnel/ KMP	Key Management Personnel of our Company in terms of Regulation 2(1)(bb) of the SEBI Regulations and the Companies Act, 2013. For details, see section titled <b>“Our Management”</b> on page 110 of this Draft Red Herring Prospectus.
MOA/ Memorandum/ Memorandum of Association	Memorandum of Association of Shanti Spintex Limited as amended from time to time.
MD or Managing Director	The Managing Director of our Company, Rikin Bharatbhushan Agarwal
Materiality Policy	The policy adopted by our Board on September 13, 2023 for identification of Group Companies, material outstanding litigation and material outstanding dues to creditors, pursuant to the disclosure requirements under the SEBI (ICDR) Regulations, 2018 as amended from time to time.
Nomination and Remuneration Committee	The nomination and remuneration committee of our Board constituted in accordance with Section 178 of the Companies Act, 2013 as described in the chapter titled <b>“Our Management”</b> beginning on page 110 of this Draft Red Herring Prospectus
Non-Executive Director	A Director not being an Executive Director.
NRIs / Non-Resident Indians	A person resident outside India, as defined under Foreign Exchange Management Act, 1999 and who is a citizen of India or a Person of Indian Origin under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000.
Promoter(s)	Shall mean promoters of our Company i.e. Bharat Bhushan Omprakash Agarwal and Rikin Bharatbhushan Agarwal. For further details, please refer to section titled <b>“Our Promoter &amp; Promoter Group”</b> beginning on page 122 of this Draft Red Herring Prospectus.
Promoter Group	Includes such Persons and companies constituting our Promoter Group covered under Regulation 2(1) (pp) of the SEBI (ICDR) Regulations, 2018 as enlisted in the section <b>“Our Promoter and Promoter Group”</b> beginning on page 122 of this Draft Red Herring Prospectus.
Person or Persons	Any individual, sole proprietorship, unincorporated association, unincorporated organization, body corporate, corporation, company, partnership, limited liability company, joint venture, or trust or any other entity or organization validly constituted and/or incorporated in the jurisdiction in which it exists and operates, as the context requires.
RBI Act	The Reserve Bank of India Act, 1934 as amended from time to time.
Registered Office of our Company	The Registered Office of our Company situated at Sub Plot 1, Unit 1, Survey No. 297, Dholi - Integrated Spinning Park Limited, Dholi, Dholka, Ahmedabad, Gujarat - 382 240, India.
Reserve Bank of India/ RBI	Reserve Bank of India constituted under the RBI Act.
Restated Financial Information/ Statements	The Restated Financial statements of our Company comprising of the Restated Statement of Assets and Liabilities as at March 31, 2023, March 31, 2022 and March 31, 2021, the Restated Statement of Profit & Loss for the financial year ended on March 31 2023, March 31, 2022 and March 31, 2021 and the Restated Cash Flows Statements for the year ended March 31 2023, March 31 2022 and March 31 2021 of our Company prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with the SEBI (ICDR) Regulations, 2018 and the Revised Guidance Note on Reports in Company Prospectus (Revised 2019) issued by the ICAI, together with the schedules, notes and annexure thereto.
RoC/ Registrar of Companies	Unless specified otherwise refers to ROC Ahmedabad situated at ROC Bhavan, Opp. Rupal Park Society, Behind Ankur Bus Stop, Naranpura, Ahmedabad - 380013, Gujarat.
Selling Shareholder (s)	Shall mean Selling shareholders of our Company i.e. Vineeta V. Chiripal and Chiripal Exim LLP. For further details, please refer to section titled <b>“Our Promoters &amp; Promoter Group”</b> beginning on page 122 of this Draft Red Herring Prospectus.
Stakeholders’ Relationship Committee	Stakeholders’ relationship committee of our Company constituted in accordance with Section 178 of the Companies Act, 2013 and as described in the chapter titled <b>“Our Management”</b> beginning on page 110 of this Draft Red Herring Prospectus
Stock Exchange	Unless the context requires otherwise, refers to, BSE Limited
Shareholders	Shareholders of our Company from time to time.
Subscriber to MOA	Initial Subscribers to MOA & AOA being Amit Bindal, Sanjay Bindal and Rajesh Bindal.

## Offer Related Terms

<b>Terms</b>	<b>Description</b>
Abridged Prospectus	Abridged prospectus means a memorandum containing such salient features of a prospectus as may be specified by SEBI in this behalf.
Acknowledgement Slip	The slip or document issued by the Designated Intermediary to a bidders as proof of registration of the Application.
Allocation/ Allocation of Equity Shares	The Allocation of Equity Shares of our Company pursuant to Fresh Offer of Equity Shares to the retail individual investors and other than retail individual investors, including corporate bodies or institutions.
Allotment/ Allot/ Allotted	Unless the context otherwise requires, means the allotment of Equity Shares, pursuant to the Fresh Issue and transfer of the Offered Shares by the Selling Shareholders pursuant to the Offer for Sale to successful Bidders
Allotment Advice	A note or advice or intimation of Allotment sent to the successful Bidders who have been or are to be Allotted the Equity Shares after the Basis of Allotment has been approved by the Designated Stock Exchange.
Allottee (s)	A successful applicant to whom the Equity Shares are allotted.
Anchor Investor(s)	A Qualified Institutional Buyer, applying under the Anchor Investor Portion in accordance with the requirements specified in the SEBI (ICDR) Regulations and the Red Herring Prospectus and who has Bid for an amount of at least ₹ 200 lakhs.
Anchor Investor Allocation Price	The price at which Equity Shares will be allocated to the Anchor Investors in terms of the Red Herring Prospectus and the Prospectus, which will be decided by our Company in consultation with the Book Running Lead Managers during the Anchor Investor Bid/ Offer Period.
Anchor Investor Application Form	The application form used by an Anchor Investor to make a Bid in the Anchor Investor Portion and which will be considered as an application for Allotment in terms of the Red Herring Prospectus and Prospectus.
Anchor Investor Bid/ Offer Period	One Working Day prior to the Bid/ Offer Opening Date, on which Bids by Anchor Investors shall be submitted and allocation to the Anchor Investors shall be completed.
Anchor Investor Offer Price	The final price at which the Equity Shares will be Allotted to the Anchor Investors in terms of the Red Herring Prospectus and the Prospectus, which price will be equal to or higher than the Offer Price but not higher than the Cap Price. The Anchor Investor Offer Price will be decided by our Company, in consultation with the Book Running Lead Managers.
Anchor Investor Portion	Up to 60% of the QIB Portion which may be allocated by our Company, in consultation with the Book Running Lead Managers, to the Anchor Investors on a discretionary basis in accordance with the SEBI (ICDR) Regulations. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price, in accordance with the SEBI (ICDR) Regulations.
Application Supported by Block Amount (ASBA)	An application, whether physical or electronic, used by ASBA Bidders, to make a Bid and authorising an SCSB to block the Bid Amount in the ASBA Account and will include amounts blocked by the SCSB upon acceptance of UPI Mandate Request by the UPI Bidders using the UPI Mechanism.
ASBA Account	A bank account maintained by ASBA Bidders with an SCSB and specified in the ASBA Form submitted by such ASBA Bidder in which funds will be blocked by such SCSB to the extent of the specified in the ASBA Form submitted by such ASBA Bidder and includes a bank account maintained by a Retail Individual Investor linked to a UPI ID, which will be blocked in relation to a Bid by a Retail Individual Investor Bidding through the UPI Mechanism.
ASBA Application Location(s)/ Specified Cities	Locations at which ASBA Applications can be uploaded by the SCSBs, namely Mumbai, New Delhi, Chennai, Kolkata and Ahmedabad.
ASBA Applicant/ ASBA Investor	Any prospective investor(s)/applicants(s) in this Offer who apply (ies) through the ASBA process in terms of the Prospectus.
Banker to the Offer Agreement	Agreement dated [●] entered into amongst the Company, Selling Shareholders, Lead Manager, the Registrar, Sponsor Bank and the Banker to the Offer.
Bankers to the Offer / Public Offer Bank/ Sponsor Bank	Banks which are clearing members and registered with SEBI as Bankers to an Offer and with whom the Public Offer Account will be opened, in this case being [●]
Basis of Allotment	The basis on which the Equity Shares will be Allotted to successful bidders under the Offer and which is described in the chapter titled “ <i>Offer Procedure</i> ” beginning on page 204 of this Draft Red Herring Prospectus.
Bid	An indication to make an offer during the Bid/ Offer Period by a Bidder (other than an

<b>Terms</b>	<b>Description</b>
	Anchor Investor) pursuant to submission of the ASBA Form, or during the Anchor Investor Bid/ Offer Period by an Anchor Investor, pursuant to submission of the Anchor Investor Application Form, to subscribe to or purchase the Equity Shares at a price within the Price Band, including all revisions and modifications thereto as permitted under the SEBI ICDR Regulations and in terms of the Red Herring Prospectus and the Bid cum Application Form. The term "Bidding" shall be construed accordingly.
Bid Amount	The highest value of optional Bids indicated in the Bid cum Application Form and in the case of Retail Individual Bidders Bidding at Cut Off Price, the Cap Price multiplied by the number of Equity Shares Bid for by such Retail Individual Bidder and mentioned in the Bid cum Application Form and payable by the Retail Individual Bidder or blocked in the ASBA Account upon submission of the Bid in the Offer.
Bid Lot	[●] equity shares and in multiples of [●] equity shares thereafter.
Bid/ Offer Opening Date	Except in relation to any Bids received from the Anchor Investors, the date on which the Syndicate, the Designated Branches and the Registered Brokers shall start accepting Bids, which shall be notified in in all editions of the English national newspaper [●], all editions of Hindi national newspaper [●] and Ahmedabad Edition of Regional newspaper [●] where the registered office of the company is situated, each with wide circulation, and in case of any revision, the extended Bid/ Offer Opening Date also to be notified on the website and terminals of the Syndicate and SCSBs, as required under the SEBI ICDR Regulations.
Bid/ Offer Closing Date	Except in relation to any Bids received from the Anchor Investors, the date after which the Syndicate, the Designated Branches and the Registered Brokers shall not accept the Bids, which shall be notified in in all editions of the English national newspaper [●], all editions of Hindi national newspaper [●] and Ahmedabad Edition of Regional newspaper [●] where the registered office of the company is situated, each with wide circulation, and in case of any revision, the extended Bid/ Offer closing Date also to be notified on the website and terminals of the Syndicate, SCSB's and Sponsor Bank, as required under the SEBI ICDR Regulations.
Bid/ Offer Period	Except in relation to any Bids received from the Anchor Investors, the period between the Bid/ Offer Opening Date and the Bid/ Offer Closing Date or the QIB Bid/ Offer Closing Date, as the case may be, inclusive of both days, during which Bidders can submit their Bids, including any revisions thereof. Provided however that the Bidding/ Offer Period shall be kept open for a minimum of three Working Days for all categories of Bidders.
Bidders /First Bidder/Applicant	Bidder(s) whose name shall be mentioned in the Bid cum Application Form or the Revision Form and in case of joint bids, whose name shall also appear as the first holder of the beneficiary account held in joint names.
Bidding	The process of making a Bid.
Bidding/ Collection Centers	Centers at which the Designated intermediaries shall accept the ASBA Forms, i.e. Designated SCSB Branches for SCSBs, specified locations for syndicates, broker centers for registered brokers, designated RTA Locations for RTAs and designated CDP locations for CDPs.
Book Building Process/ Book Building Method	Book building process, as provided in Part A of Schedule XIII of the SEBI ICDR Regulations, in terms of which the Offer is being made.
BRLM / Book Running Lead Manager	Book Running Lead Manager to the Offer in this case being Hem Securities Limited, SEBI Registered Category-I Merchant Banker.
Broker Centres	Broker Centres notified by the Stock Exchanges, where the investors can submit the Bid-cum Application Forms to a Registered Broker. The details of such Broker Centers, along with the names and contact details of the Registered Brokers are available on the websites of the Stock Exchange.
Business Day	Monday to Friday (except public holidays).
BSE SME	SME Platform of BSE Limited.
CAN or Confirmation of Allocation Note	The Note or advice or intimation sent to each successful Applicant indicating the Equity which will be allotted, after approval of Basis of Allotment by the designated Stock Exchange.
Cap Price	The higher end of the price band above which the Offer Price will not be finalized and above which no Bids (or a revision thereof) will be accepted.
Client Id	Client Identification Number maintained with one of the Depositories in relation to Demat account
Collecting Depository Participants or CDPs	A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Applications at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI
Collecting Registrar and Share Transfer Agent	Registrar to an Offer and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations in terms of circular no.

Terms	Description
	CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI.
Controlling Branches of the SCSBs	Such branches of the SCSBs which coordinate with the BRLM, the Registrar to the Offer and the Stock Exchange.
Cut Off Price	The Offer Price, which shall be any price within the Price band as finalized by our Company in consultation with the BRLM. Only Retail Individual Investors are entitled to Bid at the Cut-off Price. QIBs (including Anchor Investor) and Non-Institutional Investors are not entitled to Bid at the Cut-off Price.
Demographic Details	The demographic details of the Bidders such as their Address, PAN, name of the Bidders father/husband, investor status, occupation and Bank Account details.
Depositor/ Depositories	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996 as amended from time to time i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).
Depositories	National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).
DIN	Director Identification Number
Depositories Act	The Depositories Act, 1996, as amended from time to time.
Designated CDP Locations	Such locations of the CDPs where Applicant can submit the Bid-cum-Application Forms to Collecting Depository Participants. The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept Bid-Cum-Application Forms are available on the website of the Stock Exchange i.e. <a href="http://www.bseindia.com">www.bseindia.com</a>
Designated Date	The date on which funds are transferred from the Escrow Account(s) and the amounts blocked are transferred from the ASBA Accounts, as the case may be, to the Public Offer Account(s) or the Refund Account(s), as applicable, in terms of the Prospectus and the Prospectus, after the finalisation of the Basis of Allotment in consultation with the Designated Stock Exchange, following which Equity Shares may be Allotted to successful Bidders in the Offer.
Designated Intermediaries/ Collecting Agent	An SCSB's with whom the bank account to be blocked, is maintained, a syndicate member (or sub-syndicate member), a Stock Broker registered with recognized Stock Exchange, a Depository Participant, a registrar to an offer and share transfer agent (RTA) (whose names is mentioned on website of the stock exchange as eligible for this activity).
Designated Market Maker	Hem Finlease Private Limited
Designated RTA Locations	Such locations of the RTAs where Bidder can submit the Bid-Cum-Application Forms to RTAs. The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept Bid-Cum-Application Forms are available on the websites of the Stock Exchange i.e. <a href="http://www.bseindia.com">www.bseindia.com</a> .
Designated SCSB Branches	Such branches of the SCSBs which shall collect the ASBA Application Form from the Applicant and a list of which is available on the website of SEBI at <a href="https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes">https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes</a> . Recognized-Intermediaries or at such other website as may be prescribed by SEBI from time to time.
Designated Stock Exchange	BSE Ltd. ("SME Exchange") ("BSE SME")
DP ID	Depository's Participant's Identity Number
DP/ Depository Participant	A depository participant as defined under the Depositories Act, 1996
Draft Red Herring Prospectus	Draft Red Herring Prospectus dated September 15, 2023 as being filed with BSE SME
Electronic Transfer of Funds	Refunds through NACH, NEFT, Direct Credit or RTGS as applicable.
Eligible NRI	A Non Resident Indian in a jurisdiction outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom this Draft Red Herring Prospectus will constitute an invitation to subscribe for the Equity Shares.
Eligible QFIs	QFIs from such jurisdictions outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom the Prospectus constitutes an invitation to purchase the Equity shares issued thereby and who have opened Demat accounts with SEBI registered qualified depository participants.
FII/ Foreign Institutional Investors	Foreign Institutional Investor as defined under SEBI (Foreign Institutional Investors) Regulations, 1995, as amended) registered with SEBI under applicable laws in India.
Floor Price	The lower end of the Price Band, subject to any revision(s) thereto, at or above which the Offer Price and the Anchor Investor Offer Price will be finalised and below which no Bids will be accepted.
First/ Sole Applicant	The Applicant whose name appears first in the Application Form or Revision Form.
Fresh Issue	The fresh issue of up to 26,88,000 Equity Shares by our Company, at ₹ [●] per Equity Share (including a premium of ₹ [●] per Equity Share) aggregating up to ₹ [●] lakhs.
Foreign Venture Capital Investors	Foreign Venture Capital Investors registered with SEBI under the SEBI (Foreign Venture



Terms	Description
	Capital Investor) Regulations, 2000.
FPI/ Foreign Portfolio Investor	A Foreign Portfolio Investor who has been registered pursuant to the of Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, provided that any FII or QFI who holds a valid certificate of registration shall be deemed to be a foreign portfolio investor till the expiry of the block of three years for which fees have been paid as per the SEBI (Foreign Institutional Investors) Regulations, 1995, as amended
Fugitive Economic Offender	An individual who is declared a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018.
General Corporate Purposes	Include such identified purposes for which no specific amount is allocated or any amount so specified towards general corporate purpose or any such purpose by whatever name called, in the offer document. Provided that any offer related expenses shall not be considered as a part of general corporate purpose merely because no specific amount has been allocated for such expenses in the offer document.
General Information Document (GID)	The General Information Document for investing in public issues, prepared and issued in accordance with the SEBI circular (SEBI/HO/CFD/DIL1/CIR/P/2020/37) dated March 17, 2020 and the UPI Circulars. The General Information Document shall be available on the websites of the Stock Exchanges, and the Book Running Lead Manager.
HSL	Hem Securities Limited
Offer Agreement	The Offer Agreement dated September 13, 2023 between our Company and Book Running Lead Manager, Hem Securities Limited.
Offer Closing Date	The date on which Offer closes for subscription. In this case being [●]
Offer Opening Date	The date on which Offer opens for subscription. In this case being [●]
Offer Price	The Price at which the Equity Shares are being issued by our Company under this Draft Red Herring Prospectus being ₹ [●] per Equity share, as determined by our Company and the Selling Shareholders, in consultation with the BRLM.
Offer Proceeds	Proceeds to be raised by our Company through this Offer, for further details please refer chapter titled <i>“Objects of the Offer”</i> beginning on page 63 of this Draft Red Herring Prospectus
Offer/ Public Offer/ Offer size/ Initial Public Offer/ Initial Public Offering/ IPO	The Initial Public Offer of upto 44,64,000 Equity shares of ₹ 10/- each at offer price of ₹ [●]/- per Equity share, including a premium of ₹ [●]/- per equity share aggregating to ₹ [●] lakhs comprising the Fresh Issue and the Offer for Sale.
Offer for Sale	The offer for sale component of the Offer, comprising of an offer for sale of up to 17,76,000 Equity Shares at ₹ [●] per Equity Share aggregating up to ₹ [●] lakhs by Selling Shareholders
Book Running Lead Manager/ LM	Manager to the Offer, in this case being Hem Securities Limited, a SEBI Registered Merchant Banker.
Listing Agreement	The Equity Listing Agreement to be signed between our Company and the Stock Exchange.
LLP	Limited Liability Partnership
Lot Size	[●]
Mandate Request	Mandate Request means a request initiated on the RII by sponsor bank to authorize blocking of funds equivalent to the application amount and subsequent debit to funds in case of allotment.
Market Maker Reservation Portion	The reserved portion of 2,24,000 Equity Shares of ₹10 each at an Offer price of ₹ [●] each is aggregating to ₹ [●] Lakhs to be subscribed by Market Maker in this offer.
Market Making Agreement	The Market Making Agreement dated September 13, 2023 between our Company, Book Running Lead Manager and Market Maker.
Mutual Fund Portion	5% of the Net QIB Portion, or [●] Equity Shares, which shall be available for allocation to Mutual Funds only on a proportionate basis, subject to valid Bids being received at or above the Offer Price.
Mutual Funds	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996, as amended from time to time.
Net Offer	The Offer (excluding the Market Maker Reservation Portion) of 42,40,000 equity Shares of ₹10/- each at a price of ₹ [●] per Equity Share (the “Offer Price”), including a share premium of ₹ [●] per equity share aggregating to ₹ [●] Lakhs.
Net Proceeds	The Offer Proceeds received from the fresh Offer excluding Offer related expenses. For further information on the use of Offer Proceeds and Offer expenses, please refer to the section titled <i>“Objects of the Offer”</i> beginning on page 63 of this Draft Red Herring Prospectus.
Net QIB Portion	The portion of the QIB Portion less the number of Equity Shares Allocated to the Anchor Investors
Non- Resident	A person resident outside India, as defined under FEMA and includes NRIs, FPIs and FVCIs

Terms	Description
Non-Institutional Bidders	All Bidders that are not QIBs, RIBs or Eligible Employees Bidding in the Employee Reservation Portion and who have Bid for Equity Shares, for an amount of more than ₹ 200,000 (but not including NRIs other than Eligible NRIs)
Non-Institutional Portion	The portion of the Offer being not less than 15% of the Offer, consisting of [●] Equity Shares, which shall be available for allocation on a proportionate basis to Non-Institutional Investors, subject to valid Bids being received at or above the Offer Price.
Offer/Public size/Initial Public Offering/ IPO	Offer/Initial Public Offer/ Offer/Initial Public Offering/ IPO
Offer Price	The Initial Public Offer of upto 44,64,000 Equity shares of Rs. 10/- each at Offer price of Rs. [●]/- per Equity share, including a premium of Rs. [●]/- per equity share aggregating to Rs. [●] lakhs comprising of a Fresh Issue of 26,88,000 Equity Shares and the Offer for Sale of 17,76,000 Equity Shares by Selling Shareholders.
Offer Proceeds	The final price at which the Equity shares will be allotted in terms of the Red Herring Prospectus and the Prospectus, as determined by our company in consultation with BRLM on the Pricing date in accordance with the Book Building process and the Red Herring Prospectus.
Offered Shares	Proceeds to be raised by our Company through this Offer, for further details please refer chapter titled <i>“Objects of the Offer”</i> beginning on page 63 of this Draft Red Herring Prospectus
Offered Shares	Offer of upto 17,76,000 Equity shares aggregating to Rs. [●] lakhs being offered for sale by the selling shareholders in the offer
Other Investor	Investors other than Retail Individual Investors. These include individual applicants other than retail individual investors and other investors including corporate bodies or institutions irrespective of the number of specified securities applied for.
Overseas Corporate Body/ OCB	Overseas Corporate Body means and includes an entity defined in clause (xi) of Regulation 2 of the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCB's) Regulations 2003 and which was in existence on the date of the commencement of these Regulations and immediately prior to such commencement was eligible to undertake transactions pursuant to the general permission granted under the Regulations. OCBs are not allowed to invest in this Offer.
Pay-in-Period	The period commencing on the Bid/Offer Opening date and extended till the closure of the Anchor Investor Pay-in-Date.
Payment through transfer of funds	Payment through NECS, NEFT or Direct Credit, as applicable.
Person/ Persons	Any individual, sole proprietorship, unincorporated association, unincorporated organization, body corporate, corporation, company, partnership, limited liability company, joint venture, or trust or any other entity or organization validly constituted and/ or incorporated in the jurisdiction in which it exists and operates, as the context requires.
Price Band	Price Band of a minimum price (Floor Price) of ₹ [●] and the maximum price (Cap Price) of ₹ [●] and includes revisions thereof. The Price Band will be decided by our Company in consultation with the BRLM and advertised in two national daily newspapers (one each in English and in Hindi) with wide circulation and one daily regional newspaper with wide circulation at least two working days prior to the Offer Opening Date.
Pricing Date	The date on which our Company in consultation with the BRLM, will finalize the Offer Price.
Prospectus	The Prospectus, to be filed with the Registrar of Companies in accordance with the provisions of Section 26 & 32 of the Companies Act, 2013, containing, inter alia, the Offer Price, size of the Offer and certain other information.
Public Offer Account	Account to be opened with the Bankers to the Offer to receive monies from the SCSBs from the bank account of the Applicant, on the Designated Date.
QIB Category/ QIB Portion	The portion of the Net Offer (including the Anchor Investor Portion) being not more than 50% of the Net Offer, consisting of [●] Equity Shares aggregating to ₹[●] lakhs which shall be Allotted to QIBs (including Anchor Investors) on a proportionate basis, including the Anchor Investor Portion (in which allocation shall be on a discretionary basis, as determined by our Company in consultation with the BRLMs), subject to valid Bids being received at or above the Offer Price or Anchor Investor Offer Price (for Anchor Investors).
Qualified Institutional Buyers/ QIBs/ QIB Bidders	Qualified institutional buyers as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations.
Red Herring Prospectus / RHP	The Red Herring Prospectus to be issued in accordance with Section 32 of the Companies Act, 2013 and the provisions of the SEBI (ICDR) Regulations, which will not have complete particulars of the price at which the Equity Shares will be offered and the size of the Offer including any addenda or corrigenda thereto. The Red Herring Prospectus will be filed with the RoC at least three Working Days before the Bid/Offer Opening Date and will become the Prospectus upon filing with the RoC after the Pricing Date.

<b>Terms</b>	<b>Description</b>
Refund Account	The 'no-lien' and 'non-interest bearing' account opened with the Refund Bank, from which refunds, if any, of the whole or part, of the Bid Amount to the Anchor Investors shall be made.
Refund Bank/ Refund Banker	Bank which is / are clearing member(s) and registered with the SEBI as Bankers to the Offer at which the Refund Account will be opened, in this case being [●].
Refund through electronic transfer of funds	Refunds through NECS, direct credit, RTGS or NEFT, as applicable.
Registered Broker	The stockbrokers registered with the stock exchanges having nationwide terminals, other than the members of the Syndicate and eligible to procure Bids
Registrar Agreement	The agreement dated September 13, 2023 entered into between our Company and the Registrar to the Offer in relation to the responsibilities and obligations of the Registrar to the Offer pertaining to the Offer.
Registrar and Share Transfer Agents or RTAs	Registrar and share transfer agents registered with SEBI and eligible to procure Applications at the Designated RTA Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI.
Registrar/ Registrar to the Offer/ RTA/ RTI	Registrar to the Offer, in this case being KFin Technologies Limited.
Regulation S	Regulation S under the U.S. Securities Act of 1933, as amended from time to time.
Reservation Portion	The portion of the Offer reserved for category of eligible Applicants as provided under the SEBI (ICDR) Regulations, 2018.
Reserved Category/ Categories	Categories of persons eligible for making application under reservation portion.
Retail Individual Bidders/ RIBs/ Retail Individual Investors/ RIIs	Individual Bidders, submitting Bids, who have Bid for Equity Shares for an amount not more than ₹ 2,00,000/- in any of the bidding options in the Net Offer (including HUFs applying through their Karta and Eligible NRIs and does not include NRIs other than Eligible NRIs).
Retail Portion	The portion of the Offer being not less than 35% of the Net Offer, consisting of [●] Equity Shares, available for allocation to Retail Individual Bidders.
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Amount in any of their Bid-cum-Application Forms or any previous Revision Form(s), as applicable. QIBs and Non-Institutional Investors are not allowed to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage.
SEBI	Securities and Exchange Board of India constituted under the SEBI Act, 1992.
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended
SEBI AIF Regulations	Securities and Exchange Board of India (Alternate Investments Funds) Regulations, 2012, as amended.
SEBI FII Regulations	Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended from time to time.
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, as amended from time to time.
SEBI FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000, as amended from time to time.
SEBI SBEB Regulations	Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.
SEBI (PFUTP) Regulations/ PFUTP Regulations	Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Markets) Regulations, 2003
Securities laws	Means the Act, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 and the rules and regulations made thereunder and the general or special orders, guidelines or circulars made or issued by the Board thereunder and the provisions of the Companies Act, 2013 or any previous company law and any subordinate legislation framed thereunder, which are administered by the Board.
SEBI (ICDR) Regulations/ ICDR Regulation/ Regulation	SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 issued by SEBI on September 11, 2018, as amended, including instructions and clarifications issued by SEBI from time to time.
SEBI (Venture Capital) Regulations	Securities Exchange Board of India (Venture Capital) Regulations, 1996 as amended from time to time.
SEBI Insider Trading Regulations	The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 as amended, including instructions and clarifications issued by SEBI from time to time.
SEBI Listing Regulations, 2015/ SEBI Listing Regulations/ Listing Regulations/ SEBI (LODR)	The Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 as amended, including instructions and clarifications issued by SEBI from time to time.
SEBI Takeover Regulations or	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover)

<b>Terms</b>	<b>Description</b>
SEBI (SAST) Regulations	Regulations, 2011, as amended from time to time.
Self-Certified Syndicate Bank(s) / SCSB(s)	Shall mean a Banker to an Offer registered under Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994, as amended from time to time, and which offer the service of making Application/s Supported by Blocked Amount including blocking of bank account and a list of which is available on <a href="https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes">https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes</a> or at such other website as may be prescribed by SEBI from time to time.
Sub- Account	Sub- accounts registered with SEBI under the Securities and Exchange Board of India (Foreign Institutional Investor) Regulations, 1995, other than sub-accounts which are foreign corporate or foreign individuals.
Selling Shareholders	Selling Shareholders being Chiripal Exim LLP and Vineeta V Chiripal.
SME Exchange	SME Platform of the BSE i.e. BSE SME.
Specified Locations	Collection centres where the SCSBs shall accept application form, a list of which is available on the website of SEBI ( <a href="https://www.sebi.gov.in/">https://www.sebi.gov.in/</a> ) and updated from time to time.
Specified Securities	Equity shares offered through this Draft Red Herring Prospectus.
Sponsor Bank	Sponsor Bank means a Banker to the Offer registered with SEBI, which is appointed by the Issuer to act as a conduit between the Stock Exchanges and NPCI (National Payments Corporation of India) in order to push the mandate, collect requests and / or payment instructions of the Retail Investors into the UPI.
Sub Syndicate Member	A SEBI Registered member of BSE appointed by the BRLM and/ or syndicate member to act as a Sub Syndicate Member in the Offer.
Systemically Important Non-Banking Financial Company	Systemically important non-banking financial company as defined under Regulation 2(1)(iii) of the SEBI ICDR Regulations.
Transaction Registration Slip/ TRS	The slip or document issued by the member of the Syndicate or SCSB (only on demand) as the case may be, to the Applicant as proof of registration of the Application.
U.S. Securities Act	U.S. Securities Act of 1933, as amended
Underwriter	The BRLM who has underwritten this Offer pursuant to the provisions of the SEBI (ICDR) Regulations, 2018 and the Securities and Exchange Board of India (Underwriters) Regulations, 1993, as amended from time to time.
Underwriting Agreement	The Agreement September 13, 2023 entered between the Underwriter, BRLM and our Company.
UPI	UPI is an instant payment system developed by the NCPI, it enables merging several banking features, seamless fund routing & merchant payment into one hood. UPI allow instant transfer of money between any two bank accounts using a payment address which uniquely identifies a person's bank account
UPI Circulars	SEBI circular no. CFD/DIL2/CIR/P/2018/22 dated February 15, 2018, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 SEBI circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019, SEBI Circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020, SEBI Circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, SEBI circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021, SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/45 dated April 5, 2022, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022 SEBI Circular No: SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022/76 dated May 30, 2022 and any subsequent circulars or notifications issued by SEBI in this regard.
UPI ID	ID created on the UPI for single-window mobile payment system developed by the NPCI
UPI Mandate Request/ Mandate Request	A request (intimating the RII by way of notification on the UPI application and by way of a SMS directing the RII to such UPI application) to the RII by sponsor bank to authorize blocking of funds equivalent to the application amount and subsequent debit to funds in case of allotment.
UPI Mechanism	The mechanism that was used by an RIB to make a Bid in the Offer in accordance with the UPI Circulars on Streamlining of Public Issues
UPI PIN	Password to authenticate UPI transaction
Venture Capital Fund/ VCF	Foreign Venture Capital Funds (as defined under the Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996) registered with SEBI under applicable laws in India.
Wilful Defaulter(s)	Wilful defaulter as defined under Regulation 2(1)(III) of the SEBI (ICDR) Regulations, 2018.

<b>Terms</b>	<b>Description</b>
Working Day	In accordance with Regulation 2(1) (mmm) of SEBI (ICDR) Regulations, 2018, working days means, all days on which commercial banks in Mumbai are open for business. However, in respect of– (a) announcement of Price Band; and (b) Offer period, working days shall mean all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business; (c) the time period between the Offer Closing Date and the listing of the Equity Shares on the Stock Exchange, working day shall mean all trading days of the Stock Exchange, excluding Sundays and bank holidays, as per circulars issued by SEBI.

### **Technical and Industry Related Terms**

<b>Term</b>	<b>Description</b>
AEPC	Apparel Export Promotion Council
ATUFS	Amended Technology Upgradation Fund Scheme
BOT	Build-Operate-Transfer
BTRA	The Bombay Textile Research Association
CAD	Current Account Deficit
CAZRI	Central Arid Zone Research Institute
CCEA	Cabinet Committee on Economic Affairs
CoE	Centers of Excellence
CoEK	Center of Excellence for Khadi
CPI	Consumer Price Index
DGFT	Directorate General of Foreign Trade
DPA	Deendayal Port Authority
DRDO	Defence Research and Development Organization
EAP	East, Asia & Pacific
ECA	Europe and Central Asia
ECGLS	Emergency Credit Line Guarantee Scheme
EMDE	Emerging Market & Developing Economies
HEPC	Handloom Export Promotion Council
HMA	Handloom Marketing Assistance
ICAR	Indian Council of Agricultural Research
IIP	Index of industrial Production
KVIC	Khadi and Village Industries Commission
LAC	Latin America and the Caribbean
MEIS	Merchandise Exports from India Scheme
MHHDC	Manipur Handloom & Handicrafts Development Corporation Limited
MITRA	Mega Integrated Textile Region and Apparel
MMF	Man-Made Fibre
MNA	Middle East and North Africa
MoSPI	Ministry of Statistics & Programme Implementation
Mtrs	Meters
NABARD	National Bank for Agriculture and Rural Development
NHDP	National Handloom Development Programme
NIFT	National Institute of Fashion Technology
NITRA	Northern India Textile Research Association
NTTM	National Technical Textile Mission
PPP	Public-Private Partnership
RMG	Ready-made Garments
RoSCTL	Rebate of State and Central Taxes and Levies
SAR	South Asia region
SASMIRA	Synthetic and Art Silk Mills Research Association
SCBTS	Scheme for Capacity Building in Textile Sector
SIPCOT	State Industries Promotion Corporation of Tamil Nadu Ltd
SSA	Sub-Saharan Africa
TEXPROCIL	The Cotton Textiles Export Promotion Council
TTC	Tennants Textile Colours

### **Conventional terms and Abbreviations**

<b>Abbreviation</b>	<b>Full Form</b>
Rs./ Rupees/ INR/ ₹	Indian Rupees
AS / Accounting Standard	Accounting Standards as issued by the Institute of Chartered Accountants of India
A/c	Account
ACS	Associate Company Secretary
AGM	Annual General Meeting
ASBA	Applications Supported by Blocked Amount
Amt.	Amount
AIF	Alternative Investment Funds registered under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as amended.
AY	Assessment Year
AOA	Articles of Association
Approx	Approximately
B. A	Bachelor of Arts
B. Com	Bachelor of Commerce
B. E	Bachelor of Engineering
B. Sc	Bachelor of Science
B. Tech	Bachelor of Technology
Bn	Billion
BG/LC	Bank Guarantee / Letter of Credit
BIFR	Board for Industrial and Financial Reconstruction
BSE	BSE Limited
CDSL	Central Depository Services (India) Limited
CAGR	Compounded Annual Growth Rate
CAN	Confirmation of Allocation Note
Companies Act, 2013	Companies Act, 2013 to the extent in force pursuant to the notification of sections of the Companies Act, 2013 along with the relevant rules made thereunder as amended.
Companies Act, 1956	Companies Act, 1956 (without reference to the provisions that have ceased upon notification of the Companies Act, 2013) along with the relevant rules made thereunder.
CA	Chartered Accountant
CAIIB	Certified Associate of Indian Institute of Bankers
CB	Controlling Branch
CC	Cash Credit
CIN	Corporate Identification Number
CIT	Commissioner of Income Tax
CS	Company Secretary
CS & CO	Company Secretary & Compliance Officer
CFO	Chief Financial Officer
CSR	Corporate Social Responsibility
C.P.C.	Code of Civil Procedure, 1908
CrPC	Code of Criminal Procedure, 1973
CENVAT	Central Value Added Tax
CST	Central Sales Tax
CWA/ICWA	Cost and Works Accountant
CMD	Chairman and Managing Director
DIN	Director Identification Number
DIPP	Department of Industrial Policy and Promotion, Ministry of Commerce, Government of India
DP	Depository Participant
DP ID	Depository Participant's Identification Number
EBITDA	Earnings Before Interest, Taxes, Depreciation & Amortization
ECS	Electronic Clearing System
ESIC	Employee's State Insurance Corporation
EPFA	Employee's Provident Funds and Miscellaneous Provisions Act, 1952
EMI	Equated Monthly Installment
EPS	Earnings Per Share
EGM /EOGM	Extraordinary General Meeting
ESOP	Employee Stock Option Plan
EXIM/ EXIM Policy	Export – Import Policy
FCNR Account	Foreign Currency Non-Resident Account
FIPB	Foreign Investment Promotion Board
FY / Fiscal/Financial Year	Period of twelve months ended March 31 of that particular year, unless otherwise stated

<b>Abbreviation</b>	<b>Full Form</b>
FEMA	Foreign Exchange Management Act, 1999 as amended from time to time, and the regulations framed there under.
FCNR Account	Foreign Currency Non Resident Account
FBT	Fringe Benefit Tax
FDI	Foreign Direct Investment
FIs	Financial Institutions
FIIIs	Foreign Institutional Investors (as defined under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000) registered with SEBI under applicable laws in India
FPIs	“Foreign Portfolio Investor” means a person who satisfies the eligibility criteria prescribed under regulation 4 and has been registered under Chapter II of Securities And Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, which shall be deemed to be an intermediary in terms of the provisions of the SEBI Act, 1992
FTA	Foreign Trade Agreement
FVCI	Foreign Venture Capital Investors registered with SEBI under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000.
FEMA	Foreign Exchange Management Act, 1999, including the rules and regulations thereunder
FEMA Rules	Foreign Exchange Management (Non-debt Instruments) Rules, 2019
Finance Act	Finance Act, 1994
Fraudulent Borrower	A fraudulent borrower as defined in Regulation 2(1)(III) of the SEBI ICDR Regulations.
FV	Face Value
Fugitive Economic Offender	An individual who is declared a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018
GoI/Government	Government of India
GDP	Gross Domestic Product
GIR Number	General Index Registry Number
GST	Goods and Services Tax
GVA	Gross Value Added
HUF	Hindu Undivided Family
HNI	High Net Worth Individual
HSL	Hem Securities Limited
IBC	The Insolvency and Bankruptcy Code, 2016
ICAI	The Institute of Chartered Accountants of India
ISIN	International Securities Identification Number
IST	Indian Standard Time
ICWAI	The Institute of Cost Accountants of India
IMF	International Monetary Fund
IIP	Index of Industrial Production
IPO	Initial Public Offer
ICSI	The Institute of Company Secretaries of India
IT	Information Technology
IFRS	International Financial Reporting Standards
INR / ₹/ Rupees	Indian Rupees, the legal currency of the Republic of India
I.T. Act	Income Tax Act, 1961, as amended from time to time
IT Authorities	Income Tax Authorities
IT Rules	Income Tax Rules, 1962, as amended, except as stated otherwise
Indian GAAP	Generally Accepted Accounting Principles in India
Ind AS	Indian Accounting Standards as referred to in and notified by the Ind AS Rules
Ind AS Rules	The Companies (Indian Accounting Standard) Rules, 2015
IRDA	Insurance Regulatory and Development Authority
JV/ Joint Venture	A commercial enterprise undertaken jointly by two or more parties which otherwise retain their distinct identities.
KMP	Key Managerial Personnel
LLB	Bachelor of Law
BRLM	Book Running Lead Manager
Ltd.	Limited
LLP	Limited Liability Partnership
MAT	Minimum Alternate Tax
MoF	Ministry of Finance, Government of India
MoU	Memorandum of Understanding

<b>Abbreviation</b>	<b>Full Form</b>
M. A	Master of Arts
MCA	Ministry of Corporate Affairs, Government of India
M. B. A	Master of Business Administration
MAT	Minimum Alternate Tax
M. Com	Master of Commerce
Mn	Million
M. E	Master of Engineering
M. Tech	Masters of Technology
Merchant Banker	Merchant Banker as defined under the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992
MSME	Micro, Small and Medium Enterprises
MAPIN	Market Participants and Investors Database
NA	Not Applicable
NCLT	National Company Law Tribunal
Net worth	The aggregate of paid-up Share Capital and Share Premium account and Reserves and Surplus (Excluding revaluation reserves) as reduced by aggregate of Miscellaneous Expenditure (to the extent not written off) and debit balance of Profit & Loss Account
NACH	National Automated Clearing House
NEFT	National Electronic Funds Transfer
NECS	National Electronic Clearing System
NAV	Net Asset Value
NCT	National Capital Territory
NPV	Net Present Value
NRIs	Non-Resident Indians
NRE Account	Non-Resident External Account
NRO Account	Non-Resident Ordinary Account
NSE	National Stock Exchange of India Limited
NOC	No Objection Certificate
NSDL	National Securities Depository Limited
OCB or 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 the beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date was eligible to undertake transactions pursuant to the general permission granted to OCBs under the FEMA. OCBs are not allowed to invest in the Offer.
P.A.	Per Annum
PF	Provident Fund
PG	Post Graduate
PGDBA	Post Graduate Diploma in Business Administration
PLR	Prime Lending Rate
PAC	Persons Acting in Concert
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
PAT	Profit After Tax
P.O.	Purchase Order
PBT	Profit Before Tax
PLI	Postal Life Insurance
POA	Power of Attorney
PSU	Public Sector Undertaking(s)
Pvt.	Private
Q.C.	Quality Control
RoC	Registrar of Companies
RBI	The Reserve Bank of India
Registration Act	Registration Act, 1908
ROE	Return on Equity
R&D	Research & Development
RONW	Return on Net Worth
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



<b>Abbreviation</b>	<b>Full Form</b>
SME	Small and Medium Enterprises
SCSB	Self-Certified syndicate Banks
STT	Securities Transaction Tax
Sub-Account	Sub-accounts registered with SEBI under the SEBI (Foreign Institutional Investor) Regulations, 1995, other than sub-accounts which are foreign corporate or foreign individuals.
Sec.	Section
SPV	Special Purpose Vehicle
TAN	Tax Deduction Account Number
TRS	Transaction Registration Slip
Trade Marks Act	Trade Marks Act, 1999
TIN	Taxpayers Identification Number
UIN	Unique identification number
U.N.	United Nations
US/United States	United States of America
USD/ US\$/ \$	United States Dollar, the official currency of the United States of America
U.S. GAAP	Generally Accepted Accounting Principles in the United States of America
VAT	Value Added Tax
VCF/ Venture Capital Fund	Venture Capital Funds (as defined under the Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996) registered with SEBI under applicable laws in India.
Wilful Defaulter(s)	Company or person categorised as a wilful defaulter by any bank or financial institution (as defined under the Companies Act, 2013) or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India and includes any company whose director or promoter is categorised as such and as defined under Regulation 2(1)(III) of the SEBI (ICDR) Regulations, 2018.
WDV	Written Down Value
WTD	Whole Time Director
w.e.f.	With effect from
-, (₹)	Represent Outflow

The words and expressions used but not defined in this Draft Red Herring Prospectus will have the same meaning as assigned to such terms under the Companies Act, 2013, the Securities and Exchange Board of India Act, 1992 (the “SEBI Act”), the SCRA, SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 the Depositories Act and the rules and regulations made thereunder.

Notwithstanding the foregoing, terms in “*Main Provisions of the Articles of Association*”, “*Statement of Special Tax Benefits*”, “*Industry Overview*”, “*Regulations and Policies in India*”, “*Financial Information of the Company*”, “*Outstanding Litigations and Material Developments*” and “*Offer Procedure*”, will have the meaning ascribed to such terms in these respective sections.

## CERTAIN CONVENTIONS, USE OF FINANCIAL INFORMATION AND MARKET DATA AND CURRENCY OF FINANCIAL PRESENTATION

### Certain Conventions

All references in the Draft Red Herring Prospectus to “India” are to the Republic of India. All references in the Draft Red Herring Prospectus to the “U.S.”, “USA” or “United States” are to the United States of America.

In this Draft Red Herring Prospectus, unless the context otherwise requires, all references to one gender also refers to another gender and the word “Lac / Lakh” means “one hundred thousand”, the word “million (mn)” means “Ten Lac / Lakh”, the word “Crore” means “ten million” and the word “billion (bn)” means “one hundred crore”. In this Draft Red Herring Prospectus, any discrepancies in any table between total and the sum of the amounts listed are due to rounding-off. All figures in decimals have been rounded off to the second decimal and all percentage figures have been rounded off to two decimal places. In certain instances, (i) the sum or percentage change of such numbers may not conform exactly to the total figure given; and (ii) the sum of the numbers in a column or row in certain tables may not conform exactly to the total figure given for that column or row.

### Use of Financial Data

Unless stated otherwise, throughout this Draft Red Herring Prospectus, all figures have been expressed in Rupees and Lakh. Unless stated otherwise, the financial data in the Draft Red Herring Prospectus is derived from our restated financial information prepared for the financial year ended March 31, 2023, March 31, 2022 and March 31, 2021 in accordance with Indian GAAP, the Companies Act and SEBI (ICDR) Regulations, 2018 included under Section titled “*Financial Information of the Company*” beginning on page 128 of this Draft Red Herring Prospectus.

There are significant differences between Indian GAAP, the International Financial Reporting Standards (“IFRS”) and the Generally Accepted Accounting Principles in the United States of America (“U.S. GAAP”). Accordingly, the degree to which the Indian GAAP financial statements included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting practice and Indian GAAP. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited. We have not attempted to explain those differences or quantify their impact on the financial data included herein, and we urge you to consult your own advisors regarding such differences and their impact on our financial data.

Any percentage amounts, as set forth in “*Risk Factors*”, “*Our Business*”, “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” and elsewhere in the Draft Red Herring Prospectus unless otherwise indicated, have been calculated on the basis of the Company’s restated financial statements prepared in accordance with the applicable provisions of the Companies Act, Indian GAAP and restated in accordance with SEBI (ICDR) Regulations, 2018, as stated in the report of our Peer Review Auditor, set out in section titled “*Financial Information of the Company*” beginning on page 128 of this Draft Red Herring Prospectus. Our fiscal year commences on April 1 of every year and ends on March 31<sup>st</sup> of every next year.

For additional definitions used in this Draft Red Herring Prospectus, see the section “*Definitions and Abbreviations*” on page 1 of this Draft Red Herring Prospectus. In the section titled “*Main Provisions of the Articles of Association*”, on page 233 of the Draft Red Herring Prospectus defined terms have the meaning given to such terms in the Articles of Association of our Company.

### Use of Industry & Market Data

Unless stated otherwise, industry and market data and forecast used throughout the Prospectus was obtained from internal Company reports, data, websites, Industry publications report as well as Government Publications. Industry publication data and website data generally state that the information contained therein has been obtained from sources believed to be reliable, but that their accuracy and completeness and underlying assumptions are not guaranteed and their reliability cannot be assured.

Although, we believe industry and market data used in the Draft Red Herring Prospectus is reliable, it has not been independently verified by us or the BRLM or any of their affiliates or advisors. Similarly, internal Company reports and data, while believed by us to be reliable, have not been verified by any independent source. There are no standard data gathering methodologies in the industry in which we conduct our business and methodologies and assumptions may vary widely among different market and industry sources.

In accordance with the SEBI (ICDR) Regulations, 2018 the section titled “*Basis for Offer Price*” on page 69 of the Draft Red Herring Prospectus includes information relating to our peer group companies. Such information has been derived from publicly available sources, and neither we, nor the BRLM, have independently verified such information.

### Currency of Financial Presentation

All references to “Rupees” or “INR” or “₹” or “₹” are to Indian Rupees, the official currency of the Republic of India. Except where specified, including in the section titled “*Industry Overview*” throughout the Draft Red Herring Prospectus all figures have been expressed in Lakhs.

Any percentage amounts, as set forth in ***“Risk Factors”***, ***“Our Business”***, ***“Management's Discussion and Analysis of Financial Conditions and Results of Operations”*** on page 23, 90 and 166 respectively of this Draft Red Herring Prospectus, unless otherwise indicated, have been calculated based on our restated financial statements prepared in accordance with Indian GAAP.

The Draft Red Herring Prospectus contains conversion of certain US Dollar and other currency amounts into Indian Rupees that have been presented solely to comply with the requirements of the SEBI (ICDR) Regulations, 2018. These conversions should not be construed as a representation that those US Dollar or other currency amounts could have been, or can be converted into Indian Rupees, at any particular rate.

## FORWARD LOOKING STATEMENTS

This Draft Red Herring Prospectus includes certain “forward-looking statements”. We have included statements in the Draft Red Herring Prospectus which contain words or phrases such as “will”, “aim”, “is likely to result”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “will pursue” and similar expressions or variations of such expressions, that are “forward-looking statements”. Also, statements which describe our strategies, objectives, plans or goals are also forward looking statements.

All forward looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance. These statements are based on our management’s beliefs and assumptions, which in turn are based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect. Important factors that could cause actual results to differ materially from our expectations include but are not limited to:

1. General economic and business conditions in the markets in which we operate and in the local, regional, national and international economies;
2. Changes in consumer demand;
3. Failure to successfully upgrade our product portfolio, from time to time;
4. Any change in government policies resulting in increases in taxes payable by us;
5. Our ability to retain our key managements persons and other employees;
6. Changes in laws and regulations that apply to the industries in which we operate.
7. Our failure to keep pace with rapid changes in technology;
8. Our ability to grow our business;
9. Our ability to make interest and principal payments on our existing debt obligations and satisfy the other covenants contained in our existing debt agreements;
10. general economic, political and other risks that are out of our control;
11. Inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices;
12. Company’s ability to successfully implement its growth strategy and expansion plans;
13. failure to comply with regulations prescribed by authorities of the jurisdictions in which we operate;
14. inability to successfully obtain registrations in a timely manner or at all;
15. occurrence of Environmental Problems & Uninsured Losses;
16. conflicts of interest with affiliated companies, the promoter group and other related parties;
17. any adverse outcome in the legal proceedings in which we are involved;
18. Concentration of ownership among our Promoter;
19. The performance of the financial markets in India and globally;
20. Global distress due to pandemic, war or by any other reason.

For further discussion of factors that could cause our actual results to differ, see the Section titled “*Risk Factors*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” beginning on page 23, 90 and 166 respectively of the Draft Red Herring Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated.

There can be no assurance to investors that the expectations reflected in these forward-looking statements will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements and not to regard such statements to be a guarantee of our future performance.

Neither our Company or our Directors or the Selling Shareholders or our Officers or Book Running Lead Manager or Underwriter nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, our Company and the BRLM will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchange for the Equity Shares allotted pursuant to this Offer.

## **SECTION II – SUMMARY OF DRAFT RED HERRING PROSPECTUS**

### **A. OVERVIEW OF BUSINESS**

We manufacture various type of denim fabrics such as power stretch spandex denim, knit denim, light weight denim, rigid denim, over dyed denim and flat finish 3/1 denim. Our production facility has capability to produce grey fabrics in various designs such as twill weave, knit dobby weave, structure dobby weave, broken twill weave and satin weave. We offer denim fabrics in diverse spectrum of shades such as indigo blue, IBST, sulphur black, sulphur grey, halogen blue and ecru colour which has weights ranging from 4.50 Oz/sq. yd to 14.50 Oz./sq. yd. and widths spanning from 62” (157cm) to 78” (198 cm).

For further details please refer to the chapter titled “**Our Business**” beginning on page 90 of this Draft Red Herring Prospectus.

### **B. OVERVIEW OF THE INDUSTRY**

The Indian textile and apparel industry is expected to grow at 10% CAGR from 2019-20 to reach US\$ 190 billion by 2025-26. India has a 4% share of the global trade in textiles and apparel. India is the world’s largest producer of cotton. Estimated production stood at 362.18 lakh bales during cotton season 2021-22. Domestic consumption for the 2021-22 cotton season is estimated to be at 338 lakh bales. Cotton production in India is projected to reach 7.2 million tonnes (~43 million bales of 170 kg each) by 2030, driven by increasing demand from consumers. In FY23, exports of readymade garments (RMG) cotton including accessories stood at US\$ 7.68 billion till January 2023. It is expected to surpass US\$ 30 billion by 2027, with an estimated 4.6-4.9% share globally.

For further details please refer to the chapter titled “**Industry Overview**” beginning on page 78 of this Draft Red Herring Prospectus.

### **C. PROMOTERS**

Bharat Bhushan Omprakash Agarwal and Rikin Bharatbhushan Agarwal are the Promoters of our Company.

### **D. DETAILS OF THE OFFER**

Initial public offer consisting of 44,64,000 Equity shares comprising of fresh issue of 26,88,000 equity shares and offer for sale of 17,76,000 equity shares of face value of ₹10.00 each (“equity shares”) by Selling Shareholders of **Shanti Spintex Limited** (the “Company” or the “Issuer”) for cash at a price of ₹ [●] per equity share including a share premium of ₹ [●] per equity share (the “Offer Price”) aggregating to ₹[●] Lakh (“The Offer”), of which 2,24,000 equity shares of face value of ₹ 10.00 each for cash at a price of ₹[●] per equity share including a share premium of ₹[●] per equity share aggregating to ₹[●] Lakh will be reserved for subscription by market maker to the offer (the “Market Maker Reservation Portion”). The Offer less the Market Maker Reservation Portion i.e. Net offer of 42,40,000 equity shares of face value of ₹10.00 each at a price of ₹[●] per equity share aggregating to ₹[●] Lakh are herein after referred to as the “Net Offer”. The Offer and the Net Offer will constitute 26.43 % and 25.11 % respectively of the post offer paid up equity share capital of the company.

### **E. DETAILS OF THE SELLING SHAREHOLDERS**

The Selling Shareholders have consented to participate in the Offer for Sale in the following manner:

<b>Name of Selling Shareholders</b>	<b>Authorization Letter date</b>	<b>No. of equity shares held</b>	<b>No. of equity shares offered</b>
Vineeta V. Chiripal	September 08, 2023	10,84,000	10,84,000
Chiripal Exim LLP	September 08, 2023	6,92,000	6,92,000

The Selling Shareholders have confirmed that the Equity Shares proposed to be offered and sold in the Offer are eligible in term of SEBI (ICDR) Regulations, 2018 and that they have not been prohibited from dealings in securities market and the Equity Shares offered and sold are free from any lien, encumbrance or third-party rights. The Selling Shareholders have also severally confirmed that they are the legal and beneficial owners of the Equity Shares being offered by them under the Offer for Sale.

### **F. OBJECTS OF THE OFFER**

Our Company intends to utilize the net Proceeds of the fresh Issue to meet the following objects:-

<b>Sr. No.</b>	<b>Particulars</b>	<b>Amount (₹ in lakhs)</b>
1.	To meet Working Capital requirements	[●]
2.	General Corporate Purpose	[●]
	<b>Total</b>	[●]

## G. PRE-OFFER SHAREHOLDING OF PROMOTERS AND PROMOTER GROUP

Our Promoters and Promoter Group collectively holds 1,24,24,000 Equity shares of our Company aggregating to 87.49% of the pre-Offer paid-up Share Capital of our Company. Following are the details of the shareholding of the Promoters and Promoter Group, as on date of this Draft Red Herring Prospectus:-

Sr. No	Names	Pre IPO		Post IPO	
		Shares Held	% Shares Held	Shares Held	% Shares Held
	<b>Promoters (A)</b>				
1.	Bharat Bhushan Omprakash Agarwal	30,33,800	21.36	30,33,800	[●]
2.	Rikin Bharatbhushan Agarwal	30,28,400	21.33	30,28,400	[●]
	<b>Sub Total (A)</b>	<b>60,62,200</b>	<b>42.69</b>	<b>60,62,200</b>	<b>[●]</b>
	<b>Promoter Group (B)</b>				
3.	Urmila Bharatbhushan Agarwal	10,37,800	7.31	10,37,800	[●]
4.	Kautilya Traders Pvt. Ltd.	27,72,000	19.52	27,72,000	[●]
5.	Vijay Shubham Contrade Private Limited	25,52,000	17.97	25,52,000	[●]
	<b>Sub Total (B)</b>	<b>63,61,800</b>	<b>44.80</b>	<b>63,61,800</b>	<b>[●]</b>
	<b>Total (A) + (B)</b>	<b>1,24,24,000</b>	<b>87.49</b>	<b>1,24,24,000</b>	<b>[●]</b>

## H. SUMMARY OF FINANCIAL INFORMATION

Following are the details as per the restated financial statements for the financial years ended on March 31, 2023, March 31, 2022 and March 31, 2021:

Particulars	(₹ in lakhs)		
	March 31, 2023	March 31, 2022	March 31, 2021
Equity Share Capital	710.00	710.00	710.00
Net Worth	5,603.93	4,622.73	4,136.14
Total Income	37,311.37	25,526.51	11,293.73
Profit after tax	1,012.81	486.59	337.53
Earnings per Share (based on weighted average number of shares)	7.13	3.43	2.38
Net Asset Value per Share (based on weighted average number of shares)	39.46	32.55	29.13
Total Borrowings	4177.66	4868.64	4278.83

## I. AUDITOR QUALIFICATIONS

There are no audit qualifications which have not been given effect in the restated financial information.

## J. SUMMARY OF OUTSTANDING LITIGATIONS

Our Company, Promoters and Directors are involved in certain legal proceedings. A brief detail of such outstanding litigations as on the date of this Draft Red Herring Prospectus are as follows:

### Litigations involving the Company:-

Nature of Proceedings	Number of cases	Amount involved (₹ in lakhs)
<b>Direct Tax</b>		
Income Tax	8*	0.95**
<b>Indirect Tax</b>	-	-
<b>Total</b>	8	0.95

\*Out of the aforementioned income tax matters, three of the matters relates to A.Y. 2019-20, where our Company has received notice dated March 30, 2023 under section 148 of the Income Tax Act, 1961 for the re-assessment of income, notice dated August 09, 2023 u/s 143(2) read with Section 147 of the Income Tax Act, 1961 regarding the scrutiny proceedings and notice dated August 26, 2023 issued u/s 142(1) of the Income Tax Act, 1961 seeking information and documents in respect of ongoing scrutiny proceedings. These scrutiny proceedings have been initiated pursuant to a search & seizure operation carried by the Income Tax Authorities on Chiripal Group and their key persons on 20.07.2022 in which our Company's name has been mentioned in warrant.

\*\* Amount mentioned to the extent ascertainable.

## Litigations Involving the Promoters & Directors of the Company

Nature of Proceedings	Number of cases	Amount involved* (₹ in lakhs)
<b>Promoters and Directors:</b>		
<b>Bharat Bhushan Omprakash Agarwal</b>		
Income Tax	1	0.25
<b>Rikin Bharatbhushan Agarwal</b>		
Income Tax	3*	0.65
<b>Total</b>	<b>4</b>	<b>0.90</b>

\*Out of the aforementioned income tax matters, two of the matters relates to notices issued by Income Tax Authorities under section 21 of Prohibition of Benami Property Transactions Act, 1988 requiring Mr. Rikin Bharatbhushan Agarwal to furnish certain details relating to personal properties and assets. These notices has been issued on May 17, 2023 and May 25, 2023.

### **K. RISK FACTORS**

For details on the risks involved in our business, please see the Chapter titled “*Risk Factors*” beginning on page 23 of this Draft Red Herring Prospectus.

### **L. SUMMARY OF CONTINGENT LIABILITIES**

Our Company have contingent liabilities of Rs. 79.60 Lakhs as on March 31, 2023. For further details, please refer to Note-V Contingent Liabilities of the chapter titled “*Financial Information of the Company*” on page 128 of this Draft Red Herring Prospectus.

### **M. SUMMARY OF RELATED PARTY TRANSACTIONS**

Following is the summary of the related party transactions entered by the Company (based on Restated Financial Statements) for the financial year ended on March 31, 2023, March 31, 2022 and March 31, 2021:-

#### **List of Related Parties:-**

Names of the related parties with whom transactions were carried out during the years and description of relationship:

Sr. No.	Name of the Person / Entity	Nature of Relationship
1	Bharatbhushan Omprakash Agarwal	Key Management Personnel
2	Rikin Bharatbhushan Omprakash Agarwal	Key Management Personnel
3	Urmiladevi Agarwal	Relatives of KMP
4	Sparsh Fabrics Private Limited	Enterprise under Influence of Key Managerial Personnel
5	Rikin Fabrics Private Limited	Enterprise under Influence of Key Managerial Personnel
6	Deepika Rikin Agarwal	Relatives of KMP

#### **Related Party Transactions:**

Sr. No.	Name of Party	Nature of Relationship	Nature of Transaction	Amount in Lakhs		
				As on 31st March, 2023 (In ₹)	As on 31st March, 2022 (In ₹)	As on 31st March, 2021 (In ₹)
1	Bharatbhushan Omprakash Agarwal	Director	Share Application Money Received	-	-	-
			Director Remuneration	-	-	-
			Loan Accepted	-	405.00	-
			Loan Repaid	17.66	-	-
			Interest Paid	-	-	-
2	Rikin Bharatbhushan Agarwal	Director	Share Application Money Received	-	-	-
			Director Remuneration	6.00	-	-
			Remuneration	-	-	-
			Loan Accepted	-	-	-
			Loan Repaid	-	-	-
3	Urmiladevi Agarwal	Relatives of	Share Application	-	-	-

		KMP	Money Received			
			Director Remuneration	-	-	-
			Loan Accepted	-	-	-
			Loan Repaid	-	-	134.33
			Interest Paid	-	-	13.43
4	Sparsh Fabrics Private Limited	Enterprise under Influence of Key Managerial Personnel	Investment in Shares	-	-	-
			Sale of Goods	1303.58	137.34	57.12
			Sale of Capital Goods	-	-	-
			Purchase of Goods	247.16	139.57	121.13
			Loan Granted	-	-	-
			Loan Recovered	-	-	-
			Interest Income	-	-	-
5	Rikin Fabrics Private Limited	Enterprise under Influence of Key Managerial Personnel	Purchase of Goods	67.07	-	-
			Sale of Goods	-	-	-
			Sale of Capital Goods	-	-	-
			Loan Granted	-	65.00	-
			Loan Recovered	-	-	-
			Loan Accepted	-	-	-
			Loan Repaid	-	-	-
			Interest Paid	-	-	-
				-	-	-
6	Deepika Rikin Agarwal	Relatives of KMP	Purchase of Goods	0.00	-	-
			Sale of Goods	-	-	-
			Sale of Capital Goods	-	-	-
			Loan Granted	-	50.00	-
			Loan Recovered	-	-	-
			Loan Accepted	-	-	-
			Loan Repaid	-	50.00	-
			Interest Paid	-	-	-

#### **Balance of Related Parties:-**

(₹ in Lakhs)					
Sr. No.	Name of Party	Nature of Relationship	As on 31st March, 2023 (In ₹)	As on 31st March, 2022 (In ₹)	As on 31st March, 2021 (In ₹)
1	Bharat Bhushan Omprakash Agarwal	Director	387.34 (Cr. Balance)	405.00 (Cr. Balance)	-
2	Rikin Bharatbhushan Agarwal	Director	0.84 (Cr. Balance)	-	-
3	Urmiladevi Agarwal	Relative of KMP	-	-	-
4	Sparsh Fabrics Private Limited	Enterprise under Influence of Key Managerial Personnel	-	-	-
5	Rikin Fabrics Private Limited	Enterprise under Influence of Key Managerial Personnel	2.07 (Cr. balance)	65.00 (Dr. balance)	-
6	Deepika Rikin Agarwal	Relative of KMP	-	0.00	-

**Note:** The figures disclosed above are based on the restated summary statement of assets and liabilities of the Company.

For further details, please refer to the Note-W – Related Party Disclosures of chapter titled “*Financial Information of the Company*” on page 158 of this Draft Red Herring Prospectus.

#### **N. DETAILS OF FINANCING ARRANGEMENTS**

There are no financing arrangements whereby the promoters, members of the Promoter Group, the directors of the issuer and their relatives have financed the purchase by any other person of securities of the issuer other than in the normal course of the business of the financing entity during the period of six months immediately preceding the date of this Draft Red Herring Prospectus.



**O. WEIGHTED AVERAGE PRICE AT WHICH THE EQUITY SHARES WERE ACQUIRED BY EACH OF OUR PROMOTER/ SELLING SHAREHOLDER IN LAST ONE YEAR**

Weighted average price at which the Equity Shares were acquired by our Promoters and Selling Shareholders in Last one year preceding the date of this Draft Red Herring Prospectus:

Sr. No.	Name of the Promoter & Selling Shareholder	No. of Shares acquired in last one year	Weighted Average Price (in ₹)*
1.	Bharat Bhushan Omprakash Agarwal	15,16,900	Nil
2.	Rikin Bharatbhushan Agarwal	15,14,200	Nil
3.	Vineeta V. Chiripal	5,42,000	Nil
4.	Chiripal Exim LLP	3,46,000	Nil

\*Except for the bonus issue of shares, which has been made by our Company on August 02, 2023 neither our Promoters nor any of the Selling Shareholders, have acquired/been allotted any Equity Shares in the one year immediately preceding the date of this DRHP and accordingly due to bonus issue of shares, the weighted average price is Nil.

**P. AVERAGE COST OF ACQUISITION OF SHARES FOR PROMOTERS AND SELLING SHAREHOLDERS**

The average cost of acquisition of Equity Shares by our Promoters and Selling Shareholders are set forth in the table below:

Sr. No.	Name of the Promoters	No. of Shares held	Average cost of Acquisition (in ₹)
1.	Bharat Bhushan Omprakash Agarwal	30,33,800	19.91
2.	Rikin Bharatbhushan Agarwal	30,28,400	19.92
Sr. No.	Name of the Selling Shareholders	No. of Shares held	Average cost of Acquisition (in ₹)
3.	Vineeta V. Chiripal	10,84,000	27.00
4.	Chiripal Exim LLP	6,92,000	15.00

\*The average cost of acquisition of Equity Shares by our Promoter has been calculated by taking into account the amount paid by them to acquire, by way of fresh issuance or transfer, the Equity Shares less amount received by them for the sale of Equity Shares through transfer, if any and the net cost of acquisition has been divided by total number of shares held as on date.

**Q. PRE-IPO PLACEMENT**

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

**R. EQUITY SHARES ISSUED FOR CONSIDERATION OTHER THAN CASH**

Except as set out below, we have not issued Equity Shares for consideration other than cash in the last one year.

Date of Allotment	Number of Equity Shares	Face Value (₹)	Issue Price (₹)	Reason of Allotment	Benefits Accrued to our Company	Name of Allottees	No. of Shares Allotteeed
August 02, 2023	71,00,000	10.00	Nil	Bonus Issue in the ratio of 1:1	Capitalization of Reserves & Surplus	Bharat Bhushan Omprakash Agarwal	15,16,900
						Rikin Bharatbhushan Agarwal	15,14,200
						Urmila Bharatbhushan Agarwal	5,18,900
						Chiripal Exim LLP	3,46,000
						Kautilya Traders Pvt. Ltd.	13,86,000
						Vijay Subham Contrade Private Limited	12,76,000
						Vineeta Chiripal	5,42,000
<b>TOTAL</b>	<b>71,00,000</b>						

**S. SPLIT/ CONSOLIDATION OF EQUITY SHARES**

Our company has not done any split/consolidation/ subdivision of equity shares of the Company since incorporation.

**T. EXEMPTION FROM COMPLYING WITH ANY PROVISIONS OF SECURITIES LAWS, IF ANY, GRANTED BY SEBI**

As on date of the Draft Red Herring Prospectus, our Company has not availed any exemption from complying with any provisions of securities laws granted by SEBI.

### **SECTION III: RISK FACTORS**

*An investment in our Equity Shares involves a high degree of financial risk. Prospective investors should carefully consider all the information in the Draft Red Herring Prospectus, particularly the “**Financial Information of the Company**” and the related notes, “**Our Business**” and “**Management’s Discussion and Analysis of Financial Condition and Results of Operations**” on page 128, 90 and 166 respectively of this Draft Red Herring Prospectus and the risks and uncertainties described below, before making a decision to invest in our Equity Shares.*

*The risk factors set forth below are not exhaustive and do not purport to be complete or comprehensive in terms of all the risk factors that may arise in connection with our business or any decision to purchase, own or dispose of the Equity Shares. This section addresses general risks associated with the industry in which we operate and specific risks associated with our Company. Any of the following risks, individually or together, could adversely affect our business, financial condition, results of operations or prospects, which could result in a decline in the value of our Equity Shares and the loss of all or part of your investment in our Equity Shares. While we have described the risks and uncertainties that our management believes are material, these risks and uncertainties may not be the only risks and uncertainties we face. Additional risks and uncertainties, including those we currently are not aware of or deem immaterial, may also have an adverse effect on our business, results of operations, financial condition and prospects.*

*This Draft Red Herring Prospectus contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Draft Red Herring Prospectus. The financial and other related implications of risks concerned, wherever quantifiable, have been disclosed in the risk factors below. However, there are risk factors the potential effects of which are not quantifiable and therefore no quantification has been provided with respect to such risk factors. In making an investment decision, prospective investors must rely on their own examination of our Company and the terms of the Offer, including the merits and the risks involved. You should not invest in this Offer unless you are prepared to accept the risk of losing all or part of your investment, and you should consult your tax, financial and legal advisors about the particular consequences to you of an investment in our Equity Shares.*

#### **Materiality**

*The Risk factors have been determined on the basis of their materiality. 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 be having material impact in future.*

#### **Note:**

*The risk factors as envisaged by the management along with the proposals to address the risk if any. Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial implication of any of the risks described in this section.*

*In this Draft Red Herring Prospectus, any discrepancies in any table between total and the sums of the amount listed are due to rounding off. Any percentage amounts, as set forth in “**Risk Factors**” on page 23 and “**Management Discussion and Analysis of Financial Condition and Results of Operations**” on page 166 of this Draft Red Herring Prospectus unless otherwise indicated, has been calculated on the basis of the amount disclosed in the “**Restated Financial Statements**”.*

#### **INTERNAL RISK FACTORS**

- 1. Our business is vulnerable to variations in demand of denim-based apparels and changes in consumer preferences, which could have an adverse effect on our business, results of operations and financial condition.***

*Our Company is primarily engaged in manufacturing and selling of denim fabrics, which has a primary application in the production of denim apparels, particularly jeans. Our sales of denim fabrics are dependent on a number of factors, and may decline as a result of increased competition, regulatory action, pricing pressures or fluctuations in the demand for or supply of our products and other factors outside our control. In particular, our business is vulnerable to rapidly-changing customer preferences. Our results of operations are dependent on our ability to attract customers by anticipating, gauging and responding to such changes in customer preferences, and manufacture denim fabrics in line with changes in fashion trends as well as customer demands and preferences. Any change in consumer attitudes towards denim-based apparels may lead to decrease in demand for our products. A decline in demand for our products or a mis-judgement on our part could lead to increased market acceptance of our competitors’ products or may result in the substitution of our products in the market, which could lead to us having lower sales and excess inventories. This may cause a decline in our revenues and profits, which would adversely affect our business, results of operations, financial condition and cash flows.*

**2. Substantial portion of our revenues has been dependent upon few customers, with which we do not have any firm commitments. The loss of any one or more of our major customer would have a material adverse effect on our business, cash flows, results of operations and financial condition.**

The substantial portion of our revenues has been dependent upon few customers. For instance, our top ten customers for the F.Y. ended March 31, 2023 and March 31, 2022 accounted for 96.04% and 92.58% of our revenue from operations for the respective year. Our reliance on a limited number of customers for our business exposes us to risks, that may include, but are not limited to, reductions, delays or cancellation of orders from our significant customers, a failure to negotiate favourable terms with our key customers or the loss of these customers, all of which would have a material adverse effect on the business, financial condition, results of operations, cash flows and future prospects of our Company.

The contribution of our top ten customers in our sales as a percentage of the revenue from operations during financial year ended Mar.'23 are disclosed hereunder:-

S. No.	Customer	% contribution in the revenue from operations for F.Y. ended March 31, 2023
1	Customer 1	30.96%
2	Customer 2	20.41%
3	Customer 3	18.76%
4	Customer 4	9.08%
5	Customer 5	5.08%
6	Customer 6	3.74%
7	Customer 7	3.34%
8	Customer 8	1.83%
9	Customer 9	1.44%
10	Customer 10	1.39%
<b>Total</b>		<b>96.04%</b>

In addition, we have not entered into long term agreements with our customers and the success of our business is accordingly significantly dependent on maintaining good relationship with them. The loss of one or more of these significant customers or a reduction in the amount of business we obtain from them could have an adverse effect on our business, results of operations, financial condition and cash flows.

Further, there is no guarantee that we will retain the business of our existing key customers or maintain the current level of business with each of these customers. In order to retain some of our existing customers, we may also be required to offer terms to such customers which may place restraints on our resources. Additionally, our revenues may be adversely affected if there is an adverse change in any of our customers' supply chain strategies or a reduction in their outsourcing of products we offer, or if our customers decide to choose our competitors over us or if there is a significant reduction in the volume of our business with such customers.

We cannot assure you that we will be able to maintain historic levels of business and/or negotiate and execute long term contracts on terms that are commercially viable with our significant customers or that we will be able to significantly reduce customer concentration in the future. Further, the sales volume may vary due to our customers' attempts to manage their inventory, market demand, product and supply pricing trends, change in customer preferences etc., which may result in decrease in demand or lack of commercial success of our products, which could reduce our sales and adversely affect our business, cash flows, results of operations and financial condition.

In addition, we are exposed to payment delays and/or defaults by our major customers and our financial position and financial performance are dependent on the creditworthiness of our customers. There is no guarantee that all or any of our customers will honor their outstanding amounts in time and whether they will be able to fulfill their obligations, due to any financial difficulties, cash flow difficulties, deterioration in their business performance, or a downturn in the global economy. We may be subject to working capital risks due to delays or defaults in payment by clients, which may restrict our ability to procure raw materials and make payments when due. Such defaults/ delays by our customers in meeting their payment obligations to us may have a material effect on our business, financial condition and results of operations.

**3. We face competition, including from other large and established competitors, and we may fail to compete successfully against existing or new competitors, which may reduce the demand for our Products which may lead to reduced prices, operating margins, profits and further result in decline in revenue.**

We face increasing competition from our existing and potential competitors in India and in overseas markets that may have substantially greater brand recognition, longer operating histories, greater financial, product development, sales, marketing, more experienced management, access to a cheaper cost of capital and other resources than we do. Some of our significant competitors in the organized segment includes R&B Denims Limited, Manomay Tex India Limited, United Polyfab Gujarat Ltd and Jindal Worldwide Ltd. Our competitors may have lower costs, or be able to offer lower prices and a larger variety of products in order to

gain market share. Our competitors may also make acquisitions or establish cooperative or other strategic relationships, among themselves or with third parties, including dealers of our products, thereby increasing their ability to address the needs of our targeted customers and offering lower cost products than we do which may have a negative effect on our sales. Further, new competitors may emerge at any time. Our competitors may be able to respond more quickly to new or emerging technologies or customer requirements, and may bring with them customer loyalties that may limit our ability to compete, which could decline our sales. In addition, a variety of known and unknown events could have a material adverse impact on our ability to compete. The success of our products as well as our ability to maintain or increase our sales may also depend upon the effectiveness of our marketing initiatives which may adversely affect our ability to compete effectively.

Competition in our industry is based on a range of factors including pricing, marketing, delivery time, payment terms etc. To remain competitive, we must continue to invest significant resources in capital expenditure, research and development, sales and marketing and customer support. There can be no assurance that we shall have sufficient resources to make these investments or that we shall be able to make the technological advances necessary to be competitive. In case we fail to effectively compete, including any delays in responding to changes in the industry and the market, we may also have to incur additional costs and expenses to conduct marketing campaigns, market research and investing in newer technologies and infrastructure to effectively compete. Increased competition could result in, amongst other things, a slowdown in the growth of our corporate accounts, a loss of our market share, price reductions, reduced demand for our Products, reductions in revenue and reduced margins and profitability.

Further, we may be subject to risk of consolidation amongst our competitors who may leverage their financial strength and market dominance to secure financing at competitive terms. Such a consolidation shall enable these market players to take aggressive steps, including but not limited to, making additional acquisitions, investing more aggressively in product development and capacity and displacing demand for our Products. The market in which we operate is fragmented and in case there is a trend of consolidation in future, our business could be at a comparatively disadvantageous position and as a result our business, results of operations, financial condition and prospects could be materially and adversely affected.

***4. We are primarily dependent upon few key suppliers for procurement of raw materials. Any disruption in the supply of these raw materials or fluctuations in their prices could have a material adverse effect on our business operations and financial conditions.***

We are dependent on third party suppliers for procurement of yarn, which is the main raw material for manufacturing denim fabrics. We procure a large portion of yarn from a few key suppliers, with whom we do not have any long-term supply contracts and therefore, we cannot assure you that we shall always have a steady supply of raw material at prices favourable to us. Inadequate supply of such raw materials caused either by a sudden change in the prices or imposition of any new taxes or for any other reason could have a material adverse effect on our business operations and financial condition. For the Fiscals 2023 and 2022, purchases from our top ten suppliers amounted to ₹ 26,370.60 lakhs and ₹ 19,001.70 lakhs respectively, and represented 78.36% and 84.20% of our total raw material purchases. In case of loss of any of our existing major vendors for any reason, it would have a material adverse effect on our business operations and profitability. If we cannot fully offset increases in the cost of raw materials, through increases in the prices for our products, we would experience lower margins and profitability, which would have a material adverse effect on our financial condition and results of operations.

Further, we do not have long term agreements with any of our raw material suppliers and we acquire such raw materials pursuant to our purchase orders from suppliers. Raw material supply and pricing can be volatile due to a number of factors beyond our control, including cotton prices, polyester prices, crude prices, global demand and supply of yarns, general economic and political conditions, tariff disputes, transportation, labour costs, labour unrest, natural disasters, competition, import duties, the outbreak of infectious diseases such as COVID-19, tariffs and currency exchange rates and there are inherent uncertainties in estimating such variables, regardless of the methodologies and assumptions that we may use. Further, discontinuation of such supply or a failure of these suppliers to adhere to the delivery schedule or the required quality could hamper our production schedule and therefore affect our business and results of operations. There can be no assurance that demand, capacity limitations or other problems experienced by our suppliers will not result in occasional shortages or delays in their supply of raw materials. If we were to experience a significant or prolonged shortage of raw materials from any of our suppliers, and we cannot procure the raw materials from other sources, we would be unable to meet our production schedules for our key products and to deliver such products to our customers in a timely manner, which would adversely affect our sales, margins and customer relations. Any delay in the supply or delivery of raw materials to us by our suppliers may in turn delay our process of manufacture and delivery of products to our customers and this may have an adverse effect on our business, cash flows and results of operations. Additionally, our inability to predict market conditions may result in us placing supply orders for inadequate quantities of such raw materials. Therefore, we cannot assure you that we will be able to procure adequate supplies of raw materials in the future, as and when we need them and on commercially acceptable terms.

Our suppliers may be unable to provide us with a sufficient quantity of raw materials, at prices acceptable to us. Further, we may not be able to renegotiate our pricing or delivery terms on a reasonable basis or find suitable alternative suppliers in the future, which may affect our business, financial condition, cash flows and results of operations. Any extended interruption in the supply of raw materials could disrupt our operations and can have a material adverse effect on our business, results of operations or financial condition. Although we believe we have maintained stable relationships with our suppliers in the past, we cannot assure you that, we will be able to source adequate quantities of raw materials in a timely manner from our existing suppliers in the

future or we will be able to find alternative suppliers at acceptable prices and quality levels. Our inability to do so may adversely affect our reputation, business, results of operations and cash flows.

5. *We rely on outsourcing a certain proportion of our production processes and activities to third-parties, without exclusivity arrangements. Any inability to obtain sufficient quantities of processed material of the requisite quality in a timely manner and at acceptable prices, or a slowdown, shutdown or disruption in such third parties' operations and performance, could adversely affect our business, results of operations and financial condition.*

Currently, we outsource certain proportion of our production process such as yarn dyeing, yarn sizing and fabrics singeing and finishing process to third party manufacturers. We rely on these third parties to provide us with an uninterrupted supply of our products. However, we cannot assure you that they may do so in a timely manner, or if at all. These third parties may decide not to accept our future orders on the same or similar terms, or at all. We may face the risk of our competitors offering them better terms, which may cause them to cater to our competitors alongside, or even instead of us. They may discontinue their work on short notice and our production process may be stalled or hindered due to this. Conversely, due to increased customer demand for our products, we may need to obtain more products from more third parties, and any inability to do so may render us unable to execute our growth strategy.

Additionally, our job workers manufacturing facilities may be subject to operating risks, such as performance below expected levels of efficiency, excessive wastage of raw materials, delays in production, decrease in quality of products made, labor disputes, natural disasters, industrial accidents, interruptions in power supply and statutory and regulatory restrictions. Any non-compliance by our jobbers with the applicable laws which may result in a shutdown of their facilities, could result in the delay or non-availability of the delivery of our products. In addition, we cannot ensure that the processes done by them on products will be of satisfactory quality. Any failure to adhere with quality may damage our reputation, and adversely affect our business, results of operations and financial condition. Any defects in the products they supply could expose us to product liability or damage our reputation and reduce demand for our products. If our jobbers perform unsatisfactorily, substantially reduce their volume of supply, substantially increase their prices or terminate their business relationship with us, the cost and time required to manufacture our products would increase. We may also need to replace jobbers or take other remedial actions. Any deficiency in the quality of products that our jobbers supply to us may adversely affect our business, financial condition and results of operations.

6. *We require certain approvals, licenses, registrations and permits to operate our business, and failure to obtain or renew them in a timely manner or maintain the statutory and regulatory permits and approvals required to operate our business may adversely affect our operations and financial conditions.*

We require certain statutory and regulatory permits, licenses and approvals to operate our business. Though we believe that we have obtained those permits and licenses which are adequate to run our business, we cannot assure that there is no other statutory/regulatory requirement which we are required to comply with. Further, some of these approvals are granted for fixed periods of time and need renewal from time to time. We are required to renew such permits, licenses and approvals. There can be no assurance that the relevant authorities will issue any of such permits or approvals in time or at all. Failure by us to renew, maintain or obtain the required permits or approvals in time may result in the interruption of our operations and may have a material adverse effect on our business, financial condition and results of operations.

The approvals required by our Company are subject to numerous conditions and there can be no assurance that these would not be suspended or revoked in the event of non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action. If there is any failure by us to comply with the applicable regulations or if the regulations governing our business are amended, we may incur increased costs, be subject to penalties, have our approvals and permits revoked or suffer a disruption in our operations, any of which could adversely affect our business. Our Company is in the process of making application for change in name in all the permits, licenses and approvals, which are under Company's former name. For details regarding pending approvals, please refer to section titled "**Government and Other Approvals**" beginning on page 178 of the Draft Red Herring Prospectus. There can be no assurance that the relevant authorities will issue these approvals or licenses in a timely manner, or at all.

7. *Our Company, Promoters and Directors are parties to certain tax proceedings. Any adverse decision in such proceedings may have a material adverse effect on our business, results of operations and financial condition*

Our Company, Promoters and Directors are parties to certain tax proceedings. Mentioned below are the details of the proceedings involving our Company, Promoter and Directors as on the date of this Draft Red Herring Prospectus along with the amount involved, to the extent quantifiable.

#### **Tax Proceedings involving our Company**

<b>Nature of Proceedings</b>	<b>Number of cases</b>	<b>Amount involved (₹ in lakhs)</b>
<b>Direct Tax</b>		
Income Tax	8*	0.95**
<b>Indirect Tax</b>	-	-
<b>Total</b>	8	0.95

\*Out of the aforementioned income tax matters, three of the matters relates to A.Y. 2019-20, where our Company has received notice dated March 30, 2023 under section 148 of the Income Tax Act, 1961 for the re-assessment of income, notice dated August 09, 2023 u/s 143(2) read with Section 147 of the Income Tax Act, 1961 regarding the scrutiny proceedings and notice dated August 26, 2023 issued u/s 142(1) of the Income Tax Act, 1961 seeking information and documents in respect of ongoing scrutiny proceedings. These scrutiny proceedings have been initiated pursuant to a search & seizure operation carried by the Income Tax Authorities on Chiripal Group and their key persons on 20.07.2022 in which our Company's name has been mentioned in warrant.

\*\* Amount mentioned to the extent ascertainable.

#### Tax Proceedings involving our Promoters and Directors:-

Nature of Proceedings	Number of cases	Amount involved* (₹ in lakhs)
<b>Promoters and Directors:</b>		
<b>Bharat Bhushan Omprakash Agarwal</b>		
Income Tax	1	0.25
<b>Rikin Bharatbhushan Agarwal</b>		
Income Tax	3*	0.65
<b>Total</b>	<b>4</b>	<b>0.90</b>

\*Out of the aforementioned income tax matters, two of the matters relates to notices issued by Income Tax Authorities under section 21 of Prohibition of Benami Property Transactions Act, 1988 requiring Mr. Rikin Bharatbhushan Agarwal to furnish certain details relating to personal properties and assets. These notices has been issued on May 17, 2023 and May 25, 2023.


Amount mentioned to the extent quantifiable. The amount may be subject to additional interest/other charges being levied by the concerned authorities which are unascertainable as on date of this Draft Red Herring Prospectus. For further details, please refer to the chapter titled "Outstanding Litigations and Material Developments" on page 175 of this Draft Red Herring Prospectus.


8. **One of our Promoter Group entity, namely CIL Nova Petrochemicals Limited, has in the past been restrained by SEBI from buying, selling, dealing or accessing the securities market for violation of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003. In addition, one of our Promoter Group member, Mr. Shivkumar Omprakash Agarwal and Promoter group entity, Shivalay Texo Fab. Pvt. Ltd. has been declared as defaulters by MCA for not filing Annual Returns and Balance Sheet.**

One of our Promoter Group entity, currently listed on BSE, namely, CIL Nova Petrochemicals Limited (erstwhile known as Nova Petrochemicals Limited) was restrained from buying, selling, dealing or accessing the securities market directly or indirectly in any manner whatsoever for a period of two years starting from January 12, 2010 for violation of Section 12A of the Securities and Exchange Board of India Act, 1992 and Regulation 3(c), 3(d), 4(1) and 4(2)(k) &(r) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003, vide SEBI Order WTM/PS/34/IVD/ID-4/JAN/10 dated January 12, 2010. In addition, one of our Promoter Group entity, Shivalay Texo Fab. Pvt. Ltd. has not filed Annual Returns and Balance Sheet since 2008, pursuant to which MCA has declared Shivalay Texo Fab. Pvt. Ltd. as defaulter along with its director, Mr. Shivkumar Omprakash Agarwal, which forms our Promoter Group member. We cannot guarantee that such non-compliances and violations will not take place in future and the same if occurred, may affect our goodwill and future prospects.

9. **Our company has not complied with certain statutory provisions of the Companies Act, 2013. Such non-compliance may attract penalties against our Company which could impact the financial position of us to that extent.**

Our Company has not complied with certain statutory provisions under the Companies Act 2013, for instance our company has met the threshold limit for appointment of Company secretary under the Companies Act, 2013 in FY 2017-18, however the same has been appointed in F.Y. 2019-20. Similarly, our Company was required to appoint the Cost Auditor from F.Y. 2019-20, however the same has been appointed from F.Y. 2020-21. Further, our company has in the past made certain advances to relatives of Director and entities in which Directors are interested, which is a non-compliance of Section 185 of the Companies Act, 2013, however no such amount is outstanding as on March 31, 2023. Further, the transfer deeds executed in 2015 wherein our Promoters has purchased certain shares are not traceable. Also, our company has made errors in complying with certain Accounting Standards in the past such as AS-15 (Employee Benefits), however the same have been duly complied by the company in the restated financial statements. Although, no show cause notice in respect of the above has been received by the Company till date, any penalty imposed for such non-compliance in future by any regulatory authority could affect our financial conditions to that extent.

10. **Our Company's logo  is not registered as on date of this Draft Red Herring Prospectus. We may be unable to adequately protect our intellectual property. Furthermore, we may be subject to claims alleging breach of third party intellectual property rights which could have a material adverse effect on our business, results of operations and financial condition.**

As on date of Draft Red Herring Prospectus, we have made an application for registration of our logo  under the Trade Marks Act, 1999, however the same is pending for registration, hence, we do not enjoy the statutory protections accorded to a registered logo. We cannot assure you that the registration of our logo will be granted by the relevant authorities in a timely manner or at all. Further, there can be no assurance that third parties will not infringe our intellectual property, causing damage to our business prospects, reputation and goodwill. We may not be able to detect any unauthorized use or our efforts to protect our intellectual property may not be adequate and may lead to erosion of our business value and our operations could be adversely affected. We may need to litigate in order to determine the validity of such claims and the scope of the proprietary rights of others. Any such litigation could be time consuming and costly and the outcome cannot be guaranteed.

For further details on our trademark, please refer to chapter titled **“Our Business”** beginning on page 90 of this Draft Red Herring Prospectus.

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

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

**12. Our continued operations at our manufacturing facility is critical to our business and any disruption, breakdown or failure of machinery, disruption to power sources or any temporary shutdown of our manufacturing facility, may have a material adverse effect on our business, results of operations, financial condition and cash flows.**

Our manufacturing facility is subject to operating risks, such as breakdown or failure of machinery, power supply or processes, performance below expected levels of efficiency, obsolescence of equipment or machinery, labour disputes, natural disasters, industrial accidents and the need to comply with the directives of relevant government authorities. Our customers rely significantly on the timely delivery of our products and our ability to provide an uninterrupted and timely supply of our products is critical to our business. We also require substantial electricity for our manufacturing facilities which is sourced from state electricity board. In case, the supply is not available for any reason, our production schedule may be hampered. Further, our customer relationship, business and financial results may be materially adversely affected by any disruption of manufacturing operations of our products, including as a result of any of the factors mentioned above.

**13. Any failure on our part to effectively manage our inventory may result in an adverse effect on our business, revenue from manufacturing operations and financial condition.**

We are a manufacturing company, and, at all points of time, a certain portion of our assets comprises of an inventory of raw materials, work in progress and finished goods. Maintaining sufficient inventory of raw materials is critical for our operations including as a buffer against any supply disruptions. Any failure on our part to effectively manage our inventory of raw materials and finished products in response to changing market scenario may have an adverse effect on our financial condition and may even lead to loss of business and increase the costs of our operations.

In the event we overestimate our requirements for raw materials as compared to the demand for our products, it may lead to situations that require us to block more capital and increase our operating costs in connection with inventories and further expose us to variations in raw materials risk. Equally, if we underestimate our requirements for raw materials, it may adversely affect our ability to manufacture the required quantity of products for our customers' requirements in a timely and cost-efficient manner which may lead to loss of business and / or the opportunity to service customers which could adversely affect our business, results of operations and financial condition. Further, we may also lose opportunities to acquire raw materials in a cost-effective manner, thereby increasing costs of operations and adversely affecting our working capital requirements.

Additionally, if our inventory of finished products is not dispatched on time or if there is any unanticipated delay in the delivery of our finished products or if the finished products are not properly maintained or are damaged or destroyed, we could lose such inventory which could have an adverse impact on our production cycle, results of operation and financial condition.

**14. Under-utilization of our manufacturing capacities and an inability to effectively utilize our existing manufacturing capacities could have an adverse effect on our business, future prospects and future financial performance.**

As on date of this Draft Red Herring Prospectus, our Company has 96 airjet looms installed at Dholi unit which has an annual installed capacity of weaving 1,92,72,000 mtrs. of denim fabrics. In Fiscals 2023, 2022 and 2021, our overall capacity utilization is detailed below:

**Capacity of weaving of yarn into grey fabrics:**

Particulars	2020-21	2021-22	2022-23	Existing Capacity (p.a.)	Installed Capacity (p.a.)
Installed Capacity (in Mt)	1,92,72,000	1,92,72,000	1,92,72,000	1,92,72,000	
Actual Production (in Mt)	56,06,785	92,92,589	1,24,37,275		
Capacity Utilization (in %)	29.09%	48.22%	64.53%		

*As certified by Mukesh M. Shah, Chartered Engineer, through certificate dated July 27, 2023*

Our capacity utilization levels are dependent on our ability to carry out uninterrupted operations at manufacturing facility as well as on the market demand of the products sold by us. Among others, the capacity utilization also depends upon the availability of raw materials, labour, industry/ market conditions and procurement practice followed by our customers. In the event we are unable to achieve considerable capacity utilization of our current manufacturing facility, it would result in operational inefficiencies which could have a material adverse effect on our business, results, financial condition and future prospects. Under-utilization of our manufacturing capabilities over extended periods, or significant under-utilization in the short-term, could materially and adversely impact our business, growth prospects and future financial performance.

**15. 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.**

Our operations are subject to risks inherent in manufacturing facilities such as risk of equipment failure, work accidents, fire, earthquakes, flood and other force majeure events, acts of terrorism and explosions including hazards that may cause injury and loss of life, severe damage to and the destruction of property and equipment and environmental damage. Our significant insurance policies consist of, among others, property insurance (building, stock, furniture & fixture and plant & machinery), burglary insurance of stock, windmill property insurance and vehicle insurance. While we believe that we maintain insurance coverage in adequate amounts consistent with size of our business, our insurance policies do not cover all risks, specifically risks such as cash in transit, goods in transit, machinery breakdown, keyman insurance, workmen compensation, group personal accident or mediclaim policy. Failure to effectively cover ourselves against the associated risks may potentially lead to material losses. There can be no assurance that our insurance policies will be adequate to cover the losses/ damages suffered or that such insurance coverage will continue to be available on reasonable terms or will be available in sufficient amounts to cover one or more large claims, or that the insurer will not disclaim coverage as to any future claim. If we suffer a significant uninsured loss or if insurance claim in respect of the subject matter of insurance is not accepted or any insured loss suffered by us significantly exceeds our insurance coverage, our business, financial condition and results of operations may be materially and adversely affected.

**16. If we are not able to successfully manage our growth, our business and results of operations may be adversely affected.**

Continued growth of our business and customer base requires us to expand our product portfolio, strengthen our product quality, expand and enhance our sales channels, better manage our supply chain, upgrade our information systems and technologies and devote other resources to our business expansions, among others. As we continue to grow, managing our business will become more complicated as we develop a wider product mix, some of which we may have less experience in. In addition, as we increase our product offerings, we will need to work with a larger number of business partners and maintain and expand mutually beneficial relationships with our existing and new business partners. Our inability to manage the expansion of our products range, customer base and manufacturing capacities, and execute our growth strategy in a timely manner or within budget estimates, or our inability to meet the expectations to track the changing preferences of our customers or other stakeholders could have an adverse effect on our business, results of operations and financial condition.

We cannot assure you that we will be able to effectively manage our growth, that our current personnel, infrastructure, systems, procedures and controls or any measures to enhance them will be adequate and successful to support our expanding operations or that our strategies and new business initiatives will be executed successfully. Our failure to manage our anticipated growth effectively could reduce our ability to execute our business strategies, recruit and retain personnel, innovate, and manage costs all of which could adversely affect our business, results of operations, cash flows and financial condition. In addition, the availability of funds plays a crucial role for growth and expansion of the business. Our ability to arrange financing and the costs of capital of such financing are dependent on numerous factors, including general economic and capital market conditions, credit availability from banks, investor confidence, the continued success of our operations and other laws that are conducive to our raising capital in this manner. Any downgrade in our credit ratings could increase our borrowing costs and adversely affect our access to capital. Further, in case we decide to raise additional funds through the issuance of equity or equity linked instruments, the interests of our shareholders may be diluted. Further, if we decide to meet our capital requirements through debt financing, our interest obligations shall increase and we may be subject to additional restrictive covenants under our respective financing arrangements. If we are unable to raise adequate capital in a timely manner and on acceptable terms, or at all, our business, results of operations and financial condition could be adversely affected.



**17. We are heavily dependent on our Promoters and Key Managerial Personnel for the continued success of our business through their continuing services and strategic guidance and support.**

Our success heavily depends upon the continued services of our Promoters and Key managerial personnel, particularly Mr. Bharat Bhushan Agarwal and Mr. Rikin Agarwal. The loss of any of our Promoter and Key Management Personnel, or failure to recruit suitable or comparable replacements, could have an adverse effect on us. The loss of service of the Promoters and other senior management could seriously impair the ability to continue to manage and expand the business efficiently. If we are unable to retain qualified employees at a reasonable cost, we may be unable to execute our growth strategy. For further details of our Directors and key managerial personnel, please refer to Section **“Our Management”** on page 110 of this Draft Red Herring Prospectus.

**18. We have incurred indebtedness which exposes us to various risks which may have an adverse affect on our business and results of operations**

Our ability to borrow and the terms of our borrowings will depend on our financial condition, the stability of our cash flows, general market conditions, economic and political conditions in the markets where we operate and our capacity to service debt. As on March 31, 2023, our total outstanding indebtedness was ₹ 4177.66 Lakhs.

Our significant indebtedness in future may result in substantial amount of debt service obligations which could lead to:

1. increasing our vulnerability to general adverse economic, industry and competitive conditions;
2. limiting our flexibility in planning for, or reacting to, changes in our business and the industry;
3. affecting our credit rating;
4. limiting our ability to borrow more money both now and in the future; and
5. increasing our interest expenditure and adversely affecting our profitability.

If the loans are recalled on a short notice, we may be required to arrange for funds to fulfil the necessary requirements. The occurrence of these events may have an adverse affect on our cash flow and financial conditions of the company. For further details regarding our indebtedness, see **“Statement of Financial Indebtedness”** on page 163 of this Draft Red Herring Prospectus.

**19. Our business operations are majorly concentrated in a particular geographical region and any adverse developments affecting our operations in this region could have a significant impact on our revenue and results of operations.**

We carry our entire manufacturing operations from our unit located in Dholka, Ahmedabad, Gujarat. Due to the geographical concentration of our manufacturing operations primarily in Dholka, our operations are susceptible to local, regional and environmental factors, such as social and civil unrest, regional conflicts, civil disturbances, economic and weather conditions, natural disasters, demographic and population changes, and other unforeseen events and circumstances. Such disruptions could result in the damage or destruction of a significant portion of our manufacturing abilities, significant delays in the transport of our products and raw materials, loss of key managerial personnel, and/or otherwise adversely affect our business, financial condition and results of operations.

In addition, we generate almost 100% of our revenue through our customers situated in Gujarat. Further, our most of the suppliers and third-party manufacturers are also located in Gujarat. Such geographical concentration of our business in the Gujarat region heightens our exposure to adverse developments related to competition, as well as economic and demographic changes in this region, which may adversely affect our business prospects, financial conditions and results of operations.

Further, as we enter into new markets and geographical areas, we are likely to compete with not only national players, but also the local players, who might have an established local presence, and are more familiar with local business practices and have stronger relationships with local distributors, dealers, relevant government authorities, suppliers or are in a stronger financial position than us, all of which may give them a competitive advantage over us. Our inability to expand into other areas may adversely affect our business prospects, financial conditions and results of operations. While our management believes that the Company has requisite expertise and vision to grow and mark its presence in other markets going forward, investors should consider our business and prospects in light of the risks, losses and challenges that we face and should not rely on our results of operations for any prior periods as an indication of our future performance.

**20. Adverse publicity regarding our products could negatively impact us.**

Adverse publicity regarding any of our products or similar products marketed or sold by others could negatively affect us. If any studies raise or substantiate concerns regarding the efficacy or safety of our products or other concerns, our reputation could be harmed and demand for our products could diminish, which could have a material adverse effect on growth in new customers and sales of our product, leading to a decline in revenues, cash collections, and ultimately our ability to meet operating cash flow requirements.

**21. *We have in the past entered into related party transactions and may continue to do so in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our Company's financial condition and results of operations.***

Our Company has entered into various transactions with our Directors, Promoters and Promoter Group members/entities. These transactions, inter-alia includes, sales, purchase, remuneration, loans and advances, purchase of fixed assets, payment of commission etc. For details, please refer to *Note-W - Related Party Transactions* under Section titled *"Financial Information of the Company"*, chapter titled *"Our Promoters and Promoter Group"* and *"Capital Structure"* beginning on page 158 and 52 respectively of this Draft Red Herring Prospectus. Our Company has entered into such transactions due to easy proximity and quick execution. While we believe that all such transactions have been conducted on an arm's length basis and in the ordinary course of business, there can be no assurance that we could not have achieved more favorable 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. Any future transactions with our related parties could potentially involve conflicts of interest. Accordingly, there can be no assurance that such transactions, individually or in the aggregate, will not have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

**22. *Dependence upon third party transportation services for supply and transportation of our products are subject to various uncertainties and risks, and delays in delivery may result in rejection of products by customer.***

We do not have an in-house transportation facility and we rely on third party transportation and other logistic facilities at every stage of our business activity including for procurement of products from our suppliers and for transportation of products to our customers. For this purpose, we hire services of transportation companies. However, we have not entered into any definitive agreements with any third-party transport service providers and engage them on a needs basis. Additionally, availability of transportation solutions in the markets we operate in is typically fragmented. The cost of our goods carried by such third-party transporters is typically much higher than the consideration paid for transportation, due to which it may be difficult for us to recover compensation for damaged, delayed or lost goods.

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

Our Promoters average cost of acquisition of Equity Shares in our Company may be lower than the Offer Price as may be decided by the Company and the Selling Shareholders in consultation with the Book Running Lead Manager. For further details regarding average cost of acquisition of Equity Shares by our Promoters in our Company and build-up of Equity Shares by our Promoters in our Company, please refer to the chapters *"Risk Factors - Prominent Notes"* and *"Capital Structure"* beginning on pages 23 and 52 respectively of this Prospectus

**24. *We have not received NOC from one of our lender for undertaking the initial public offer of equity shares.***

As on the date of this Draft Red Herring Prospectus, we have not received the NOC for the Proposed Offer from one of our lender, namely State Bank of India. However, our Company intends to obtain the necessary NOC in relation to the proposed Offer from such lender prior to the filing of the Prospectus with the RoC, undertaking the proposed Offer without obtaining such lender NOC may constitute a default under such loan agreement, which could impact our loan facilities and may have an effect on our financial condition and results of operations.

**25. *Our operations are subject to high working capital requirements. Our inability to maintain an optimal level of working capital required for our business may impact our operations adversely.***

Our business requires significant amount of working capital and major portion of our working capital is utilized towards inventories and trade receivables. Our growing scale and expansion, if any, may result in increase in the quantum of current assets. Our inability to maintain sufficient cash flow, credit facility and other sources of funding, in a timely manner, or at all, to meet the requirement of working capital or pay out debts, could adversely affect our financial condition and result of our operations. Further, we have high outstanding amount due from our debtors which may result in a high risk in case of non-payment by these debtors. In case of any such defaults from our debtors, may affect our business operations and financials. For further details regarding working capital requirement, please refer to the section *"Objects of the offer"* on page 63 of this Draft Red Herring Prospectus.

**26. *Failure to effectively manage labour or failure to ensure availability of sufficient labour could affect the business operations of the Company.***

Our business activities are dependent on availability of skilled and unskilled labour. Non-availability of labour at any time or any disputes with them may affect our production schedule and timely delivery of our products to customers which may adversely affect our business and result of operations. Though we have not faced any labour problem in the past we cannot assure that we will not experience disruptions to our operations due to disputes or other problems with our work force, which may lead to strikes, lock-outs or increased wage demands. Such issues could have adverse effect on our business, and results of operations.

**27. Our contingent liabilities as stated in our Restated Financial Statements could affect our financial condition.**

Our Contingent liability as on March 31, 2023 was Rs 79.53 lacs. If this contingent liability materializes, fully or partly, the financial condition of our Company could be affected. The details of Contingent Liability as on March 31, 2023 is as follows:

S. No.	Particulars	Amt. (Rs. lakhs)	In
1	Guarantees given on Behalf of the Company	79.53	

For more information, regarding our contingent liabilities, please refer “Annexure U” in chapter titled “*Financial Information of the Company*” beginning on page 128 of this Draft Red Herring Prospectus.

**28. The Promoters (including Promoter Group) and Directors hold 87.49% of the Equity Shares of our Company and are therefore interested in the Company's performance in addition to their remuneration and reimbursement of expenses.**

Our Promoters and Directors are interested in our Company, in addition to regular remuneration or benefits and reimbursement of expenses, to the extent of their shareholding in our Company or their relatives, dividend entitlement, properties given by them on lease/rental basis or loans advanced by them to the Company, and benefits deriving from the directorship in our Company. There can be no assurance that our Promoters will exercise their rights as shareholders to the benefit and best interest of our Company. Our Promoters will continue to exercise significant control over us, including being able to control the composition of our Board of Directors and determine decisions requiring simple or special majority voting of shareholders, and our other shareholders may be unable to affect the outcome of such voting. For further information, please refer to the chapters/section titled “*Our Business*”, “*Our Promoters and Promoter Group*” and “*Note-W - Related Party Transactions*”, beginning on pages 90, 122 and 158 respectively of this Draft Red Herring Prospectus.

**29. Our Promoters, Directors and Promoter Group members/entities have provided personal guarantees for loan facilities obtained by our Company, and any failure or default by our Company to repay such loans in accordance with the terms and conditions of the financing documents could trigger repayment obligations on them, which may impact their ability to effectively service their obligations as our Promoters/ Directors and thereby, impact our business and operations.**

Our Promoters, Directors and Promoter Group entities/members, namely Bharat Bhushan Omprakash Agarwal, Rikin Bharatbhushan Agarwal, Vedprakash Devkinandan Chiripal along with certain other parties have extended personally guarantee towards loan facilities taken by our Company. Any default or failure by us to repay the loans in a timely manner, or at all could trigger repayment obligations of our guarantors in respect of such loans, which in turn, could have an impact on their ability to effectively service their obligations as Promoters/Directors of our Company, thereby having an effect on our business, results of operation and financial condition. Furthermore, in the event that these individuals withdraw or terminate their guarantees, our lenders for such facilities may ask for alternate guarantees, repayment of amounts outstanding under such facilities, or even terminate such facilities. We may not be successful in procuring guarantees satisfactory to the lenders, and as a result may need to repay outstanding amounts under such facilities or seek additional sources of capital, which could affect our financial condition and cash flows. For further details regarding loans availed by our Company, please refer “*Statement of Financial Indebtedness*” on page 163 of this Draft Red Herring Prospectus.

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

Our Company has availed unsecured loans which may be recalled by lenders at any time with or without the existence of an event of default, on short or no notice. As of March 31, 2023, such loans amounted to ₹ 387.34 lakhs. In the event that any lender seeks a repayment of any such loan, our Company would need to find alternative sources of financing, which may not be available on commercially reasonable terms, or at all. As a result, any such demand may materially affect our business, cash flows, financial condition and results of operations. For further details, please see the section entitled “*Statement of Financial Indebtedness*” on page 163 of this Draft Red Herring Prospectus

**31. Our Promoter Group Entities are engaged in similar line of business. Any conflict of interest in future may occur between the business of our promoter group entities and us which may adversely affect our business, prospects, results of operations and financial condition.**

As on date of this DRHP, certain of our Promoter Group entities are engaged in similar line of business, which inter-alia includes Sparsh Fabrics Private Limited, Kanta tex print private limited, Omkar dyeing and printing mills private limited, Chiripal Industries Limited, Nandan Industries Private Limited, Chiripal Textile Mills Private Limited, CIL Nova Petrochemicals Limited, Nandan Denim Limited, Nandan Terry Limited, Vishal Fabrics Limited and Bharat Polyfab. We have not entered into any non-compete agreement with any of our promoter group entities. We will endeavour to take adequate steps to address any conflict of interest by adopting the necessary procedures and practices as permitted by applicable law, to address any conflict which may arise in the future. We cannot assure you that our Promoters will not favour the interests of our promoter group entity over our

interests in future or that we will be able to suitably resolve any such conflict without an adverse effect on our business or operations.

**32. *We have not identified any alternate source of funding and hence any failure or delay on our part to mobilize the required resources or any shortfall in the Offer proceeds may delay the implementation schedule.***

The proposed fund requirement for our Working Capital requirements, as detailed in the section titled “**Objects of the offer**” is to be funded from the proceeds of this IPO. We have not identified any alternate source of funding and hence any failure or delay on our part to mobilize the required resources or any shortfall in the Offer proceeds may delay the implementation schedule. We therefore, cannot assure that we would be able to execute our future plans/strategy within the given timeframe. For details, please refer to the Chapter titled “**Objects of the offer**” beginning on page 63 of this Draft Red Herring Prospectus.

**33. *The Objects of the offer for which funds are being raised have not been appraised by any bank or financial institution. Any variation between the estimation and actual expenditure as estimated by the management could result in execution delays or influence our profitability adversely.***

The deployment of funds as stated in the “**Objects of the offer**” beginning on page 63 of this Draft Red Herring Prospectus is entirely at the discretion of our management and has not been appraised by any independent agency. Further, the purposes for which the Net Proceeds are to be utilised have not been appraised by an independent entity and are based on our estimates and on third-party quotations. In the event, for whatsoever reason, we are unable to execute our plans, we could have a significant amount of unallocated net proceeds. In such a situation, we would have broad discretion in allocating these net proceeds from the Offer without any action or approval of our shareholders. In case the assumptions on which these estimates have been made are not correct or they become un-realistic then there will be a variation in the estimates and the actual expenditure incurred which could result in execution delays and have an adverse effect on our operations and profitability.

**34. *Information relating to our production capacities and the historical capacity utilization of our production facilities included in this Draft Red Herring Prospectus is based on certain assumptions and has been subjected to rounding off, and future production and capacity utilization may vary.***

Information relating to our production capacities and the historical capacity utilization of our production facilities included in this Draft Red Herring Prospectus is based on various assumptions and estimates of our management, including proposed operations, assumptions relating to availability and quality of raw materials and assumptions relating to operational efficiencies. Actual production levels and utilization rates may differ significantly from the estimated production capacities or historical estimated capacity utilization information of our facilities. Undue reliance should therefore not be placed on our production capacity or historical estimated capacity utilization information for our existing facilities included in this Draft Red Herring Prospectus. For further information, see the section titled “**Our Business**” on page 90 of this Draft Red Herring Prospectus.

**35. *Fraud, theft, employee negligence or similar incidents may adversely affect our results of operations and financial condition.***

Our operations may be subject to incidents of theft or damage to inventory. The business may also encounter some inventory loss on account of employee theft, vendor fraud and general administrative error. While we have not experienced any such instance in the past, there can be no assurance that we will not experience any fraud, theft, employee negligence, security lapse or similar incidents in the future, which could adversely affect our results of operations and financial condition. Though we have insurance losses due to theft, fire, breakage or damage caused by other casualties, could adversely affect our results of operations and financial condition.

**36. *Relevant copies of educational qualification of one of our director is not traceable.***

Relevant copies of the educational qualification of our Director, namely, Bharat Bhushan Omprakash Agarwal is not traceable. In accordance with the disclosure requirements in respect of brief biographies of the Directors, we have relied on affidavits provided by such Directors for the purpose of disclosure in the section entitled “**Our Management**” on page 110 of this Draft Red Herring Prospectus.

**37. *We are subject to restrictive covenants under our credit facilities that limit our operational flexibility.***

The loan agreements entered into by us with banks contain specific covenants which require us to obtain the prior approval/permission from the banks on the occurrence of certain events such as formulation of any scheme of amalgamation or reconstruction, undertaking of any new project or expansion, making any substantial change in our management set up, any change in our capital structure resulting in reduction of capital, etc. We are required to obtain consent/ approval from our lender before undertaking any such steps which have been mentioned in the loan agreements. There can be no assurance that such consents will be granted or that we will be able to comply with the financial covenants under our financing arrangements. In the event we breach any financial or other covenants contained in any 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 Cash Credit Limits and other banking facilities, please see *“Statement of Financial Indebtedness”* on page 163 of this Draft Red Herring Prospectus.

**38. *The deployment of funds raised through this Offer shall not be subject to any Monitoring Agency and shall be purely dependent on the discretion of the management of our Company.***

Since the Offer is for an amount not exceeding ₹10,000 lakhs, in terms of SEBI ICDR Regulations, our Company is not required to appoint an Independent Monitoring Agency for overseeing the deployment of utilization of funds raised through this Offer. The deployment of these funds raised through this Offer, is hence, at the discretion of the management and the Board of Directors of our Company and will not be subject to monitoring by any independent agency. Any inability on our part to effectively utilize the Offer proceeds could adversely affect our finances.

**39. *We will continue to be controlled by our Promoters after the completion of the Offer.***

After the completion of the Offer, our Promoters will hold majority of our outstanding Equity Shares. As a result, our Promoters will continue to exercise significant control over us, including being able to control the composition of our Board and determine matters requiring shareholder approval or approval of our Board. Our Promoters may take or block actions with respect to our business, which may conflict with our interests or the interests of our minority shareholders. By exercising their control, our Promoters could delay, defer or cause a change of our control or a change in our capital structure, delay, defer or cause a merger, consolidation, takeover or other business combination involving us, discourage or encourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of us. We cannot guarantee that our Promoters and Promoter Group will act in our interest while exercising their rights

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

We may retain all our future earnings, if any, for use in the operations and expansion of our business. As a result, we may not declare dividends in the foreseeable future. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board of Directors and will depend on factors that our Board of Directors deem relevant, including among others, our results of operations, financial condition, working capital requirements, business prospects and any other financing arrangements. Accordingly, realization of a gain on shareholders investments may largely depend upon the appreciation of the price of our Equity Shares. There can be no assurance that our Equity Shares will appreciate in value. For details of our dividend history, see *“Dividend Policy”* on page 127 of this Draft Red Herring Prospectus.

**41. *Certain key performance indicators for certain listed industry peers included in this Draft Red Herring Prospectus have been sourced from public sources and there is no assurance that such financial and other industry information is complete***

Pursuant to the requirements of the SEBI ICDR Regulations, we have included certain key performance indicators, comprising financial and operational information, for certain listed industry peers, in the *“Basis for Offer Price”* beginning on page 69 of the Draft Red Herring Prospectus. Although this information is sourced from and relied upon on the consolidated audited financial statements of the relevant listed industry peers as available on the websites of the Stock Exchanges, including the annual reports of the respective companies submitted to Stock Exchanges, there is no assurance that this information with respect to industry peers is either complete. There maybe different methodologies and formulas used to compute the various ratios.

**42. *Any future issuance of Equity Shares may dilute your shareholdings, and sale of the Equity Shares by our major shareholders may adversely affect the trading price of our Equity Shares.***

Any future equity issuance by our Company may lead to the dilution of investors’ shareholdings in our Company. In addition, any sale of substantial Equity Shares in the public market after the completion of this Offer, including by our major shareholders, or the perception that such sales could occur, could adversely affect the market price of the Equity Shares and could significantly impair our future ability to raise capital through offerings of the Equity Shares. We cannot predict what effect, if any, market sales of the Equity Shares held by the major shareholders of our Company or the availability of these Equity Shares for future sale will have on the market price of our Equity Shares.

**43. *Any Penalty or demand raised by statutory authorities in future will affect our financial position of the Company.***

We are currently engaged in the manufacture and supply of denim fabrics which attracts tax liability such as Goods and Service tax and Income tax as per the applicable provisions of Law. We are also subject to the labour laws like depositing of contributions with ESI and Provident Fund. Any demand or penalty raised by the concerned authority in future for any previous years or current year will affect the financial position of the Company.

**44. *We cannot guarantee the accuracy or completeness of facts and other statistics with respect to India, the Indian economy and industry in which we operate contained in the Draft Red Herring Prospectus.***

While facts and other statistics in the Draft Red Herring Prospectus relating to India, the Indian economy and the industry in which we operate has been based on various governmental and organizational web site data that we believe are reliable, we cannot guarantee the quality or reliability of such materials. While we have taken reasonable care in the reproduction of such information, industry facts and other statistics have not been prepared or independently verified by us or any of our respective affiliates or advisors and, therefore we make no representation as to their accuracy or completeness. These facts and other statistics include the facts and statistics included in the chapter titled ***“Industry Overview”*** beginning on page 78 of this Draft Red Herring Prospectus. Due to possibly flawed or ineffective data collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced elsewhere and should not be unduly relied upon. Further, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy, as the case may be, elsewhere.

***45. Certain data mentioned in this Draft Red Herring Prospectus has not been independently verified.***

We have not independently verified data from industry publications contained herein and although we believe these sources to be reliable, we cannot assure that they are complete or reliable. Such data may also be produced on a different basis from comparable information compiled with regard to other countries. Therefore, discussions of matters relating to India and its economy are subject to the limitation that the statistical and other data upon which such discussions are based have not been verified by us and may be incomplete or unreliable.

**EXTERNAL RISK FACTORS**

***46. A slowdown in economic growth in India may adversely affect our business, financial condition, cash flows, results of operations and prospects.***

The performance and growth of our business are necessarily dependent on economic conditions prevalent in India, which may be materially and adversely affected by centre or state political instability or regional conflicts, a general rise in interest rates, inflation, and economic slowdown elsewhere in the world or otherwise. Further, there have been periods of slowdown in the economic growth of India. India’s economic growth is affected by various factors including domestic consumption and savings, balance of trade movements, namely export demand and movements in key imports (oil and oil products), global economic uncertainty and liquidity crisis, volatility in exchange currency rates and annual rainfall which affects agricultural production. Any continued or future slowdown in the Indian economy or a further increase in inflation could have a material adverse affect on the price of our raw materials and demand for our products and, as a result, on our business and financial results. The Indian financial market and the Indian economy are influenced by economic and market conditions in other countries, particularly in emerging market in Asian countries. Financial turmoil in Asia, Europe, the U.S. and elsewhere in the world in recent years has affected the Indian economy. Although economic conditions are different in each country, investors’ reactions to developments in one country can have adverse affects on the securities of companies in other countries, including India. A loss in investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any worldwide financial instability, including the financial crisis and fluctuations in the stock markets in China and further deterioration of credit conditions in the U.S. or European markets, could also have a negative impact on the Indian economy. Financial disruptions may occur again and could harm our business and financial results.

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

Our business and financial performance could be adversely affected by changes in law or interpretations of existing, or the promulgation of new, laws, rules and regulations in India applicable to us and our business. For further details please refer to the chapter ***“Government and Other Approvals”*** on page 178 for details of the laws currently applicable to us. There can be no assurance that the central or the state governments in India may not implement new regulations and policies which will require us to obtain approvals and licenses from the central or the state governments in India and other regulatory bodies or impose onerous requirements and conditions on our operations. Any such changes and the related uncertainties with respect to the implementation of the new regulations may have a material adverse affect on all our business, financial condition and results of operations. In addition, we may have to incur capital expenditures to comply with the requirements of any new regulations, which may also materially harm our results of operations. For instance, the Government has proposed a comprehensive national goods and services tax (***“GST”***) regime that will combine taxes and levies by the Central and state Governments into a unified rate structure. Given the limited availability of information in the public domain concerning the GST, we are unable to provide any assurance as to the tax regime following implementation of the GST. The implementation of this new structure may be affected by any disagreement between certain state Governments, which could create uncertainty. Any such future amendments may affect our overall tax efficiency, and may result in significant additional taxes becoming payable.

***48. Instability in financial markets could materially and adversely affect our results of operations and financial condition.***

The Indian economy and financial markets are significantly influenced by worldwide economic, financial and market conditions. Any financial turmoil, especially in the United States of America or Europe, may have a negative impact on the Indian economy. Although economic conditions differ in each country, investors’ reactions to any significant developments in one country can have adverse affects on the financial and market conditions in other countries. A loss in investor confidence in the financial systems,

particularly in other emerging markets, may cause increased volatility in Indian financial markets. The global financial turmoil, an outcome of the sub-prime mortgage crisis which originated in the United States of America, led to a loss of investor confidence in worldwide financial markets. Indian financial markets have also experienced the contagion affect of the global financial turmoil, evident from the sharp decline in SENSEX, BSE's benchmark index. Any prolonged financial crisis may have an adverse impact on the Indian economy and us, thereby resulting in a material and adverse affect on our business, operations, financial condition, profitability and price of our Equity Shares.

***49. Natural disasters, fires, epidemics, pandemics, acts of war, terrorist attacks, civil unrest and other events could materially and adversely affect our business***

Natural disasters (such as typhoons, flooding and earthquakes), epidemics, pandemics such as COVID-19, man-made disasters, including acts of war, terrorist attacks, environmental issues and other events, many of which are beyond our control, may lead to economic instability, including in India or globally, which may in turn materially and adversely affect our business, financial condition, cash flows and results of operations.

Our operations may be adversely affected by fires, natural disasters and/or severe weather, which can result in damage to our property or inventory and generally reduce our productivity and may require us to evacuate personnel and suspend operations. Any terrorist attacks or civil unrest as well as other adverse social, economic and political events in India could have a negative effect on us. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse effect on our business and the price of the Equity Shares.

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

***50. Government regulation of foreign ownership of Indian securities may have an adverse affect on the price of the Equity Shares.***

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

***51. If certain labour laws become applicable to us, our profitability may be adversely affected.***

India has stringent labour legislations that protect the interests of workers, including legislation that sets forth detailed procedures for dispute resolution and employee removal and legislation that imposes certain financial obligations on employers upon retrenchment. Any change or modification in the existing labour laws may affect our flexibility in formulating labour related policies.

***52. Our performance is linked to the stability of policies and the political situation in India.***

The Government of India has traditionally exercised, and continues to exercise, a significant influence over many aspects of the economy. Our business, and the market price and liquidity of our Equity Shares, may be affected by interest rates, changes in government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India. Any political instability in India may adversely affect the Indian securities markets in general, which could also adversely affect the trading price of our Equity Shares. Any political instability could delay the reform of the Indian economy and could have a material adverse affect on the market for our Equity Shares. There can be no assurance to the investors that these liberalization policies will continue under the newly elected government. Protests against privatization could slow down the pace of liberalization and deregulation. The rate of economic liberalization could change, and specific laws and policies affecting companies in the industrial equipment manufacturing sectors, foreign investment, currency exchange rates and other matters affecting investment in our securities could change as well. A significant change in India's economic liberalization and deregulation policies could disrupt business and economic conditions in India and thereby affect our business.

***53. We may require further equity issuance, which will lead to dilution of equity and may affect the market price of our Equity Shares or additional funds through incurring debt to satisfy our capital needs, which we may not be able to procure and any future equity offerings by us.***

Our growth is dependent on having a strong balance sheet to support our activities. In addition to the IPO Proceeds and our internally generated cash flow, we may need other sources of financing to meet our capital needs which may include entering into

new debt facilities with lending institutions or raising additional equity in the capital markets. We may need to raise additional capital from time to time, dependent on business conditions. The factors that would require us to raise additional capital could be business growth beyond what the current balance sheet can sustain; additional capital requirements imposed due to changes in regulatory regime or significant depletion in our existing capital base due to unusual operating losses. Any fresh issue of shares or convertible securities would dilute existing holders, and such issuance may not be done at terms and conditions, which are favourable to the then existing shareholders of our Company. If our Company decides to raise additional funds through the incurrence of debt, our interest obligations will increase, and we may be subject to additional covenants, which could further limit our ability to access cash flows from our operations. Such financings could cause our debt to equity ratio to increase or require us to create charges or liens on our assets in favour of lenders. We cannot assure you that we will be able to secure adequate financing in the future on acceptable terms, in time, or at all. Our failure to obtain sufficient financing could result in the delay or abandonment of our expansion plans. Our business and future results of operations may be affected if we are unable to implement our expansion strategy.

Any future issuance of Equity Shares by our Company may dilute shareholding of investors in our Company; and hence affect the trading price of our Company's Equity Shares and its ability to raise capital through an Offer of its securities. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of our Company's Equity Shares. Additionally the disposal, pledge or encumbrance of Equity Shares by any of our Company's major shareholders, or the perception that such transactions may occur may affect the trading price of the Equity Shares. No assurance may be given that our Company will not issue Equity Shares or that such shareholders will not dispose of, pledge or encumber their Equity Shares in the future.

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

The Offer price of the equity shares have been based on many factor and may not be indicative of the market price of our Equity Shares after the Offer. For further information please refer the section titled "***Basis for Offer Price***" beginning on page 69 of the Draft Red Herring Prospectus. The market price of our Equity Shares could be subject to significant fluctuations after the Offer, and may decline below the Offer Price. We cannot assure you that you will be able to sell your Equity Shares at or above the Offer Price.

***55. Investors other than retail (including non-institutional investors and Corporate Bodies) are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Amount) at any stage after submitting an Application.***

Pursuant to the SEBI ICDR Regulations, Investors other than retail (including non-institutional investors and Corporate Bodies) are not permitted to withdraw or lower their Application (in terms of quantity of Equity Shares or the Amount) at any stage after submitting an Application. While our Company is required to complete Allotment pursuant to the Offer within six Working Days from the Bid/ Offer Closing Date, events affecting the Applicants decision to invest in the Equity Shares, including material adverse changes in international or national monetary policy, financial, political or economic conditions, our business, results of operation or financial condition, may arise between the date of submission of the Application and Allotment. Our Company may complete the Allotment of the Equity Shares even if such events occur, and such events limit the applicant's ability to sell the Equity Shares Allotted pursuant to the Offer or cause the trading price of the Equity Shares to decline on listing.



## SECTION IV – INTRODUCTION

### THE OFFER

<b>PRESENT OFFER IN TERMS OF THIS DRAFT RED HERRING PROSPECTUS</b>	
<b>Equity Shares Offered</b> <sup>(1)</sup>	Offer of up to 44,64,000 Equity Shares of ₹ 10 each for cash at a price of ₹ [●] (including a Share premium of ₹[●] per Equity Share) per share aggregating to ₹ [●] Lakhs.
<b>Consisting of:</b>	
<b>Fresh Issue</b>	Upto 26,88,000 Equity Shares of ₹ 10 each for cash at a price of ₹ [●] (including a Share premium of ₹ [●] per Equity Share) per share aggregating ₹[●] lakhs.
<b>Offer for Sale</b>	Offer for sale by existing shareholders upto 17,76,000 equity shares of ₹ 10 each at a price of ₹ [●] per equity share aggregating to ₹ [●] lakhs.
<b>The offer consist of:</b>	
<b>Offer Reserved for the Market Makers</b>	Upto 2,24,000 Equity Shares of ₹ 10 each for cash at a price of ₹ [●] (including a Share premium of ₹[●] per Equity Share) per share aggregating to ₹ [●] Lakhs
<b>Net Offer to the Public</b>	Upto 42,40,000 Equity Shares of ₹ 10 each for cash at a price of ₹ [●] (including a Share premium of ₹[●] per Equity Share) per share aggregating to ₹ [●] Lakhs
<b>Out of which*</b>	
A. QIB Portion <sup>(3)(4)</sup>	Not more than [●] Equity Shares of ₹ 10 each for cash at a price of ₹ [●] (including a Share premium of ₹[●] per Equity Share) per share aggregating to ₹ [●] Lakhs
<b>Of Which</b>	
i) Anchor Investor	Upto [●] Equity Shares of ₹ 10 each for cash at a price of ₹ [●] (including a Share premium of ₹[●] per Equity Share) per share aggregating to ₹ [●] Lakhs
ii) Net QIB Portion (assuming Anchor Investor Portion is fully subscribed)	Upto [●] Equity Shares of ₹ 10 each for cash at a price of ₹ [●] (including a Share premium of ₹[●] per Equity Share) per share aggregating to ₹ [●] Lakhs
<b>Of Which</b>	
(a) Available for allocation to Mutual Funds only (5% of the Net QIB Portion)	Upto [●] Equity Shares of ₹ 10 each for cash at a price of ₹ [●] (including a Share premium of ₹[●] per Equity Share) per share aggregating to ₹ [●] Lakhs
(b) Balance of QIB Portion for all QIBs including Mutual Funds	Upto [●] Equity Shares of ₹ 10 each for cash at a price of ₹ [●] (including a Share premium of ₹[●] per Equity Share) per share aggregating to ₹ [●] Lakhs
B. Non-Institutional Portion	Not less than [●] Equity Shares of ₹ 10 each for cash at a price of ₹ [●] (including a Share premium of ₹[●] per Equity Share) per share aggregating to ₹ [●] Lakhs
C. Retail Portion	Not less than [●] Equity Shares of ₹ 10 each for cash at a price of ₹ [●] (including a Share premium of ₹[●] per Equity Share) per share aggregating to ₹ [●] Lakhs
<b>Pre and Post – Offer Equity Shares</b>	
<b>Equity Shares outstanding prior to the Offer</b>	1,42,00,000 Equity Shares of face value of ₹ 10 each
<b>Equity Shares outstanding after the Offer</b>	Upto [●] Equity Shares of face value ₹ 10 each
<b>Use of Net Proceeds by our Company</b>	Please see the chapter titled “ <i>Objects of the offer</i> ” on page 63 of this Draft Red Herring Prospectus.

(1) The Offer is being made in terms of Chapter IX of the SEBI (ICDR) Regulations, 2018, as amended from time to time. This Offer is being made by our company in terms of Regulation of 229(2) of SEBI (ICDR) Regulations read with Rule 19(2)(b)(i) of SCRR wherein not less than 25% of the Post – Offer paid up equity share capital of our company are being offered to the public for subscription.

(2) The present offer has been authorized by our Board pursuant to a resolution passed at its meeting held on August 24, 2023 and by our Shareholders pursuant to a special resolution passed pursuant to Section 62(1)(c) of the Companies Act, 2013 at the Extra Ordinary General meeting held on August 31, 2023. Further, our Board has taken on record the consents of the Selling Shareholders by a resolution of our Board dated September 08, 2023  
The Selling shareholders have consented to participate in the offer for sale in the following manner:

Name of the Selling Shareholders	Authorisation Letter Dated	No of equity shares held	No of equity shares offered
Chiripal Exim LLP	September 08, 2023	6,92,000	6,92,000
Vineeta V. Chiripal	September 08, 2023	10,84,000	10,84,000
<b>Total</b>		<b>17,76,000</b>	<b>17,76,000</b>

*The Selling Shareholders have confirmed that the Equity Shares proposed to be offered and sold in the Offer are eligible in term of SEBI (ICDR) Regulations, 2018 and that they have not been prohibited from dealings in securities market and the Equity Shares offered and sold are free from any lien, encumbrance or third-party rights. The Selling Shareholders have also severally confirmed that they are the legal and beneficial owners of the Equity Shares being offered by them under the Offer for Sale.*

- (3) *The SEBI (ICDR) Regulations permit the Offer of securities to the public through the Book Building Process, which states that, not less than 15% of the Net Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Offer shall be available for allocation on a proportionate basis to Retail Individual Bidders and not more than 50% of the Net Offer shall be allotted on a proportionate basis to QIBs, subject to valid Bids being received at or above the Offer Price. Accordingly, we have allocated the Net Offer i.e. not more than 50% of the Net Offer to QIB and not less than 35% of the Net Offer shall be available for allocation to Retail Individual Investors and not less than 15% of the Net Offer shall be available for allocation to Non-institutional bidders.*
- (4) *Subject to valid Bids being received at or above the Offer Price, under subscription, if any, in any category, except in the QIB Portion, would be allowed to be met with spill-over from any other category or combination of categories of Bidders at the discretion of our Company in consultation with the Book Running Lead Managers and the Designated Stock Exchange, subject to applicable laws.*

Our Company and Selling Shareholders, in consultation with the Book Running Lead Manager, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription in the Anchor Investor Portion, the remaining Equity Shares shall be added to the QIB Portion. Further, 5% of the Net 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 (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. However, if the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion, the balance Equity Shares available for allotment in the Mutual Fund Portion will be added to the Net QIB Portion and allocated proportionately to the QIB Bidders (other than Anchor Investors) in proportion to their Bids. For further details, please refer section titled **“Offer Procedure”** beginning on page 204 of this Draft Red Herring Prospectus.

**SUMMARY OF OUR FINANCIALS**

**ANNEXURE – I**

**RESTATED STATEMENT OF ASSETS AND LIABILITIES**

(₹ in Lakhs)

PARTICULARS	NOTE S	As at		
		31-03-2023	31-03-2022	31-03-2021
<b>A) EQUITY AND LIABILITIES</b>				
1. Shareholders' Funds				
(a) Share Capital	<b>A</b>	710.00	710.00	710.00
(b) Reserves & Surplus	<b>A</b>	4893.93	3912.73	3426.14
(c) Share Application Money		-	-	-
		<b>5603.93</b>	<b>4622.73</b>	<b>4136.14</b>
2. Non Current Liabilities				
(a) Long Term Borrowings	<b>B</b>	3063.29	3937.38	3429.45
(b) Deferred Tax Liabilities (Net)	<b>C</b>	738.16	597.91	544.79
(c) Long Term Provisions- Grauity		7.29	7.51	5.01
		<b>3808.73</b>	<b>4542.80</b>	<b>3979.25</b>
3. Current Liabilities				
(a) Short Term Borrowings	<b>D</b>	1114.37	931.26	849.38
(b) Trade Payables	<b>E</b>			
(A) outstanding dues of micro enterprises and small enterprises; and		-	-	-
(B) total outstanding dues of creditors other than micro enterprises and small enterprises.		6686.33	3422.21	2856.31
(c) Other Current Liabilities	<b>F</b>	98.52	48.54	75.05
(d) Short Term Provisions	<b>G</b>	276.45	63.79	30.70
		<b>8175.67</b>	<b>4465.79</b>	<b>3811.43</b>
<b>Total</b>		<b>17588.33</b>	<b>13631.33</b>	<b>11926.82</b>
<b>B) ASSETS</b>				
1. Non Current Assets				
(a) Property, Plant and Equipment and Intangible assets	<b>H</b>			
I) Property, Plant and Equipment				
(i) Gross Block		8857.82	7280.21	7279.83
(ii) Depreciation		2442.61	1991.07	1582.64
(iii) Net Block		<b>6415.21</b>	<b>5289.15</b>	<b>5697.20</b>
II) intangible Assets				
III)Capital Work-in-Progress		-	27.12	-
IV)Intangible assets under development		-	-	-
		<b>6415.21</b>	<b>5316.27</b>	<b>5697.20</b>
(b) Non-Current Investment	<b>H1</b>	200.00	200.00	200.00
(c) Deferred Tax Assets (Net)		-	-	-
(d) Long Term Loans and Advances	<b>H2</b>	-	1147.76	13.58
(e) Other Non Current Assets		-	-	-
		<b>200.00</b>	<b>1347.76</b>	<b>213.58</b>
2. Current Assets				
(a) Trade Receivables	<b>I</b>	6827.58	5171.11	3797.03
(b) Cash and Cash equivalents	<b>J</b>	484.69	313.81	594.65
(c) Inventories	<b>K</b>	1885.47	688.82	321.34
(d) Short-Term Loans and Advances	<b>L</b>	1634.59	677.44	1195.46
(e) Other Current Assets	<b>M</b>	140.80	116.12	107.56
		<b>10973.13</b>	<b>6967.30</b>	<b>6016.05</b>
<b>Total</b>		<b>17588.33</b>	<b>13631.33</b>	<b>11926.82</b>

## ANNEXURE – II

## RESTATED STATEMENT OF PROFIT AND LOSS

(₹ in Lakhs)

PARTICULARS		Note	For the year ended		
			31-03-2023	31-03-2022	31-03-2021
1	Revenue From Operations	N	37033.22	25490.94	11280.07
2	Other Income	O	38.05	35.57	13.66
	<b>Total Income (1+2)</b>		<b>37071.27</b>	<b>25526.51</b>	<b>11293.73</b>
<b>3</b>	<b>Expenditure</b>				
(a)	Raw Material Consumption	P	33289.08	22326.42	8193.32
(b)	Change in inventories of finished goods, work in progress and stock in trade	Q	-1072.89	-126.57	164.62
(c)	Employee Benefit Expenses	R	254.82	218.83	200.75
(d)	Finance Cost	S	337.38	240.61	266.57
(e)	Depreciation and Amortisation Expenses	T	451.55	408.43	408.66
(f)	Other Expenses	U	2397.45	1882.00	1590.94
<b>4</b>	<b>Total Expenditure 3(a) to 3(f)</b>		<b>35657.39</b>	<b>24949.71</b>	<b>10824.84</b>
<b>5</b>	<b>Profit/(Loss) Before Exceptional &amp; extraordinary items &amp; Tax (2-4)</b>		1413.88	576.80	468.89
6	Exceptional and Extra-ordinary items		-	-	-
<b>7</b>	<b>Profit/(Loss) Before Tax (56)</b>		<b>1413.88</b>	<b>576.80</b>	<b>468.89</b>
<b>8</b>	<b>Tax Expense:</b>				
(a)	Tax Expense for Current Year		260.83	37.08	-
(b)	Deferred Tax		140.24	53.13	131.36
	<b>Net Current Tax Expenses</b>		401.07	90.21	131.36
<b>9</b>	<b>Profit/(Loss) for the Year (7-8)</b>		<b>1012.81</b>	<b>486.59</b>	<b>337.53</b>
	<b>Basic, computed on the basis of Restated Profit/(loss) attributable to equity holders</b>		<b>7.13</b>	<b>3.43</b>	<b>2.38</b>
	<b>Diluted, computed on the basis of Restated Profit/(loss) attributable to equity holders</b>		<b>7.13</b>	<b>3.43</b>	<b>2.38</b>

The above statement should be read with Annexure IV to the Restated Summary Statements.

**ANNEXURE III  
RESTATED CASH FLOW STATEMENT**

(₹ in Lakhs)

PARTICULARS	FOR THE YEAR ENDED		
	31-03-2023	31-03-2022	31-03-2021
	Rupees	Rupees	Rupees
<b>Cash Flow from Operating Activities</b>			
Net Profit After Tax	1,012.81	486.59	337.53
<u>Adjustments for:</u>			
Depreciation and amortisation expense	451.55	408.43	408.66
Interest expenses	337.38	240.61	266.57
Interest and other income on investments	(5.84)	(5.08)	(5.91)
Deffered tax Asset/ Liabilities	140.24	53.14	131.37
Operating Profit Before Working Capital Changes	<b>1,936.13</b>	<b>1,183.69</b>	<b>1138.21</b>
<u>Changes in Working Capital:</u>			
(Increase)/ Decrease in Inventories	(1,196.65)	(367.48)	155.90
(Increase)/ Decrease in Trade Receivables	(1,656.47)	(1,374.09)	(1,045.67)
(Increase)/ Decrease in Advances	(988.75)	518.01	(108.36)
Increase / (Decrease) in Trade Payables	3,264.12	565.90	150.09
Increase / (Decrease) in Short Term Provisions	212.66	33.09	(18.32)
Increase / (Decrease) in Other Current Liabilities	49.98	(26.51)	72.38
(Increase) / Decrease in Other Current Assets	(24.68)	(8.56)	(2.89)
(Increase) / Decrease in Other Non- Current Assets	-	-	0
Increase / (Decrease) in Other Long-Term Liabilities	(0.22)	2.50	5.01
	<b>(340.01)</b>	<b>(657.14)</b>	<b>(791.86)</b>
<b>Net Cash flow from / (used in) Operating Activities (A)</b>	<b>1,596.13</b>	<b>526.55</b>	<b>346.35</b>
<b>Cash Flow from Investing Activities</b>			
Purchases of Tangible Assets	(1,550.49)	(27.50)	(0.44)
Interest Received	5.84	5.08	5.91
<b>Net Cash from / (used in) Investing Activities (B)</b>	<b>(1,544.65)</b>	<b>(22.42)</b>	<b>5.47</b>
<b>Cash Flow from Financing Activities</b>			
Decrease in Long Term Borrowings	(874.09)	507.94	323.24
Decrease in Long Term Loans and Advances	1,147.76	(1,134.18)	0.62
Interest expenses	(337.38)	(240.61)	(266.57)
Increase / (Decrease) in Short Term Borrowings	183.11	81.87	24.24
<b>Net Cash from / (used in) Financing Activities (C)</b>	<b>119.41</b>	<b>(784.98)</b>	<b>81.53</b>
Net Increase/(Decrease) In Cash & Cash Equivalents (A+B+C)	170.88	(280.85)	433.35
Cash equivalents at the beginning of the year	313.80	594.65	161.31
<b>Cash equivalents at the end of the year</b>	<b>484.69</b>	<b>313.80</b>	<b>594.65</b>

Notes:-

1.

Particulars	31-03-2023	31-03-2022	31-03-2021
<b>Component of Cash and Cash equivalents</b>			
Cash on hand	0.07	0.34	0.02
Balance With banks	484.62	313.47	594.63
Other Bank Balance	-	-	-
<b>Total</b>	<b>484.69</b>	<b>313.81</b>	<b>594.65</b>

2. Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, financing and investing activities of the company are segregated.

The accompanying summary of significant accounting policies, restated notes to accounts and notes on adjustments for restated summary financial information (Annexure IV) are an integral part of this statement.

## GENERAL INFORMATION

### Brief Summary:

Our Company was originally incorporated as a private limited Company under the name of “**Shanti Spintex Private Limited**” on August 23, 2010 under the provisions of the Companies Act, 1956 with the Registrar of Companies, Ahmedabad, bearing registration number as 062084. Thereafter, our Company was converted from private limited to public limited and the name of our Company was changed from “**Shanti Spintex Private Limited**” to “**Shanti Spintex Limited**” vide fresh certificate of incorporation dated August 18, 2023, issued by the Registrar of Companies, Ahmedabad, Gujarat. The Corporate identification number of our Company is U17120GJ2010PLC062084.

For further details please refer to chapter titled “*History and Corporate Structure*” beginning on page 107 of this Draft Red Herring Prospectus.

<b>Registered Office</b>	Sub Plot 1, Unit 1, Survey No. 297, Dholi - Integrated Spinning Park Limited, Dholi, Dholka, Ahmedabad, Gujarat – 382 240, India <b>Tel. No.:</b> +91-9825801039 <b>Email:</b> <a href="mailto:info@shantispintex.com">info@shantispintex.com</a> <b>Website:</b> <a href="http://www.shantispintex.com/">www.shantispintex.com/</a> <b>CIN:</b> U17120GJ2010PLC062084 <b>Registration Number:</b> 062084
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### Address of the RoC:

#### Registrar of Companies, Ahmedabad

ROC Bhavan, Opp Rupal Park Society,  
Behind Ankur Bus Stop, Naranpura,  
Ahmedabad-380013, Gujarat

**Phone:** 079- 27438531

**Email:** [roc.ahmedabad@mca.gov.in](mailto:roc.ahmedabad@mca.gov.in)

**Website:** [www.mca.gov.in](http://www.mca.gov.in)

### Board of Directors:

The Board of Directors of our Company as on the date of filing of this Draft Red Herring Prospectus consists of:

Name of Director	Designation	Address	DIN
Bharat Bhushan Omprakash Agarwal	Chairman, Whole Time Director and CFO	7, Saket Bungalow, Premchand Nagar Road, Near Takshila Tower, Vastrapur, Ahmedabad, Gujarat – 380 015, India	00302785
Rikin Bharatbhushan Agarwal	Managing Director	7, Saket Bungalow, Premchand Nagar Road, Near Takshila Tower, Vastrapur, Ahmedabad, Gujarat – 380 015, India	02435645
Bhavik Rameshbhai Talati	Non-Executive Director	94, Swaminarayan Society, Opp. Vishalnagar Isanpur, Ahmedabad, Gujarat – 382 443, India	10263736
Kruti Vyas	Independent Director	7, Shashwat Appartment, 10/A, Vadnagar Patidar Society, Rambag, Maninagar, Ahmedabad, Gujarat – 380 008, India	10299486
Sejal R Agrawal	Independent Director	7, Ritu Apartment, Bhairavnath Road, Nilima Park Society, Near Ashutosh Society, Maninagar, Ahmedabad, Gujarat – 380 008, India	09376887

For further details in relation to our Directors, please refer to chapter titled “*Our Management*” on page 110 of this Draft Red Herring Prospectus.

Chief Financial Officer	Company Secretary and Compliance Officer
<b>Bharat Bhushan Omprakash Agarwal</b> <b>Shanti Spintex Limited</b> <b>Address:</b> Sub Plot 1, Unit 1, Survey No. 297, Dholi - Integrated Spinning Park Limited, Dholi, Dholka, Ahmedabad, Gujarat – 382 240, India <b>Tel. No.:</b> +91-9825801039 <b>Email:</b> <a href="mailto:md@shantispintex.com">md@shantispintex.com</a>	<b>Mohini Singhal</b> <b>Shanti Spintex Limited</b> <b>Address:</b> Sub Plot 1, Unit 1, Survey No. 297, Dholi-Integrated Spinning Park Limited, Dholi, Dholka, Ahmedabad, Gujarat – 382 240, India <b>Tel. No.:</b> +91 84473 86773 <b>Email:</b> <a href="mailto:cs@shantispintex.com">cs@shantispintex.com</a>

## Investor Grievances:

Investors can contact the Company Secretary and Compliance Officer, the BRLM or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems, such as non-receipt of letters of Allotment, noncredit of Allotted Equity Shares in the respective beneficiary account, non-receipt of refund orders and non-receipt of funds by electronic mode.

All grievances relating to the Offer other than the Anchor Investors may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary with whom the ASBA Form was submitted. The Bidders should give full details such as name of the sole or first Bidder, ASBA Form number, Bidder DP ID, Client ID, PAN, date of the ASBA Form, details of UPI IDs (if applicable), address of the Bidder, number of Equity Shares applied for and the name and address of the Designated Intermediary where the ASBA Form was submitted by the ASBA Bidder.

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

All grievances relating to the Anchor Investors may be addressed to the BRLM, giving full details such as name of the sole or first Bidder, Bid cum Application Form number, Bidders DP ID, Client ID, PAN, date of the Anchor Investor Application Form, address of the Bidder, number of Equity Shares applied for, Bid Amount paid on submission of the Anchor Investor Application Form.

For all Offer related queries and for redressal of complaints, investors may also write to the Book Running Lead Manager.

## **Details of Key Intermediaries pertaining to this Offer and Our Company:**

<b>Book Running Lead Manager to the Offer</b>	<b>Legal Advisor to the Offer</b>
<b>Hem Securities Limited</b> <b>Address:</b> 904, A Wing, Naman Midtown, Senapati Bapat Marg, Elphinstone Road, Lower Parel, Mumbai-400013, Maharashtra, India <b>Tel No.:</b> +91-22-4906 0000 <b>Fax No.:</b> +91-22-22625991 <b>Email:</b> <a href="mailto:ib@hemsecurities.com">ib@hemsecurities.com</a> <b>Investor Grievance Email:</b> <a href="mailto:redressal@hemsecurities.com">redressal@hemsecurities.com</a> <b>Website:</b> <a href="http://www.hemsecurities.com">www.hemsecurities.com</a> <b>Contact Person:</b> Mr. Akun Goyal <b>SEBI Reg. No.:</b> INM000010981	<b>J Mukherjee &amp; Associates</b> <b>Address:</b> D-1, MMS Chambers, 4A, Council House Street, Kolkata – 700 001, India. <b>Tel:</b> +91 9830-640366 <b>Email:</b> <a href="mailto:jmukherjeeandassociates@gmail.com">jmukherjeeandassociates@gmail.com</a> <b>Contact Person:</b> Jayabrata Mukherjee
<b>Registrar to the Offer</b>	<b>Statutory Auditor</b>
<b>KFin Technologies Limited</b> <b>Address:</b> Selenium Tower B, Plot No.31-32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad 500032, Telangana, India <b>Telephone:</b> +91 40 6716 2222 <b>Facsimile:</b> +91 40 6716 1563 <b>Email:</b> <a href="mailto:ssl.ipo@kfintech.com">ssl.ipo@kfintech.com</a> <b>Investor Grievance Email:</b> <a href="mailto:einward.ris@kfintech.com">einward.ris@kfintech.com</a> <b>Website:</b> <a href="http://www.kfintech.com/">www.kfintech.com/</a> <b>Contact Person:</b> M. Murali Krishna <b>SEBI Registration Number:</b> INR000000221 <b>CIN:</b> L72400TG2017PLC117649	<b>Anil S. Shah &amp; Co.,</b> <b>Chartered Accountants,</b> <b>Address:</b> 302, Shailly Complex, Old High Court Road, Navrangpura, Ahmedabad – 380 009 <b>Tel No.:</b> +91- 9327006646 <b>Email:</b> <a href="mailto:anilsshahco@yahoo.com">anilsshahco@yahoo.com</a> <b>Firm Registration No.:</b> 10047W <b>Contact Person:</b> Anil S. Shah <b>Peer Review Certificate No.:</b> 012835
<b>Bankers to the Company</b>	<b>Bankers to the Offer/Refund Banker/ Sponsor Bank*</b>
<b>State Bank of India</b> <b>Address:</b> SME Law Garden Branch, Zodiac Avenue, Opposite Commissioner's Bungalow, Near law Garden, Ahmedabad – 380 006, Gujarat, India <b>Tel:</b> +91 79 26420278/79 <b>Email:</b> <a href="mailto:rmsme2.60438@sbi.co.in">rmsme2.60438@sbi.co.in</a> <b>Website:</b> <a href="http://www.sbi.co.in/">www.sbi.co.in/</a> <b>Contact Person:</b> Rahul Ranjan <b>Designation:</b> Relationship Manager	[●]
<b>Syndicate Member*</b>	
[●]	

\*The Bankers to the Offer and Syndicate Member shall be appointed prior to filing of the Prospectus with the RoC.

## **Designated Intermediaries:**

## **Self-Certified Syndicate Banks (SCSB's)**

The list of SCSBs, as updated till date, is available on website of Securities and Exchange Board of India at below link. <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34>; <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35>  
Investors are requested to refer the SEBI website for updated list of SCSBs and their 33 designated branches.

## **Self-Certified Syndicate Banks eligible as Sponsor Banks for UPI**

The list of Self Certified Syndicate Banks that have been notified by SEBI to act as Investors Bank or Issuer Bank for UPI mechanism are provide on the website of SEBI on <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=41>

## **Syndicate SCSB Branches**

In accordance with SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019 and SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, Retail Individual Investors Applying using the UPI Mechanism may apply through the SCSBs and mobile applications whose names appears on the website of the SEBI (<https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40>) and updated from time to time. A list of SCSBs and mobile applications, which are live for applying in public issues using UPI mechanism is provided as 'Annexure A' for the SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, as amended.

## **Registered Brokers**

The list of the Registered Brokers eligible to accept ASBA forms, including details such as postal address, telephone number and e-mail address, is provided on the website of the SEBI at (<https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes>), respectively, as updated from time to time.

## **Registrar and Share Transfer Agents**

The list of the Registrar to Offer and Share Transfer Agents (RTAs) eligible to accept Applications forms at the Designated RTA Locations, including details such as address, telephone number and e-mail address, are provided at <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=10>, as updated from time to time.

## **Collecting Depository Participants**

The list of the Collecting Depository Participants (CDPs) eligible to accept Bid-cum-Application Forms at the Designated CDP Locations, including details such as name and contact details, are provided at <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=19> for NSDL CDPs and at <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=18> for CDSL CDPs, as updated from time to time. The list of branches of the SCSBs named by the respective SCSBs to receive deposits of the Bid cum Application Forms from the Designated Intermediaries will be available on the website of the SEBI ([www.sebi.gov.in](http://www.sebi.gov.in)) and updated from time to time.

## **Brokers to the Offer**

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

## **Expert Opinion**

Except the report of the Auditor on statement of special tax benefits and report on restated financial statements prepared for the financial year ended March 31, 2023, 2022 and 2021 as included in this Draft Red Herring Prospectus, our Company has not obtained any expert opinion.

## **Inter-se Allocation of Responsibilities**

Since, Hem Securities Limited is the sole Book Running Lead Manager to this Offer, a statement of inter se allocation of responsibilities among Book Running Lead Manager is not applicable.

## **Appraisal and Monitoring Agency**

As per regulation 262(1) of SEBI ICDR Regulations, the requirement of monitoring agency is not mandatory if the Offer size is up to ₹ 10,000 Lakh. Since the Offer size is below ₹ 10,000 Lakh, our Company has not appointed any monitoring agency for this Offer. However, as per section 177 of the Companies Act, the Audit Committee of our Company, would be monitoring the utilization of the proceeds of the Offer.



**Green Shoe Option**

No Green Shoe Option is applicable for this Offer.

**Credit Rating**

As this is an Offer of Equity Shares, there is no credit rating for the Offer.

**IPO Grading**

No credit rating agency registered with SEBI has been appointed for grading the Offer.

**Trustees**

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

**Debenture Trustees**

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

**Filing of Offer Documents with the Designated Stock Exchange/SEBI/ROC**

The Draft Red Herring Prospectus is being filed with BSE Ltd., Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001, Maharashtra, India.

The Draft Red Herring Prospectus will not be filed with SEBI, nor will SEBI issue any observation on the Offer Document in terms of Regulation 246(2) of SEBI (ICDR) Regulations, 2018. Pursuant to Regulation 246(5) of SEBI (ICDR) Regulations, 2018 and SEBI Circular Number SEBI/HO/CFD/DIL1/CIR/P/2018/011 dated January 19, 2018, a copy of Prospectus will be filed online through SEBI Intermediary Portal at <https://siportal.sebi.gov.in>.

A copy of the Red Herring Prospectus/ Red Herring Prospectus, along with the documents required to be filed under Section 26 & 32 of the Companies Act, 2013 will be filed to the RoC Office situated at Registrar of Companies, Ahmedabad, Ministry of Corporate Affairs, ROC Bhavan, Opp Rupal Park Society, Behind Ankur Bus Stop, Naranpura, Ahmedabad-380013, Gujarat.

**Book Building Process**

Book Building, with reference to the Offer, refers to the process of collection of Bids on the basis of the Red Herring Prospectus within the Price Band. The Price Band shall be determined by our Company and the Selling Shareholders in consultation with the Book Running Lead Manager in accordance with the Book Building Process, and advertised in all editions of the English national newspaper [●], all editions of Hindi national newspaper [●] and Ahmedabad Edition of Regional newspaper [●] where our registered office is situated at least two working days prior to the Bid/ Offer Opening date. The Offer Price shall be determined by our Company and the Selling Shareholders, in consultation with the Book Running Lead Manager in accordance with the Book Building Process after the Bid/ Offer Closing Date. Principal parties involved in the Book Building Process are:-

- Our Company
- The Book Running Lead Manager in this case being Hem Securities Limited,
- The Syndicate Member(s) who are intermediaries registered with SEBI/ registered as brokers with BSE Limited and eligible to act as Underwriters. The Syndicate Member(s) will be appointed by the Book Running Lead Manager;
- The Registrar to the Offer and;
- The Designated Intermediaries and Sponsor bank

The SEBI (ICDR) Regulations have permitted the Offer of securities to the public through the Book Building Process, wherein allocation to the public shall be made as per Regulation 253 of the SEBI ICDR Regulations.

The Offer is being made through the Book Building Process wherein not more than 50% of the Net Offer shall be available for allocation on a proportionate basis to QIBs, provided that our Company and the Selling Shareholders, in consultation with the BRLM allocate upto 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI (ICDR) Regulations (the “Anchor Investor Portion”), out of which one third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Offer Price. 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 Offer Price. Further, not less than 15% of the Net Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Offer shall be available for allocation to Retail Individual Bidders, in accordance with the SEBI Regulations, subject to valid Bids being received at or above the Offer Price. All potential Bidders may participate in the Offer through an ASBA process by providing details of their respective bank account which will be blocked by the SCSBs. All Bidders are mandatorily required to utilize the ASBA process to participate in the Offer. Under-subscription if any,

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

All Bidders, except Anchor Investors, are mandatorily required to use the ASBA process for participating in the Offer. In accordance with the SEBI ICDR Regulations, QIBs bidding in the QIB Portion and Non-Institutional Bidders bidding in the Non-Institutional Portion are not allowed to withdraw or lower the size of their Bids (in terms of the quantity of the Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders can revise their Bids during the Bid/Offer Period and withdraw their Bids until the Bid/Offer Closing Date. Further, Anchor Investors cannot withdraw their Bids after the Anchor Investor Bid/Offer Period. Allocation to the Anchor Investors will be on a discretionary basis.

Subject to valid Bids being received at or above the Offer Price, allocation to all categories in the Net Offer, shall be made on a proportionate basis, except for Retail Portion where allotment to each Retail Individual Bidders shall not be less than the minimum bid lot, subject to availability of Equity Shares in Retail Portion, and the remaining available Equity Shares, if any, shall be allotted on a proportionate basis. Under – subscription, if any, in any category, would be allowed to be met with spill – over from any other category or a combination of categories at the discretion of our Company and the Selling Shareholders in consultation with the Book Running Lead Manager and the 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.

In terms of SEBI Circular No. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 and the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, all the investors (except Anchor Investors) applying in a public Offer shall use only Application Supported by Blocked Amount (ASBA) process for application providing details of the bank account which will be blocked by the Self Certified Syndicate Banks (SCSBs) for the same. Further, pursuant to SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 01, 2018, Retail Individual Investors applying in public Offer may use either Application Supported by Blocked Amount (ASBA) facility for making application or also can use UPI as a payment mechanism with Application Supported by Blocked Amount for making application. For details in this regards, specific attention are invited to the chapter titled **“Offer Procedure”** beginning on page 204 of the Draft Red Herring Prospectus.

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 Offer.

For further details on the method and procedure for Bidding, please see section entitled **“Offer Procedure”** on page 204 of this Draft Red Herring Prospectus.

**Illustration of the Book Building and Price Discovery Process:** Bidders should note that this example is solely for illustrative purposes and is not specific to the Offer; it also excludes Bidding by Anchor Investors. Bidders can bid at any price within the Price Band. For instance, assume a Price Band of ₹20 to ₹ 24 per share, Offer size of 3,000 Equity Shares and receipt of five Bids from Bidders, details of which are shown in the table below. The illustrative book given below shows the demand for the Equity Shares of the Issuer at various prices and is collated from Bids received from various investors.

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

The price discovery is a function of demand at various prices. The highest price at which the Issuer is able to Offer the desired number of Equity Shares is the price at which the book cuts off, i.e., ₹ 22.00 in the above example. The Issuer, in consultation with the BRLM, may finalise the Offer Price at or below such Cut-Off Price, i.e., at or below ₹ 22.00. All Bids at or above this Offer Price and cut-off Bids are valid Bids and are considered for allocation in the respective categories.

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

- Check eligibility for making a Bid (see section titled **“Offer Procedure”** on page 204 of this Draft Red Herring Prospectus);
- Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid cum Application Form;
- Ensure correctness of your PAN, DP ID and Client ID mentioned in the Bid cum Application Form. Based on these parameters, the Registrar to the Offer will obtain the Demographic Details of the Bidders from the Depositories.
- Except for Bids on behalf of the Central or State Government officials, residents of Sikkim and the officials appointed by the courts, who may be exempt from specifying their PAN for transacting in the securities market, for Bids of all values ensure that you have mentioned your PAN allotted under the Income Tax Act in the Bid cum Application Form. The exemption for Central or State Governments and officials appointed by the courts and for investors residing in Sikkim is

subject to the Depository Participant's verification of the veracity of such claims of the investors by collecting sufficient documentary evidence in support of their claims.

- Ensure that the Bid cum Application Form is duly completed as per instructions given in this Draft Red Herring Prospectus and in the Bid cum Application Form;

#### **Bid/Offer Program:**

<b>Event</b>	<b>Indicative Dates</b>
Bid/Offer Opening Date(1)	[●]
Bid/Offer Closing Date(2)	[●]
Finalization of Basis of Allotment with the Designated Stock Exchange	[●]
Initiation of Allotment / Refunds / Unblocking of Funds from ASBA Account or UPI ID linked bank account	[●]
Credit of Equity Shares to Demat accounts of Allottees	[●]
Commencement of trading of the Equity Shares on the Stock Exchange	[●]

(1) Our Company in consultation with the Book Running Lead Manager may consider participation by Anchor Investors in accordance with the SEBI (ICDR) Regulations. The Anchor Investor Bid/ Offer Period shall be one Working Day prior to the Bid/ Offer Opening Date in accordance with the SEBI (ICDR) Regulations.

(2) Our Company and the Selling Shareholders, in consultation with the BRLM, may decide to close the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date, in accordance with the SEBI (ICDR) Regulations.

The above timetable is indicative and does not constitute any obligation on our Company or the Book Running Lead Manager. Whilst our Company shall ensure that all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Equity Shares on the Stock Exchange are taken within 6 Working Days of the Bid/ Offer Closing Date, the timetable may change due to various factors, such as extension of the Bid/Offer Period by our Company, revision of the Price Band or any delays in receiving the final listing and trading approval from the Stock Exchange. The Commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchange and in accordance with the applicable laws.

Bid Cum Application Forms and any revisions to the same will be accepted only between 10.00 A.M. to 5.00 P.M. (IST) during the Offer Period (except for the Bid/ Offer Closing Date). On the Bid/ Offer Closing Date, the Bid Cum Application Forms will be accepted only between 10.00 A.M. to 3.00 P.M. (IST) for retail and non-retail Bidders. The time for applying for Retail Individual Bidder on Bid/Offer Closing Date maybe extended in consultation with the BRLM, RTA and BSE taking into account the total number of applications received up to the closure of timings.

Due to the limitation of time available for uploading the Bid Cum Application Forms on the Bid/Offer Closing Date, Bidders are advised to submit their applications one (1) day prior to the Bid/ Offer Closing Date and, in any case, not later than 3.00 P.M. (IST) on the Bid/ Offer Closing Date. Any time mentioned in this Draft Red Herring Prospectus is IST. Bidders are cautioned that, in the event a large number of Bid Cum Application Forms are received on the Bid/Offer Closing Date, as is typically experienced in public Offer, some Bid Cum Application Forms may not get uploaded due to the lack of sufficient time. Such Bid Cum Application Forms that cannot be uploaded will not be considered for allocation under this Offer. Applications will be accepted only on Working Days, i.e., Monday to Friday (excluding any public holidays). Neither our Company nor the BRLM is liable for any failure in uploading the Bid Cum Application Forms due to faults in any software/hardware system or otherwise.

In accordance with SEBI (ICDR) Regulations, QIBs and Non-Institutional Bidders are not allowed to withdraw or lower the size of their Application (in terms of the quantity of the Equity Shares or the Application amount) at any stage. Retail Individual Bidders can revise or withdraw their Bid Cum Application Forms prior to the Bid/Offer Closing Date. Allocation to Retail Individual Bidders, in this Offer will be on a proportionate basis.

In case of discrepancy in the data entered in the electronic book vis-à-vis the data contained in the physical Bid Cum Application Form, for a particular Bidder, the details as per the file received from Stock Exchange 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 Offer shall ask the relevant SCSBs/ RTAs / DPs / stock brokers, as the case may be, for the rectified data.

#### **Withdrawal of the Offer**

Our Company and the Selling Shareholders in consultation with the BRLM, reserve the right to not to proceed with the Offer at any time before the Bid/ Offer Opening Date without assigning any reason thereof.

If our Company withdraws the Offer anytime after the Bid/ Offer Opening Date but before the allotment of Equity Shares, a public notice within 2 (two) working days of the Bid/ Offer Closing Date, providing reasons for not proceeding with the Offer shall be

issued by our Company. The notice of withdrawal will be issued in the same newspapers where the pre- Offer advertisements have appeared and the Stock Exchange will also be informed promptly. The BRLM, through the Registrar to the Offer, will instruct the SCSBs to unblock the ASBA Accounts within 1 (one) working Day from the day of receipt of such instruction.

If our Company withdraws the Offer after the Bid/ Offer Closing Date and subsequently decides to proceed with an Offer of the Equity Shares, our Company will have to file a fresh Draft Red Herring Prospectus with the stock exchange where the Equity Shares may be proposed to be listed.

Notwithstanding the foregoing, the Offer is subject to obtaining (i) the final listing and trading approvals of the Stock Exchange with respect to the Equity Shares issued through the Draft Red Herring Prospectus, which our Company will apply for only after Allotment; and (ii) the registration of Red Herring Prospectus/ Prospectus with RoC.

## Underwriting

The Company, Selling Shareholders and the Book Running Lead Manager to the Offer hereby confirm that the Offer will be 100% Underwritten by the underwriter Hem Securities Limited.

Pursuant to the terms of the Underwriting Agreement dated September 13, 2023 entered into by Company, Underwriter, the obligations of the Underwriter are subject to certain conditions specified therein. The Details of the Underwriting commitments are as under:

Details of the Underwriter	No. of shares underwritten	Amount Underwritten (₹ in Lakhs)	% of Total Offer Size Underwritten
<b>Hem Securities Limited</b> <b>Address:</b> - 904, A Wing, Naman Midtown, Senapati Bapat Marg, Elphinstone Road, Lower Parel, Mumbai 400013, India <b>Tel No.:</b> +91-22-4906 0000 <b>Email:</b> ib@hemsecurities.com <b>Investor Grievance Email:</b> redressal@hemsecurities.com <b>Website:</b> www.hemsecurities.com <b>Contact Person:</b> Rohit Sharma <b>SEBI Registration Number:</b> INM000010981	44,64,000	[●]	100%

*\*Includes 2,24,000 Equity Shares of the Market Maker Reservation Portion which are to be subscribed by the Market Maker, Hem Finlease Private Limited in its own account in order to claim compliance with the requirements of Regulation 261 of the SEBI (ICDR) Regulations, 2018, as amended.*

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

## Change in Auditors during the last three (3) years

There have been no change in our Company's auditors in the last three (3) years.

## Details of the Market Making arrangement for this Offer

Our Company and the BRLM has entered into Market Making Agreement dated September 13, 2023 with the following Market Maker, to fulfill the obligations of Market Making for this Offer:

<b>Name</b>	Hem Finlease Private Limited
<b>Correspondence Address</b>	203, Jaipur Tower, M I Road, Jaipur, Rajasthan 302001, India.
<b>Tel No.</b>	0141-4051000
<b>E-mail</b>	ib@hemsecurities.com
<b>Website</b>	www.hemsecurities.com
<b>Contact Person</b>	Mr. Ashok Soni
<b>SEBI Registration No.</b>	INZ000167734
<b>Market Maker Registration No.</b>	SMEMM0674109092020

In accordance with Regulation 261 of the SEBI (ICDR) Regulations, we have entered into an agreement with the Book Running Lead Manager and the Market Maker (duly registered with BSE to fulfill the obligations of Market Making) dated September 13, 2023 to ensure compulsory Market Making for a minimum period of three years from the date of listing of equity shares offered in this Issuer.

Hem Finlease Private Limited registered with BSE will act as the Market Maker and has agreed to receive or deliver of the specified securities in the market making process for a period of three years from the date of listing of our Equity Shares or for a period as may be notified by any amendment to SEBI (ICDR) Regulations.

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

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

- The Market Maker(s) (individually or jointly) shall be required to provide a 2-way quote for 75% of the time in a day. The same shall be monitored by the stock exchange. Further, the Market Maker(s) shall inform the exchange in advance for each and every black out period when the quotes are not being offered by the Market Maker(s).
- The prices quoted by Market Maker shall be in compliance with the Market Maker Spread Requirements and other particulars as specified or as per the requirements of the BSE SME and SEBI from time to time.
- The minimum depth of the quote shall be ₹ 1,00,000/-. However, the investors with holdings of value less than ₹ 1,00,000/- shall be allowed to offer their holding to the Market Maker(s) (individually or jointly) in that scrip provided that he sells his entire holding in that scrip in one lot along with a declaration to the effect to the selling broker.
- The Market Maker shall not sell in lots less than the minimum contract size allowed for trading on the SME platform of BSE (in this case currently the minimum trading lot size is [●] equity shares; however the same may be changed by the SME platform of BSE from time to time).
- After a period of three (3) months from the market making period, the Market Maker would be exempted to provide quote if the Shares of Market Maker in our company reaches to 25% of Offer Size. Any Equity Shares allotted to Market Maker under this Offer over and above 25% of Offer Size would not be taken in to consideration of computing the threshold of 25% of Offer Size. As soon as the Shares of Market Maker in our Company reduces to 24% of Offer Size, the Market Maker will resume providing 2 way quotes.
- There shall be no exemption/threshold on downside. However, in the event the Market Maker exhausts his inventory through market making process, BSE may intimate the same to SEBI after due verification.
- Execution of the order at the quoted price and quantity must be guaranteed by the Market Maker(s), for the quotes given by him.
- There would not be more than five Market Makers for a script at any point of time and the Market Makers may compete with other Market Makers for better quotes to the investors.
- On the first day of the listing, there will be pre-opening session (call auction) and there after the trading will happen as per the equity market hours. The circuits will apply from the first day of the listing on the discovered price during the pre-open call auction.
- The Market maker may also be present in the opening call auction, but there is no obligation on him to do so.
- There will be special circumstances under which the Market Maker may be allowed to withdraw temporarily/fully from the market-for instance due to system problems, any other problems. All controllable reasons require prior approval from the Exchange, while *force-majeure* will be applicable for non-controllable reasons. The decision of the Exchange for deciding controllable and non-controllable reasons would be final.
- The Market Maker(s) shall have the right to terminate said arrangement by giving a six months' notice or on mutually acceptable terms to the Merchant Banker, who shall then be responsible to appoint a replacement Market Maker(s) and execute a fresh arrangement.

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 261 of the SEBI (ICDR) Regulations, 2018, as amended. Further our Company and 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. The Market Making Agreement is available for inspection at our office from 10.00 a.m. to 5.00 p.m. on working days.

- **Risk containment measures and monitoring for Market Makers:** BSE SME will have all margins, which are applicable on BSE main board viz., Mark-to-Market, Value-At-Risk (VAR) Margin, Extreme Loss Margin, Special Margins and Base Minimum Capital etc. BSE can impose any other margins as deemed necessary from time-to-time.
- **Punitive Action in case of default by Market Makers:** SBE will monitor the obligations on a real time basis and punitive action will be initiated for any exceptions and/or non-compliances. Penalties/ fines may be imposed by the Exchange on the Market Maker, in case he is not able to provide the desired liquidity in a particular security as per the specified guidelines. These penalties/ fines will be set by the Exchange from time to time. The Exchange will impose a penalty on the Market Maker in case he is not present in the market (offering two way quotes) for at least 75% of the time. The nature of the penalty will be monetary as well as suspension in market making activities / trading membership. The Department of Surveillance and Supervision of the Exchange would decide and publish the penalties/ fines/ suspension for any type of misconduct/ manipulation/ other irregularities by the Market Maker from time to time.
- **Price Band and Spreads:** The SEBI Circular bearing reference no: CIR/MRD/DP/ 02/2012 dated January 20, 2012, has laid down that for Offer size up to Rs. 250 crores, the applicable price bands for the first day shall be:
  - i. In case equilibrium price is discovered in the Call Auction, the price band in the normal trading session shall be 5% of the equilibrium price.
  - ii. In case equilibrium price is not discovered in the Call Auction, the price band in the normal trading session shall be 5% of the Offer price.

Additionally, the trading shall take place in TFT segment for first 10 days from commencement of trading. The price band shall be 20% and the market maker spread (difference between the sell and the buy quote) shall be within 10% or as intimated by Exchange from time to time.

The following spread will be applicable on the SME platform:

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

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

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

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

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

## CAPITAL STRUCTURE

The Share capital of our company as at the date of this Draft Red Herring Prospectus is set forth below:

(₹ in Lakhs, except share data)			
Sr. No.	Particulars	Aggregate Value at Face Value	Aggregate Value at Offer Price
A	<b>Authorized Share Capital</b> 2,00,00,000 Equity Shares having Face Value of ₹ 10/- each	2,000.00	-
B	<b>Issued, Subscribed &amp; Paid-up Share Capital prior to the Offer</b> 1,42,00,000 Equity Shares having Face Value of ₹10/- each	1,420.00	-
C	<b>Present Offer in terms of this Draft Red Herring Prospectus*</b> Upto 44,64,000 Equity Shares having Face Value of ₹ 10/-each at a price of ₹ [●] per share	446.40	[●]
	<b>Consisting of:</b>		
	Fresh Issue of upto 26,88,000 Equity Shares of face value of ₹ 10/-each at a Premium of ₹ [●] per share	268.80	[●]
	Offer for Sale of upto 17,76,000 Equity Shares of face value of ₹ 10/-each at a Premium of ₹ [●] per share	177.60	[●]
	<b>Which comprises of:</b>		
D	<b>Reservation for Market Maker Portion</b> Upto 2,24,000 Equity Shares of ₹10/- each at a price of ₹[●] per Equity Share reserved as Market Maker Portion	[●]	[●]
E	<b>Net Offer to Public</b> Net Offer to Public of 42,40,000 Equity Shares of ₹10/- each at a price of ₹[●] per Equity Share to the Public	[●]	[●]
	<b>Of which:</b>		
	i. At least [●] Equity Shares aggregating up to Rs. [●] lakhs will be available for allocation to Retail Individual Investors	[●]	[●]
	ii. At least [●] Equity Shares aggregating up to Rs. [●] lakhs will be available for allocation to Non-Institutional Investors	[●]	[●]
	iii. Not more than [●] Equity Shares aggregating up to Rs. [●] lakhs will be available for allocation to Qualified Institutional Buyers, five per cent. of which shall be allocated to mutual funds.	[●]	
F	<b>Issued, Subscribed and Paid-up Equity Share Capital after the Offer</b> [●] Equity Shares of face value of ₹10/- each		[●]
G	<b>Securities Premium Account</b>		
	Before the Offer (as on date of this Draft Red Herring Prospectus)	1,398.00	
	After the Offer		[●]

\*The Present Offer of upto 44,64,000 Equity Shares in terms of this Draft Red Herring Prospectus has been authorized pursuant to a resolution of our Board of Directors dated August 24, 2023 and by special resolution passed under Section 62(1)(c) of the Companies Act, 2013 at an Extra Ordinary General Meeting of the members held on August 31, 2023.

\*The Offer for Sale has been authorized by the Selling Shareholders by their consent letter dated September 08, 2023.

Sr. No.	Name of the Selling Shareholders	No of Equity Shares offered	% of the pre-Offer paid-up Equity Share capital
1.	Vineeta Chiripal	10,84,000	7.63
2.	Chiripal Exim LLP	6,92,000	4.87
	<b>Total</b>	17,76,000	12.50

Allocation to all categories shall be made on a proportionate basis subject to valid Applications received. Under subscription, if any, in any of the categories, would be allowed to be met with spill-over from any of the other categories. Such inter-se spill over, if any, would be affected in accordance with applicable laws, rules, regulations and guidelines.

### Classes of Shares:

Our Company has only one class of share capital i.e. Equity Shares of face value of ₹ 10/- each only. All the issued Equity Shares are fully paid-up. Our Company has no outstanding convertible instruments as on the date of this Draft Red Herring Prospectus.

### NOTES TO THE CAPITAL STRUCTURE:

#### 1. Changes in Authorized Equity Share Capital of our Company:

Sr. No.	Particulars	Cumulative No. of Equity Shares	Face Value of Equity Share	Cumulative Authorized Share Capital (₹ in lakhs)	Date of Meeting	Whether AGM/ EGM
1.	On incorporation	10,000	10/-	1.00	On Incorporation	N.A.
2.	Increase in Authorized Share Capital from ₹1.00 Lakh to ₹500.00 Lakhs	50,00,000	10/-	500.00	January 08, 2016	EGM
3.	Increase in Authorized Share Capital from ₹500.00 Lakhs to ₹1,000.00 Lakhs	1,00,00,000	10/-	1,000.00	July 03, 2017	EGM
4.	Increase in Authorized Share Capital from ₹1,000.00 Lakhs to ₹2,000.00 Lakhs	2,00,00,000	10/-	2,000.00	June 20, 2023	EGM

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

a) The following table sets forth details of the history of the Equity Share capital of our Company:

Date of Allotment	No. of Equity Shares allotted	Face Value (₹)	Issue Price (including Premium if applicable) (₹)	Nature of Consideration	Nature of Allotment	Cumulative No. of Equity Shares	Cumulative Securities Premium (₹)*	Cumulative Paid up Capital (₹)
Upon Incorporation	10,000	10/-	10/-	Cash	Subscription to MOA <sup>(i)</sup>	10,000	-	1,00,000
March 22, 2016	21,70,000	10/-	30/-	Cash	Private Placement <sup>(ii)</sup>	21,80,000	4,34,00,000	2,18,00,000
May 20, 2016	9,00,000	10/-	30/-	Cash	Private Placement <sup>(iii)</sup>	30,80,000	6,14,00,000	3,08,00,000
July 28, 2016	17,20,000	10/-	30/-	Cash	Private Placement <sup>(iv)</sup>	48,00,000	9,58,00,000	4,80,00,000
August 01, 2017	5,00,000	10/-	60/-	Cash	Private Placement <sup>(v)</sup>	53,00,000	12,08,00,000	5,30,00,000
August 04, 2017	5,00,000	10/-	60/-	Cash	Private Placement <sup>(vi)</sup>	58,00,000	14,58,00,000	5,80,00,000
August 21, 2017	10,00,000	10/-	60/-	Cash	Private Placement <sup>(vii)</sup>	68,00,000	19,58,00,000	6,80,00,000
September 04, 2017	1,50,000	10/-	60/-	Cash	Private Placement <sup>(viii)</sup>	69,50,000	20,33,00,000	6,95,00,000
October 09, 2017	1,50,000	10/-	60/-	Cash	Private Placement <sup>(ix)</sup>	71,00,000	21,08,00,000	7,10,00,000
August 02, 2023	71,00,000	10/-	Nil	Other than Cash	Bonus Issue in the ratio of 1:1 <sup>(x)</sup>	142,00,000	13,98,00,000	14,20,00,000

All the above-mentioned shares are fully paid up since the date of allotment.

(i) Initial Subscribers to the Memorandum of Association subscribed 10,000 Equity Shares of Face Value of ₹ 10/- each, details of which are given below:

Sr. No.	Name of Subscribers	Number of Shares Subscribed
1.	Amit Premkumar Bindal	2,500
2.	Sanjay Premkumar Bindal	2,500
3.	Rajesh Premkumar Bindal	5,000
<b>Total</b>		<b>10,000</b>

(ii) Allotment of 21,70,000 Equity Shares of Face Value of ₹ 10/- each on Private Placement basis as per details given below:

Sr. No.	Name of Allottees	Number of Shares Allotted
1.	Bharat Bhushan Omprakash Agarwal	3,68,900



2.	Rikin Bharatbhushan Agarwal	3,68,900
3.	Urmila Bharatbhushan Agarwal	3,68,900
4.	Chiripal Exim LLP	3,46,000
5.	Kautilya Traders Private Limited	3,46,000
6.	Tripoli Management Private Limited	3,71,300
<b>Total</b>		<b>21,70,000</b>

(iii) Allotment of 9,00,000 Equity Shares of Face Value of ₹ 10/- each on Private Placement basis as per details given below:

Sr. No.	Name of Allottees	Number of Shares Allotted
1.	Bharat Bhushan Omprakash Agarwal	2,25,000
2.	Rikin Bharatbhushan Agarwal	2,25,000
3.	Shivhari Trading LLP	1,00,000
4.	Satrama Trading LLP	1,20,000
5.	Rushp Trading LLP	1,00,000
6.	Harianand Trading LLP	1,30,000
<b>Total</b>		<b>9,00,000</b>

(iv) Allotment of 17,20,000 Equity Shares of Face Value of ₹ 10/- each on Private Placement basis as per details given below:

Sr. No.	Name of Allottees	Number of Shares Allotted
1.	Bharat Bhushan Omprakash Agarwal	4,18,000
2.	Rikin Bharatbhushan Agarwal	4,15,300
3.	Kautilya Traders LLP	40,000
4.	Tripoli Management Private Limited	20,700
3.	Shivhari Trading LLP	2,10,000
4.	Satrama Trading LLP	2,00,000
5.	Rushp Trading LLP	2,15,000
6.	Harianand Trading LLP	2,01,000
<b>Total</b>		<b>17,20,000</b>

(v) Allotment of 5,00,000 Equity Shares of Face Value of ₹ 10/- each on Private Placement basis as per details given below:

Sr. No.	Name of Allottees	Number of Shares Allotted
1.	Bharat Bhushan Omprakash Agarwal	5,00,000
<b>Total</b>		<b>5,00,000</b>

(vi) Allotment of 5,00,000 Equity Shares of Face Value of ₹ 10/- each on Private Placement basis as per details given below:

Sr. No.	Name of Allottees	Number of Shares Allotted
1.	Rikin Bharatbhushan Agarwal	5,00,000
<b>Total</b>		<b>5,00,000</b>

(vii) Allotment of 10,00,000 Equity Shares of Face Value of ₹ 10/- each on Private Placement basis as per details given below:

Sr. No.	Name of Allottees	Number of Shares Allotted
1.	Rushp Trading LLP	10,00,000
<b>Total</b>		<b>10,00,000</b>

(viii) Allotment of 1,50,000 Equity Shares of Face Value of ₹ 10/- each on Private Placement basis as per details given below:

Sr. No.	Name of Allottees	Number of Shares Allotted
1.	Urmila Bharatbhushan Agarwal	1,50,000
<b>Total</b>		<b>1,50,000</b>

(ix) Allotment of 1,50,000 Equity Shares of Face Value of ₹ 10/- each on Private Placement basis as per details given below:

Sr. No.	Name of Allottees	Number of Shares Allotted
1.	Drakensburg Investment Limited	1,50,000
<b>Total</b>		<b>1,50,000</b>

(x) Bonus issue of 71,00,000 Equity Shares of Face Value of ₹ 10/-each in the ratio of 1:1 i.e. One (1) Bonus Equity Share for every One (1) Equity Shares held by shareholders. (refer point no. 4 below for allottees list):

b) As on the date of this Draft Red Herring Prospectus, our Company does not have any Preference Share Capital.

3. Except as mentioned in point number 4 below, the Company has not issued any Equity Share in the last two years preceding the date of the Draft Red Herring Prospectus.

4. Issue of Equity Shares for consideration other than cash:

Except as set out below we have not issued Equity Shares for consideration other than cash:

<b>Date of Allotment</b>	<b>Number of Equity Shares</b>	<b>Face Value (₹)</b>	<b>Issue Price (₹)</b>	<b>Reason of Allotment</b>	<b>Benefits Accrued to our Company</b>	<b>Name of Allottees</b>	<b>No. of Shares Allotteeed</b>
August 02, 2023	71,00,000	10.00	Nil	Bonus Issue in the ratio of 1:1	Capitalization of Reserves & Surplus	Bharat Bhushan Omprakash Agarwal	15,16,900
						Rikin Bharatbhusan Agarwal	15,14,200
						Urmila Bharatbhusan Agarwal	5,18,900
						Chiripal Exim LLP	3,46,000
						Kautilya Traders Pvt. Ltd.	13,86,000
						Vijay Subham Contrade Private Limited	12,76,000
						Vineeta Chiripal	5,42,000
						<b>TOTAL</b>	<b>71,00,000</b>

5. No Equity Shares have been allotted pursuant to any scheme approved under sections 230-234 of the Companies Act, 2013 or under the erstwhile corresponding provisions of the Companies Act, 1956.
6. Our Company has not issued any shares pursuant to an Employee Stock Option Scheme.
7. Except for bonus issue made on August 02, 2023, our Company has not issued Equity shares at price below the Offer price within last one year from the date of the Draft Red Herring Prospectus.
8. We have not revalued our assets since inception and have not issued any Equity Shares (including bonus shares) by capitalizing any revaluation reserves.
9. **Shareholding Pattern of the Company**

The table below represents the shareholding pattern of our Company in accordance with Regulation 31 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, as on the date of this Draft Red Herring Prospectus:

**I - Our Shareholding Pattern:-**

Category	Category of shareholder	Nos. of shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities*				No. of Shares Underlying Outstanding convertible	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) As a % of (A+B+C2)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form
								No of Voting Rights			Total as a % of (A+B+C)			No.	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
								Class Equity Shares of ₹10/- each^	Class eg: y	Total								
I	II	III	IV	V	VI	VII = IV+V+VI	VIII	IX				X	XI=VII+X	XII	XIII	XIV		
(A)	Promoters & Promoter Group	5	1,24,24,000	-	-	1,24,24,000	87.49	1,24,24,000	-	1,24,24,000	87.49	-	87.49	-	-	71,00,000		
(B)	Public	2	17,76,000	-	-	17,76,000	12.51	17,76,000	-	17,76,000	12.51	-	12.51	-	-	10,84,000		
(C)	Non Promoter-Non Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
(C1)	Shares underlying DRs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
(C2)	Shares held by Emp. Trusts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
	<b>Total</b>	<b>7</b>	<b>1,42,00,000</b>	<b>-</b>	<b>-</b>	<b>1,42,00,000</b>	<b>100.00</b>	<b>1,42,00,000</b>	<b>-</b>	<b>1,42,00,000</b>	<b>100.00</b>	<b>-</b>	<b>100.00</b>	<b>-</b>	<b>-</b>	<b>81,84,000</b>		

The term "Encumbrance" has the same meaning as assigned under regulation 28(3) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011

**Notes:**

- As on date of this Draft Red Herring Prospectus 1 Equity share holds 1 vote.
- We have only one class of Equity Shares of face value of ₹ 10/- each.
- We have entered into tripartite agreement dated August 24, 2023 and August 25, 2023 with CDSL & NSDL respectively.
- Our Company will file the shareholding pattern in the form prescribed under Regulation 31 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, one day prior to the listing of the Equity shares. The shareholding pattern will be uploaded on the Website of the BSE before commencement of trading of such Equity Shares.

**10. List of Shareholders of the Company holding 1% or more of the paid up Share Capital of the Company:-**

a) As on the date of filing of this Draft Red Herring Prospectus:-

Sr. No.	Names of Shareholders	Shares held (Face Value of ₹ 10 each)	% Pre Offer paid up Share Capital
1.	Bharat Bhushan Omprakash Agarwal	30,33,800	21.36
2.	Rikin Bharatbhusan Agarwal	30,28,400	21.33
3.	Urmila Bharatbhusan Agarwal	10,37,800	7.31
4.	Chiripal Exim LLP	6,92,000	4.87
5.	Kautilya Traders Pvt. Ltd.	27,72,000	19.52
6.	Vineeta Chiripal	10,84,000	7.63
7.	Vijay Shubham Contrade Private Limited	25,52,000	17.97
	<b>Total</b>	<b>1,42,00,000</b>	<b>100.00</b>

b) Ten days prior to the date of filing of this Draft Red Herring Prospectus:-

Sr. No.	Names of Shareholders	Shares held (Face Value of ₹ 10 each)	% Pre Offer paid up Share Capital
1.	Bharat Bhushan Omprakash Agarwal	30,33,800	21.36
2.	Rikin Bharatbhusan Agarwal	30,28,400	21.33
3.	Urmila Bharatbhusan Agarwal	10,37,800	7.31
4.	Chiripal Exim LLP	6,92,000	4.87
5.	Kautilya Traders Pvt. Ltd.	27,72,000	19.52
6.	Vineeta Chiripal	10,84,000	7.63
7.	Vijay Shubham Contrade Private Limited	25,52,000	17.97
	<b>Total</b>	<b>1,42,00,000</b>	<b>100.00</b>

c) One Year prior to the date of filing of this Draft Red Herring Prospectus:-

Sr. No.	Names of Shareholders*	Shares held (Face Value of ₹ 10 each)	% Pre Offer paid up Share Capital
1.	Bharat Bhushan Omprakash Agarwal	15,16,900	21.36
2.	Rikin Bharatbhusan Agarwal	15,14,200	21.33
3.	Urmila Bharatbhusan Agarwal	5,18,900	7.31
4.	Chiripal Exim LLP	3,46,000	4.87
5.	Kautilya Traders Pvt. Ltd.	3,86,000	5.44
6.	Shivhari Trading LLP	3,10,000	4.37
7.	Satrama Trading LLP	3,20,000	4.51
8.	Rushp Trading LLP	10,00,000	14.08
9.	Harianand Trading LLP	3,31,000	4.66
10.	Rukmani Agarwal	2,15,000	3.03
11.	Pawankumar Agarwal	1,00,000	1.41
12.	Vineeta V Chiripal	5,42,000	7.63
	<b>Total</b>	<b>71,00,000</b>	<b>100.00</b>

\*Details of shares held on August 15, 2022 and percentage held has been calculated based on the paid up capital of our Company as on August 15, 2022.

d) Two Years prior to the date of filing of this Draft Red Herring Prospectus:-

Sr. No.	Names of Shareholders*	Shares held (Face Value of ₹ 10 each)	% Pre Offer paid up Share Capital
1.	Bharat Bhushan Omprakash Agarwal	15,16,900	21.36
2.	Rikin Bharatbhushan Agarwal	15,14,200	21.33
3.	Urmila Bharatbhushan Agarwal	5,18,900	7.31
4.	Chiripal Exim LLP	3,46,000	4.87
5.	Kautilya Traders Pvt. Ltd.	3,86,000	5.44
6.	Shivhari Trading LLP	3,10,000	4.37
7.	Satrama Trading LLP	3,20,000	4.51
8.	Rushp Trading LLP	10,00,000	14.08
9.	Harianand Trading LLP	33,1000	4.66
10.	Drakensburg Investment Limited	5,42,000	7.63
11.	Rukmani Agarwal	2,15,000	3.03
12.	Pawankumar Agarwal	1,00,000	1.41
	<b>Total</b>	<b>71,00,000</b>	<b>100.00</b>

\*Details of shares held on August 15, 2021 and percentage held has been calculated based on the paid up capital of our Company as on August 15, 2021.

11. Our Company has not made any Initial Public Offer of specified securities in the preceding two years.

12. There will be no further issue of capital, whether by way of issue of bonus shares, preferential allotment, Right issue or in any other manner during the period commencing from the date of the Draft Red Herring Prospectus until the Equity Shares of our Company have been listed or application money unblocked on account of failure of Offer. Further, our Company does not intend to alter its capital structure within six months from the date of opening of the offer, by way of split/ consolidation of the denomination of Equity Shares. However, our Company may further issue Equity shares (including issue of securities convertible into Equity Shares) whether preferential or otherwise after the date of the listing of equity shares to finance an acquisition, merger or joint venture or for regulatory compliance or such other scheme of arrangement or any other purpose as the Board of Directors may deem fit, if an opportunity of such nature is determined by the Board of Directors to be in the interest of our Company.

### 13. Capital Build-up in respect of Shareholding of our Promoters

As on the date of this Draft Red Herring Prospectus, Our Promoters, Bharat Bhushan Omprakash Agarwal and Rikin Bharatbhushan Agarwal hold 60,62,200 Equity Shares of our Company. None of the Equity Shares held by our Promoters is subject to any pledge.

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

Date of Allotment and made fully paid up/ Transfer	No. of Equity Shares	Face Value Per Share (₹)	Issue/ Acquisition/ Transfer Price (₹)	Consideration	Nature of Issue	Pre-Offer Shareholding %	Post-Offer Shareholding %
<b>Bharat Bhushan Omprakash Agarwal</b>							
March 30, 2015	5,000	10	10	Cash	Acquisition by way of Transfer of Shares <sup>(a)</sup>	0.04	[●]
March 22, 2016	3,68,900	10	30	Cash	Private Placement	2.60	[●]
May 20, 2016	2,25,000	10	30	Cash	Private Placement	1.58	[●]
July 28, 2016	4,18,000	10	30	Cash	Private Placement	2.94	[●]
August 01, 2017	5,00,000	10	60	Cash	Private Placement	3.52	[●]
August 02, 2023	15,16,900	10	Nil	Nil	Bonus issue in ratio of 1:1	10.68	[●]
<b>Total (A)</b>	<b>30,33,800</b>					<b>21.36</b>	<b>[●]</b>
<b>Rikin Bharatbhushan Agarwal</b>							

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Date of Allotment and made fully paid up/ Transfer	No. of Equity Shares	Face Value Per Share (₹)	Issue/ Acquisition/ Transfer Price (₹)	Consideration	Nature of Issue	Pre-Offer Shareholding %	Post-Offer Shareholding %
March 30, 2015	5,000	10	10	Cash	Acquisition by way of Transfer of Shares <sup>(b)</sup>	0.04	[●]
March 22, 2016	3,68,900	10	30	Cash	Private Placement	2.60	[●]
May 20, 2016	2,25,000	10	30	Cash	Private Placement	1.58	[●]
July 28, 2016	4,15,300	10	30	Cash	Private Placement	2.92	[●]
August 04, 2017	5,00,000	10	60	Cash	Private Placement	3.52	[●]
August 02, 2023	15,14,200	10	Nil	Nil	Issue of Bonus Shares in ratio of 1:1	10.66	[●]
<b>Total (B)</b>	<b>30,28,400</b>					<b>21.33</b>	<b>[●]</b>
<b>Grand Total</b>	<b>60,62,200</b>					<b>42.69</b>	<b>[●]</b>

Note: None of the Shares has been pledged by our Promoters.

(a) Details of Acquisition by Bharat Bhushan Omprakash Agarwal by way of Transfer of 5,000 equity shares.

Sr. No.	Date of Transfer	Name of Transferor	No. of Share Transfer
1.	March 30, 2015	Amit Bindal	2,500
2.	March 30, 2015	Sanjay Bindal	2,500
		<b>Total</b>	<b>5,000</b>

(b) Details of Acquisition by Rikin Bharatbhushan Agarwal by way of Transfer of 5,000 equity shares.

Sr. No.	Date of Transfer	Name of Transferor	No. of Share Transfer
1.	March 30, 2015	Rajesh Bindal	5,000
		<b>Total</b>	<b>5,000</b>

14. The average cost of acquisition or subscription of shares by our Promoters is set forth in the table below:

Sr. No.	Name of the Promoters	No. of Shares held	Average cost of Acquisition (in ₹)
1.	Bharat Bhushan Omprakash Agarwal	30,33,800	19.91
2.	Rikin Bharatbhushan Agarwal	30,28,400	19.92

15. Shareholding of Promoters & Promoter Group

Following are the details of pre and post Offer shareholding of persons belonging to the category “Promoters and Promoter Group”:

Sr. No	Names	Pre IPO		Post IPO	
		Shares Held	% Shares Held	Shares Held	% Shares Held
	<b>Promoters (A)</b>				
1.	Bharat Bhushan Omprakash Agarwal	30,33,800	21.36	30,33,800	[●]
2.	Rikin Bharatbhushan Agarwal	30,28,400	21.33	30,28,400	[●]
	<b>Sub Total (A)</b>	<b>60,62,200</b>	<b>42.69</b>	<b>60,62,200</b>	<b>[●]</b>
	<b>Promoter Group (B)</b>				
3.	Urmila Bharatbhushan Agarwal	10,37,800	7.31	10,37,800	[●]
4.	Kautilya Traders Pvt. Ltd.	27,72,000	19.52	27,72,000	[●]
5.	Vijay Shubham Contrade Private Limited	25,52,000	17.97	25,52,000	[●]
	<b>Sub Total (B)</b>	<b>63,61,800</b>	<b>44.80</b>	<b>63,61,800</b>	<b>[●]</b>
	<b>Total (A) + (B)</b>	<b>1,24,24,000</b>	<b>87.49</b>	<b>1,24,24,000</b>	<b>[●]</b>

16. Except as provided below, no Equity Shares were acquired/ purchased/ sold by the Promoters and Promoter Group, Directors and their immediate relatives within six months immediately preceding the date of filing of this Draft Red Herring Prospectus.

Date of Allotment/ Transfer	Name of Shareholder	No. of Equity Share	% of Pre issue Capital	Allotment/ Acquire/ Transfer	Category of Allottees (Promoters/ Promoter Group/ Director)
August 02, 2023	Bharat Bhushan Omprakash Agarwal	15,16,900	10.68	Allotment of Bonus Shares	Promoter & Director
	Rikin Bharatbhushan Agarwal	15,14,200	10.66		Promoter & Director
	Urmila Bharatbhushan Agarwal	5,18,900	3.65		Promoter Group
	Kautilya Traders Pvt. Ltd.	13,86,000	9.76		Promoter Group
	Vijay Shubham Contrade Private Limited	12,76,000	8.99		Promoter Group

17. None of our Promoters, Promoter Group, our Directors and their relatives has entered into any financing arrangement or financed the purchase of the Equity Shares of our Company by any other person during the period of six months immediately preceding the date of filing of the Draft Red Herring Prospectus.

#### 18. Details of Promoters' Contribution Locked-in for Three Years

Pursuant to Regulation 236 and 238 of SEBI (ICDR) Regulations, 2018, an aggregate of 20.00% of the post Offer capital held by our Promoters shall be considered as Promoter's Contribution ("**Promoters Contribution**") and shall be locked-in for a period of three years from the date of allotment of Equity shares issued pursuant to this Offer. The lock in of Promoter's Contribution would be created as per applicable law and procedure and details of the same shall also be provided to the Stock Exchange before listing of the Equity Shares.

As on the date of this Draft Red Herring Prospectus, our Promoters hold 60,62,200 Equity Shares constituting [●] % of the Post-Issued, subscribed and paid up Equity Share Capital of our Company, which are eligible for the Promoters' contribution.

Our Promoters, Bharat Bhushan Omprakash Agarwal and Rikin Bharatbhushan Agarwal, have given written consent to include 34,00,000 Equity Shares held by them and subscribed by them as part of Promoters Contribution constituting 20.13% of the post Offer Equity Shares of our Company. Further, they have agreed not to sell or transfer or pledge or otherwise dispose of in any manner, the Promoters contribution, for a period of three years from the date of allotment in the Offer.

Date of Allotment/ Transfer and made fully Paid Up	No. of Equity Shares locked-in	Face Value Per Share (₹)	Issue/ Acquisition/ Transfer Price (₹)	Nature of transaction	Post-Offer Shareholding %	Lock in Period
<b>Bharat Bhushan Omprakash Agarwal</b>						
August 02, 2023	15,16,900	10	Nil	Bonus Issue	[●]	3 years
August 01, 2017	3,68,900	10	60	Private Placement	[●]	3 years
<b>Rikin Bharatbhushan Agarwal</b>						
August 02, 2023	15,14,200	10	Nil	Bonus Issue	[●]	3 years
<b>Total</b>	<b>34,00,000</b>				[●]	

The minimum Promoter's contribution has been brought in to the extent of not less than the specified minimum lot and from persons defined as "**Promoter**" under the SEBI (ICDR) Regulations. All Equity Shares, which are being locked in are not ineligible for computation of Minimum Promoters Contribution as per Regulation 237 of the SEBI (ICDR) Regulations and are being locked in for 3 years as per Regulation 238(a) of the SEBI (ICDR) Regulations i.e. for a period of three years from the date of allotment of Equity Shares in this Offer.

The entire pre-Offer shareholding of the Promoters and Promoter Group, other than the Minimum Promoters contribution which is locked in for three years, shall be locked in for a period of one year from the date of allotment in this Offer.

#### Eligibility of Share for "Minimum Promoters Contribution in terms of clauses of Regulation 237(1) of SEBI (ICDR) Regulations, 2018

Reg. No.	Promoters' Minimum Contribution Conditions	Eligibility Status of Equity Shares forming part of Promoter's Contribution
237(1) (a) (i)	Specified securities acquired during the preceding three years, if they are acquired for consideration other than cash and revaluation of assets or capitalization of intangible assets is	The minimum Promoter's contribution does not consist of such Equity Shares. <b>Hence Eligible</b>

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<b>Reg. No.</b>	<b>Promoters' Minimum Contribution Conditions</b>	<b>Eligibility Status of Equity Shares forming part of Promoter's Contribution</b>
	involved in such transaction	
237 (1) (a) (ii)	Specified securities acquired during the preceding three years, resulting from a bonus issue by utilization of revaluation reserves or unrealized profits of the issuer or from bonus issue against Equity Shares which are ineligible for minimum promoters' contribution	The minimum Promoter's contribution does not consist of such Equity Shares. <b>Hence Eligible</b>
237 (1) (b)	Specified securities acquired by promoters during the preceding one year at a price lower than the price at which specified securities are being offered to public in the initial public offer	The minimum Promoter's contribution does not consist of such Equity Shares. <b>Hence Eligible.</b>
237(1) (c)	Specified securities allotted to promoters during the preceding one year at a price less than the Offer price, against funds brought in by them during that period, in case of an issuer formed by conversion of one or more partnership firms, where the partners of the erstwhile partnership firms are the promoters of the issuer and there is no change in the management: Provided that specified securities, allotted to promoters against capital existing in such firms for a period of more than one year on a continuous basis, shall be eligible	The minimum Promoter's contribution does not consist of such Equity Shares. <b>Hence Eligible.</b>
237 (1) (d)	Specified securities pledged with any creditor.	Our Promoters have not Pledged any shares with any creditors. Accordingly, the minimum Promoter's contribution does not consist of such Equity Shares. <b>Hence Eligible.</b>

**Details of Promoters' Contribution Locked-in for One Year**

In terms of Regulation 238(b) and 239 of the SEBI (ICDR) Regulations, 2018, in addition to the Minimum Promoters contribution which is locked in for three years, as specified above, the entire pre-issue equity share capital constituting 1,08,00,000 Equity Shares shall be locked in for a period of one year from the date of allotment of Equity Shares in this Offer.

In terms of Regulation 241 of the SEBI (ICDR) Regulations, 2018, the Equity Shares which are subject to lock-in shall carry inscription '**non-transferable**' along with the Ratio of specified non-transferable period mentioned in the face of the security certificate. The shares which are in dematerialized form, if any, shall be locked-in by the respective depositories. The details of lock-in of the Equity Shares shall also be provided to the Designated Stock Exchange before the listing of the Equity Shares.

**Other requirements in respect of lock-in:**

1. In terms of Regulation 242 of the SEBI (ICDR) Regulations, the locked in Equity Shares held by the Promoters, as specified above, can be pledged with any scheduled commercial bank or public financial institution or a systemically important non-banking finance company or a housing finance company as collateral security for loan granted by such bank or institution provided that the pledge of Equity Shares is one of the terms of the sanction of the loan. Provided that securities locked in as minimum promoter's contribution may be pledged only if, in addition to fulfilling the above requirements, the loan has been granted by such bank or institution, for the purpose of financing one or more of the objects of the offer.
  2. In terms of Regulation 243 of the SEBI (ICDR) Regulations, the Equity Shares held by persons other than the Promoters prior to the Offer may be transferred to any other person holding the Equity Shares which are locked in as per Regulation 239 of the SEBI (ICDR) Regulations, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as applicable.
  3. Further in terms of Regulation 243 of the SEBI (ICDR) Regulations, the specified securities held by the promoters and locked-in as per regulation 238 may be transferred to another promoters or any person of the Promoter Group or a new promoters or a person in control of the issuer subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as applicable.
19. Neither, we nor our Promoters, Directors and the BRLM to this Offer have entered into any buyback and/ or standby arrangements and/ or similar arrangements for the purchase of our Equity Shares from any person.
20. As on the date of this Draft Red Herring Prospectus, the entire Issued Share, Subscribed and Paid-up Share Capital of our Company is fully paid up. Since the entire Offer price in respect of the Offer is payable on application, all the successful applicants will be allotted fully paid up Equity Shares.



21. The BRLM i.e. Hem Securities Limited and their associates do not hold any Equity Shares in our Company as on the date of filing of this Draft Red Herring Prospectus.
22. As on the date of this Draft Red Herring Prospectus, we do not have any Employees Stock Option Scheme/ Employees Stock Purchase Scheme and we do not intend to allot any shares to our employees under Employee Stock Option Scheme/ Employee Stock Purchase Plan from the proposed Offer. As and when, options are granted to our employees under the Employee Stock Option Scheme, our Company shall comply with the SEBI (Share Based Employee Benefits) Regulations, 2014.
23. We have 7 (Seven) shareholders as on the date of filing of this Draft Red Herring Prospectus.
24. As on the date of filing of this Draft Red Herring Prospectus, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments which would entitle Promoters or any shareholders or any other person any option to acquire our Equity Shares after this Initial Public Offer
25. Our Company has not raised any bridge loan against the proceeds of the Offer.
26. As on the date of this Draft Red Herring Prospectus, none of the shares held by our Promoters/ Promoter Group are subject to any pledge.
27. We here by confirm that there will be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from the date of the Draft Red Herring Prospectus until the Equity Shares offered have been listed or application money unblocked on account of failure of offer.
28. An over-subscription to the extent of 1% of the Offer, subject to the maximum post Offer paid up capital of Rs. 25 Cr., can be retained for the purpose of rounding off to the nearest integer during finalizing the allotment, subject to minimum allotment, which is the minimum application size in this Offer. Consequently, the actual allotment may go up by a maximum of 1% of the Offer, as a result of which, the post-Offer paid up capital after the Offer would also increase by the excess amount of allotment so made. In such an event, the Equity Shares held by the Promoter and subject to 3-year lock- in shall be suitably increased; so as to ensure that 20% of the post Offer paid-up capital is locked in .
29. At any given point of time there shall be only one denomination of the Equity Shares, unless otherwise permitted by law.
30. Our Company shall comply with such disclosure and accounting norms as may be specified by BSE, SEBI and other regulatory authorities from time to time.
31. There are no Equity Shares against which depository receipts have been issued.
32. Other than the Equity Shares, there is no other class of securities issued by our Company.
33. There are no safety net arrangements for this public Offer.
34. As per RBI regulations, OCBs are not allowed to participate in this Offer.
35. Our Promoters and Promoter Group will not participate in this Offer.
36. This Offer is being made through Book Building Process.
37. Our Company has not made any public issue or rights issue of any kind or class of securities since its incorporation.
38. In terms of Rule 19(2)(b)(i) of the Securities Contracts (Regulation) Rules, 1957, as amended, (the SCRR) the Offer is being made for at least 25% of the post-Offer paid-up Equity Shares Share capital of our Company. Further, this Offer is being made in terms of Chapter IX of the SEBI (ICDR) Regulations, 2018, as amended from time to time.
39. No person connected with the Offer shall offer any incentive, whether direct or indirect, in the nature of discount, commission, and allowance, or otherwise, whether in cash, kind, services or otherwise, to any Applicant.  
We shall ensure that transactions in Equity Shares by the Promoters and members of the Promoter Group, if any, between the date of filing the Red Herring Prospectus with the Registrar of companies and the Offer Closing Date are reported to the Stock Exchanges within 24 hours of such transactions being completed.

## OBJECTS OF THE OFFER

This Offer includes a fresh Offer of upto 26,88,000 Equity Shares and Offer for Sale of 17,76,000 equity shares by the selling shareholders of our Company at an offer Price of Rs. [●] per Equity Share.

We believe that listing will enhance our corporate image and visibility of brand name of our Company. We also believe that our Company will receive the benefits from listing of Equity Shares on the BSE SME Platform. It will also provide liquidity to the existing shareholders and will also create a public trading market for the Equity Shares of our Company.

The main objects clause of our Memorandum enables our Company to undertake its existing activities.

### Offer for Sale

Our Company will not receive any proceeds of the Offer for Sale by the Selling Shareholders. Each of the selling Shareholders will be entitled to the respective proportion of the proceeds of the Offer for Sale after deducting their portion of the Offer related expenses and relevant taxes thereon. Other than the listing fees for the Offer, all cost, fees and expenses in respect of the Offer will be shared amongst our Company and Selling Shareholders, respectively, in proportion to the proceeds received for the Fresh issue and their respective portion of Offered Shares, as may be applicable, upon the successful completion of the Offer.

### Fresh Issue

Our Company proposes to utilize the funds which are being raised through the Fresh Issue, up to ₹ [●] lakhs, after deducting the Offer related expenses to the extent payable by our Company with respect to the Fresh Issue, towards funding the following objects:

1. To meet Working Capital requirements
2. General Corporate Purpose

(Collectively referred as the “Objects”)

### Net Proceeds

The details of the Net Proceeds are set forth below:

Particulars	Amount (₹ in Lakhs)
Gross Proceeds of the Offer	[●]
Less: Offer related expenses in relation to Offer*	[●]
Net Proceeds	[●]

\*Except for the Listing fees, which will be borne by our Company, all other expenses relating to the Offer as mentioned above will be borne by our Company and the Selling Shareholder in proportion to the Equity Shares contributed / issued in the offer

### Requirement of Funds and Utilization of Net Proceeds

The Net Proceeds are proposed to be used in accordance with the details as set forth below:

S. No.	Particulars	Amount (₹ in Lakhs)
1.	To meet Working Capital requirements	[●]
2.	General Corporate Purpose	[●]
	<b>Total</b>	[●]

Our fund requirements and deployment thereof are based on internal management estimates of our current business plans and have not been appraised by any bank or financial institution. These are based on current conditions and are subject to change in light of changes in external circumstances or costs or in other financial conditions, business strategy, as discussed further below.

### Means of Finance

We intend to finance our Objects of Offer through Net Offer Proceeds which is as follows:

Particulars	Amount (₹ in Lakhs)
Net Offer Proceeds	[●]
<b>Total</b>	[●]

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Since, the entire fund requirement is to be funded from the proceeds of the Offer, there is no requirement to make firm arrangements of finance under Regulation 230(1)(e) of the SEBI ICDR Regulations through verifiable means towards at least 75% of the stated means of finance, excluding the amounts to be raised through the proposed Offer.

In case of any increase in the actual utilization of funds earmarked for the Objects, such additional funds for a particular activity will be met by way of means available to our Company, including from internal accruals. If the actual utilization towards any of the Objects is lower than the proposed deployment such balance will be used for future growth opportunities including funding existing objects, if required. In case of delays in raising funds from the Offer, our Company may deploy certain amounts towards any of the above-mentioned Objects through a combination of Internal Accruals or Unsecured Loans (Bridge Financing) and in such case the Funds raised shall be utilized towards repayment of such unsecured Loans or recouping of Internal Accruals. However, we confirm that no bridge financing has been availed as on date, which is subject to being repaid from the Offer Proceeds.

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

For further details on the risks involved in our business plans and executing our business strategies, please see the section titled "Risk Factors" beginning on page 25 of this Draft Red Herring Prospectus.

### Details of Utilization of Net Proceeds

The details of utilization of the Net Proceeds are set forth herein below:

#### 1. To Meet Working Capital Requirements

Our business requires working capital majorly for investment in trade receivables, inventories and payment to trade payables and funding day to day operations. The Company will meet the requirement to the extent of ₹ [●] from the Net Proceeds of the Offer and balance from borrowings at an appropriate time.

Details of Estimation of Working Capital requirement are as follows:

(₹ In Lakhs)

S. No.	Particulars	Restated			Estimated
		March 31, 2021	March 31, 2022	March 31, 2023	March 31, 2024
I	<b>Current Assets</b>				
	Inventories	321.34	688.82	1885.47	[●]
	Trade receivables	3797.03	5171.11	6827.58	[●]
	Short term loans and advances	1195.46	677.44	1634.59	
	Other current assets	107.56	116.12	140.80	[●]
	<b>Total (A)</b>	<b>5421.40</b>	<b>6653.49</b>	<b>10488.44</b>	<b>[●]</b>
II	<b>Current Liabilities</b>				
	Trade payables	2856.31	3422.21	6686.33	[●]
	Other current liabilities	75.05	48.54	98.52	[●]
	Short-term provisions	30.70	63.79	276.45	[●]
	<b>Total (B)</b>	<b>2962.06</b>	<b>3534.54</b>	<b>7061.30</b>	<b>[●]</b>
III	<b>Total Working Capital Gap (A-B)</b>	<b>2459.34</b>	<b>3118.95</b>	<b>3427.14</b>	<b>[●]</b>
IV	<b>Funding Pattern</b>				
	Borrowings & Internal Accruals	<b>2459.34</b>	<b>3118.95</b>	<b>3427.14</b>	[●]
	<b>IPO Proceeds</b>				[●]

#### Key assumptions for working capital projections made by Our Company:

Particulars	March 31, 2021	March 31, 2022	March 31, 2023	March 31, 2024
<b>Inventories (Days)</b>	10 days	10 days	19 days	[●]
<b>Debtors (Days)</b>	123 days	74 days	67 days	[●]
<b>Creditors (Days)</b>	127 days	55 days	73 days	[●]

**Justification:**

Inventories	[●]
Debtors	[●]
Creditors	[●]

**2. General Corporate Purpose**

Our management, in accordance with the policies of our Board, will have flexibility in utilizing the proceeds earmarked for general corporate purposes. We intend to deploy the balance Fresh Issue proceeds aggregating ₹ [●] Lakhs towards the general corporate purposes to drive our business growth. In accordance with the policies set up by our Board, we have flexibility in applying the remaining Net Proceeds, for general corporate purpose including but not restricted to, meeting operating expenses, initial development costs for projects other than the identified projects, and the strengthening of our business development and marketing capabilities, meeting exigencies, which the Company in the ordinary course of business may not foresee or any other purposes as approved by our Board of Directors, subject to compliance with the necessary provisions of the Companies Act, 2013.

We confirm that any Offer related expenses shall not be considered as a part of General Corporate Purpose. Further in case, our actual Offer expenses turn to be lesser than the estimated Offer expenses of ₹ [●] lakhs, such surplus amount shall be utilized for General Corporate Purpose in such a manner that the amount for general corporate purposes, as mentioned in the Red Herring Prospectus/ Prospectus, shall not exceed 25% of the amount raised by our Company through this Offer.

**Public Offer Expenses**

The total estimated Offer Expenses are ₹ [●] Lakhs, which is [●] % of the total Offer Size. The details of the Offer Expenses are tabulated below:

Activity	(₹ in Lakh)	As a % of Estimates Offer Expenses	As a % of Offer Size
Book Running Lead Manger Fees	[●]	[●]	[●]
Underwriting Commission	[●]	[●]	[●]
Brokerage and selling commission	[●]	[●]	[●]
Fees Payable to Registrar to the Offer	[●]	[●]	[●]
Fees Payable for Advertising and Publishing Expenses	[●]	[●]	[●]
Fees Payable to Regulators including Stock Exchanges	[●]	[●]	[●]
Payment for Printing & Stationery, Postage, etc.	[●]	[●]	[●]
Fees Payable to Statutory Auditor, Legal Advisors and other Professionals	[●]	[●]	[●]
Others (Commission/processing fee for SCSBs, Sponsor Bank and Banker(s) to the Offer and brokerage and selling commission and bidding charges for Members of the Syndicate, Registered Brokers, RTAs and CDPs and Miscellaneous Expenses)	[●]	[●]	[●]
<b>Total</b>	[●]	[●]	[●]

<sup>(1)</sup> Amounts will be finalised and incorporated in the Prospectus on determination of Offer Price. Offer expenses include applicable taxes, where applicable. Offer expenses are estimates and are subject to change.

<sup>(2)</sup> Selling commission payable to the SCSBs on the portion for Retail Individual Bidders. Non-Institutional Bidders, which are directly procured by the SCSBs, would be as follows

Portion for Retail Individual Bidders*	0.10% of the Amount Allotted* (plus applicable taxes)
Portion for Non-Institutional Bidders*	0.10% of the Amount Allotted* (plus applicable taxes)

\*Amount allotted is the product of the number of Equity Shares Allotted and the Offer Price. The selling commission payable to the SCSBs will be determined on the basis of the bidding terminal ID as captured in the Bid Book of BSE.

<sup>(3)</sup> No uploading/ processing fees shall be payable by our Company to the SCSBs on the applications directly procured by them. Processing fees payable to the SCSBs on the portion for Retail Individual Bidders and Non-Institutional Bidders which are procured by the members of the Syndicate/ sub-Syndicate/ Registered Broker/ CRTAs/ CDPs and submitted to SCSB for blocking, would be as follows:

Portion for Retail Individual Bidders	₹ 10 per valid Bid cum Application Form (plus applicable taxes)
Portion for Non-Institutional Bidders	₹ 10 per valid Bid cum Application Form (plus applicable taxes)

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Notwithstanding anything contained above the total processing fee payable under this clause will not exceed ₹1 lakh (plus applicable taxes) and in case if the total processing fees exceeds ₹ 1 lakh (plus applicable taxes) then processing fees will be paid on pro-rata basis.

- (4) The processing fees for applications made by Retail Individual Bidders using the UPI Mechanism would be as follows:

Members of the Syndicate/ RTAs/ CDPs (uploading charges)	₹ 10 per valid application (plus applicable taxes)
Sponsor Bank [●]	₹ 7 per valid Bid cum Application Form* (plus applicable taxes) The Sponsor Bank shall be responsible for making payments to the third parties such as remitter bank, NPCI and such other parties as required in connection with the performance of its duties under the SEBI circulars, other agreements and other applicable laws.

\*For each valid application by respective Sponsor Bank

Notwithstanding anything contained above in this clause the total Uploading charges/ Processing fees payable to Members of the Syndicate/ RTAs/ CDPs for applications made by RIBs (up to ₹200,000), Non-Institutional Bidders (for an amount more than ₹200,000 and up to ₹500,000) using the UPI Mechanism and in case if the total uploading charges/ processing fees exceeds ₹ 1 lakh (plus applicable taxes) then uploading charges/ processing fees using UPI Mechanism will be paid on pro-rata basis.

- (5) Selling commission on the portion for Retail Individual Bidders and Non-Institutional Bidders which are procured by members of the Syndicate (including their sub-Syndicate Members), Registered Brokers, CRTAs and CDPs or for using 3-in-1 type accounts- linked online trading, demat & bank account provided by some of the Registered Brokers which are Members of the Syndicate (including their Sub-Syndicate Members) would be as follows:

Portion for Retail Individual Bidders	0.10% of the Amount Allotted* (plus applicable taxes)
Portion for Non-Institutional Bidders	0.10% of the Amount Allotted* (plus applicable taxes)

\*Amount Allotted is the product of the number of Equity Shares Allotted and the Offer Price

Uploading charges payable to Members of the Syndicate (including their sub-Syndicate Members), CRTAs and CDPs on the applications made by RIBs using 3-in-1 accounts and Non-Institutional Bidders which are procured by them and submitted to SCSB for blocking or using 3-in-1 accounts, would be as follows: ₹10 plus applicable taxes, per valid application bid by the Syndicate (including their sub-Syndicate Members), CRTAs and CDPs.

Bidding charges payable to the Registered Brokers, CRTAs/ CDPs on the portion for RIBs and Non-Institutional Bidders which are directly procured by the Registered Brokers or CRTAs or CDPs and submitted to SCSB for processing, would be as follows:

Portion for Retail Individual Bidders*	₹10 per valid application (plus applicable taxes)
Portion for Non-Institutional Bidders*	₹10 per valid application (plus applicable taxes)

\* Based on valid applications

Notwithstanding anything contained above the total uploading/ bidding charges payable under this clause will not exceed ₹ 1 lakh (plus applicable taxes) and in case if the total uploading/ bidding charges exceeds ₹ 1 lakh (plus applicable taxes) then uploading charges will be paid on pro-rata basis.

The Selling Commission payable to the Syndicate/ Sub-Syndicate Members will be determined on the basis of the application form number/ series, provided that the application is also bid by the respective Syndicate/ Sub-Syndicate Member. For clarification, if a Syndicate ASBA application on the application form number/ series of a Syndicate/ Sub-Syndicate Member, is bid by an SCSB, the Selling Commission will be payable to the SCSB and not the Syndicate/ Sub-Syndicate Member. Bidding Charges payable to members of the Syndicate (including their sub-Syndicate Members), CRTAs and CDPs on the portion for RIBs and Non-Institutional Bidders which are procured by them and submitted to SCSB for blocking, would be as follows: ₹ 10 plus applicable taxes, per valid application bid by the Syndicate (including their sub-Syndicate Members), CRTAs and CDPs.

The selling commission and bidding charges payable to Registered Brokers the CRTAs and CDPs will be determined on the basis of the bidding terminal ID as captured in the Bid Book of BSE.

All such commissions and processing fees set out above shall be paid as per the timelines in terms of the Syndicate Agreement and Escrow and Sponsor Bank Agreement. Further, the processing fees for applications made by UPI Bidders using the UPI Mechanism may be released to the remitter banks (SCSBs) only after such banks provide a written confirmation on compliance with SEBI Circular No: SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 read with SEBI Circular No: SEBI/HO/CFD/DIL2/P/2021/2480/1/M dated March 16, 2021.

### Proposed Schedule of Implementation:

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

(₹ in Lakhs)

S. No.	Particulars	Amount to be deployed and utilized in F.Y. 23-24
1.	To meet Working Capital requirements	[●]

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3.	General Corporate Purpose	[●]
4.	Offer Expenses	[●]
	<b>Total</b>	[●]

#### **Funds Deployed and Source of Funds Deployed:**

[●], Chartered Accountants vide their certificate dated [●] have confirmed that as on date of certificate the following funds have been deployed for the proposed object of the Offer:

(₹ in Lakhs)

<b>Particulars</b>	<b>Amount</b>
Offer Expenses	[●]
<b>Total</b>	[●]

#### **Sources of Financing for the Funds Deployed:**

[●], Chartered Accountants vide their certificate dated [●] have confirmed that as on date of certificate the following funds have been deployed for the proposed object of the Offer:

(₹ in Lakhs)

<b>Particulars</b>	<b>Amount</b>
Internal Accruals	[●]
<b>Total</b>	[●]

#### **Appraisal**

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

#### **Shortfall of Funds**

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

#### **Bridge Financing Facilities**

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

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

As the size of the Offer will not exceed ₹ 10,000 Lakhs, the appointment of Monitoring Agency would not be required as per Regulation 262(1) of the SEBI ICDR Regulations. Our Board and the management will monitor the utilization of the Net Offer Proceeds through our audit committee. Pursuant to Regulation 32 of the SEBI Listing Regulations, our Company shall on half-yearly basis disclose to the Audit Committee the Application of the proceeds of the Offer. On an annual basis, our Company shall prepare a statement of funds utilized for purposes other than stated in this Draft Red Herring Prospectus and place it before the Audit Committee. Such disclosures shall be made only until such time that all the proceeds of the Offer have been utilized in full.

#### **Interim Use of Proceeds**

Pending utilization of the Offer proceeds of the Offer for the purposes described above, our Company will deposit the Net Proceeds with scheduled commercial banks included in schedule II of the RBI Act.

Our Company confirms that it shall not use the Net Proceeds for buying, trading or otherwise dealing in shares of any listed company or for any investment in the equity markets or investing in any real estate product or real estate linked products.

#### **Variation in Objects**

In accordance with Section 27 of the Companies Act, 2013, our Company shall not vary the objects of the offer without our Company being authorized to do so by the Shareholders by way of a Special Resolution. In addition, the notice issued to the Shareholders in

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relation to the passing of such special resolution shall specify the prescribed details as required under the Companies Act and shall be published in accordance with the Companies Act and the rules there under. As per the current provisions of the Companies Act, our Promoter or controlling Shareholders would be required to provide an exit opportunity to such shareholders who do not agree to the proposal to vary the objects, at such price, and in such manner, as may be prescribed by SEBI, in this regard.

**Other confirmations**

There are no material existing or anticipated transactions with our Promoter, our Directors, our Company's key Managerial personnel, in relation to the utilization of the Net Proceeds. No part of the Net Proceeds will be paid by us as consideration to our Promoter, our directors or key managerial personnel except in the normal course of business and in compliance with the applicable laws.

**BASIS FOR OFFER PRICE**

Investors should read the following summary with the section titled “**Risk Factors**”, the details about our Company under the section titled “**Our Business**” and its financial statements under the section titled “**Financial Information of the Company**” beginning on page 23, 90 and 128 respectively of the Draft Red Herring Prospectus. The trading price of the Equity Shares of Our Company could decline due to these risks and the investor may lose all or part of his investment.

The Offer Price will be determined by our Company in consultation with the BRLM on the basis of the quantitative and qualitative factors as described below. The face value of the Equity Shares is ₹ 10.00 each and the Offer Price is ₹ [●] times of the face value.

**QUALITATIVE FACTORS**

We believe the following business strengths allow us to successfully compete in the industry:

- a) Capability to manufacture diverse range of denim fabrics through in-house weaving unit
- b) Stringent quality control mechanism ensuring standardized product quality
- c) Synergy of young and experienced management team with a committed employee base

For a detailed discussion on the qualitative factors which form the basis for computing the price, please refer to sections titled “**Our Business**” beginning on page 90 of this Draft Red Herring Prospectus.

**QUANTITATIVE FACTORS**

The information presented below relating to our Company is based on the Restated Financial Statements. For details, please refer section titled “**Financial Information of the Company**” on page 128 of this Draft Red Herring Prospectus.

Some of the quantitative factors which may form the basis for calculating the Offer Price are as follows:

**1. Basic & Diluted Earnings per share (EPS) (Face value of ₹ 10 each):**

As per the Restated Financial Statements:-

Sr. No	F.Y./Period	Basic & Diluted (₹)	Weights
1.	Financial Year ending March 31, 2023	7.13	3
2.	Financial Year ending March 31, 2022	3.43	2
3.	Financial Year ending March 31, 2021	2.38	1
	<b>Weighted Average</b>	<b>5.10</b>	

**Notes:**

- i. The figures disclosed above are based on the Restated Financial Statements of the Company.
- ii. The face value of each Equity Share is ₹10.00.
- iii. Earnings per Share has been calculated in accordance with Accounting Standard 20 – “Earnings per Share” issued by the Institute of Chartered Accountants of India.
- iv. The above statement should be read with Significant Accounting Policies and the Notes to the Restated Financial Statements as appearing in Annexure IV.
- v. Basic Earnings per Share = Net Profit/(Loss) after tax, as restated attributable to equity shareholders / Weighted average number of equity shares outstanding during the year/ period
- vi. Diluted Earnings per Share = Net Profit/(Loss) after tax, as restated attributable to equity shareholders / Weighted average number of diluted potential equity shares outstanding during the year/ period.

**2. Price Earning (P/E) Ratio in relation to the Price Band of ₹ [●] to ₹ [●] per Equity Share of Face Value of ₹ 10/- each fully paid up:**

Particulars	(P/E) Ratio at the Floor Price	(P/E) Ratio at the Cap Price
P/E ratio based on the Basic & Diluted EPS, as restated for period ending March 31, 2022	[●]	[●]
P/E ratio based on the Weighted Average EPS, as restated.	[●]	[●]

Industry P/E Ratio*	(P/E) Ratio
Industry Average	34.82



\* For the purpose of industry, we have considered those companies which are engaged in the similar line of business segment as of our Company, however, they may not be exactly comparable in terms of product portfolio or the size of our Company. The peers have been included for the purpose of broad comparison.

**Note:**

- i) The P/E ratio of our Company has been computed by dividing Offer Price with EPS.
- ii) P/E Ratio of the peer company is based on the Consolidated Audited Results for the F.Y. 2022-23 and stock exchange data dated 06.09.2023.

**3. Return on Net worth (RoNW)**

Sr. No	Period	RONW (%)	Weights
1	Period ending March 31, 2023	18.07%	3
2	Period ending March 31, 2022	10.53%	2
3	Period ending March 31, 2021	8.16%	1
	<b>Weighted Average</b>	<b>13.91%</b>	<b>6</b>

**Note:**

- i. The figures disclosed above are based on the Restated Financial Statements of the Company.
- ii. The RoNW has been computed by dividing restated net profit after tax (excluding exceptional items) with restated Net worth as at the end of the year/period
- iii. Weighted average = Aggregate of year-wise weighted RoNW divided by the aggregate of weights i.e. (RoNW x Weight) for each year/Total of weights.

**4. Net Asset Value (NAV) per Equity Share:**

Sr. No.	NAV per Equity Share	(Amount in ₹)
1.	As at March 31, 2023	39.46
2.	As at March 31, 2022	32.55
3.	As at March 31, 2021	29.13
5.	NAV per Equity Share after the Offer	[●]
6.	Offer Price	[●]

\*The above NAV has been calculated based on weighted number of shares outstanding at the end of the respective year/period.

**Notes:**

- i. The figures disclosed above are based on the Restated Financial Statements of the Company.
- ii. NAV per share = Restated Net worth at the end of the year/period divided by weighted average number of equity shares outstanding at the end of the year/period
- iii. Net worth is computed as the sum of the aggregate of paid-up equity share capital, all reserves created out of the profits, securities premium account received in respect of equity shares and debit or credit balance of profit and loss account.
- iv. Offer Price per Equity Share will be determined by our Company in consultation with the Book Running Lead Manager.

**5. Comparison of Accounting Ratios with Industry Peers:**

Name of Company	Current Market Price (₹)	Face Value	EPS		PE	RoNW (%)	Book Value (₹)	Revenue from Operations
			Basic	Diluted				
Shanti Spintex Limited	[●]	10	7.13	7.13	[●]	18.07%	39.46	37033.22
<b>Peer Group</b>								
Jindal Worldwide Ltd	388.70	1	5.77	5.77	67.37	17.80	32.41	207001.40
R&B Denims Limited	33.00	2	2.21	2.21	14.93	19.48	11.36	26,277.39
Manomay Tex India Limited	136.00	10	8.72	8.72	15.60	11.17	64.24	69,887.88
United Polyfab Gujarat Ltd	106.00	10	2.56	2.56	41.40	8.60	30.40	65,260.32

**Notes:**

- (i) Source – All the financial information for listed industry peers mentioned above is sourced from the Annual Reports

of the aforesaid companies for the year ended March 31, 2023 and stock exchange data dated 06.09.2023 to compute the corresponding financial ratios. For our Company, we have taken Current Market Price as the Offer price of equity share. Further, P/E Ratio is based on the current market price of the respective scrips.

- (ii) The EPS, NAV, RoNW and total Income of our Company are taken as per Restated Financial Statement for the Financial Year 2022-23
- (iii) NAV per share is computed as the closing net worth divided by the weighted average number of paid up equity shares as on March 31, 2023.
- (iv) RoNW has been computed as net profit after tax divided by closing net worth.
- (v) Net worth has been computed in the manner as specifies in Regulation 2(1) (hh) of SEBI (ICDR) Regulations, 2018.
- (vi) The face value of Equity Shares of our Company is ₹ 10/- per Equity Share and the Offer price is [●] times the face value of equity share

## 6. Key Performance Indicators

The KPIs disclosed below have been used historically by our Company to understand and analyze the business performance, which in result, help us in analyzing the growth of our company.

The KPIs disclosed below have been approved by a resolution of our Audit Committee dated September 09, 2023 and the members of the Audit Committee have verified the details of all KPIs pertaining to our Company. Further, the members of the Audit Committee have confirmed that there are no KPIs pertaining to our Company that have been disclosed to any investors at any point of time during the three years period prior to the date of filing of this Draft Red Herring Prospectus. Further, the KPIs herein have been certified by Anil S. Shah & Co., Chartered Accountants, by their certificate dated September 09, 2023.

The KPIs of our Company have been disclosed in the sections titled “*Our Business*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations – Key Performance Indicators*” on pages 90 and 166 , respectively. We have described and defined the KPIs as applicable in “*Definitions and Abbreviations*” on page 1.

Our Company confirms that it shall continue to disclose all the KPIs included in this section on a periodic basis, at least once in a year (or any lesser period as determined by the Board of our Company), for a duration of one year after the date of listing of the Equity Shares on the Stock Exchange or till the complete utilisation of the proceeds of the Fresh Issue as per the disclosure made in the Objects of the offer, whichever is later or for such other duration as may be required under the SEBI ICDR Regulations. Further, the ongoing KPIs will continue to be certified by a member of an expert body as required under the SEBI ICDR Regulations.

### Key Performance Indicators of our Company

(₹ In Lakhs except percentages and ratios)

Key Financial Performance	FY 2022-23	FY 2021-22	FY 2020-21
Revenue from operations <sup>(1)</sup>	37033.22	25490.94	11280.07
EBITDA <sup>(2)</sup>	2,164.76	1,190.27	1,130.45
EBITDA Margin <sup>(3)</sup>	5.84%	4.67%	10.02%
PAT <sup>(4)</sup>	1012.81	486.59	337.53
PAT Margin <sup>(5)</sup>	2.73%	1.91%	2.99%
RoE(%) <sup>(6)</sup>	19.81%	11.11%	8.16%
RoCE (%) <sup>(7)</sup>	10.12%	6.03%	6.19%

#### Notes:

<sup>(1)</sup>Revenue from operation means revenue from sales, service and other operating revenues

<sup>(2)</sup>EBITDA is calculated as Profit before tax + Depreciation + Finance Cost - Other Income

<sup>(3)</sup>‘EBITDA Margin’ is calculated as EBITDA divided by Revenue from Operations

<sup>(4)</sup> PAT is calculated as Profit before tax – Tax Expenses

<sup>(5)</sup>‘PAT Margin’ is calculated as PAT for the period/year divided by revenue from operations.

<sup>(6)</sup> Return on Equity is ratio of Profit after Tax and Average Shareholder Equity

<sup>(7)</sup> Return on Capital Employed is calculated as EBIT divided by capital employed, which is defined as Share holders Fund + Long term borrowing + Short term borrowing+ Deferred Tax Liability.

**Explanation for KPI metrics:**

<b>KPI</b>	<b>Explanations</b>
Revenue from Operations	Revenue from Operations is used by our management to track the revenue profile of the business and in turn helps to assess the overall financial performance of our Company and volume of our business
EBITDA	EBITDA provides information regarding the operational efficiency of the business
EBITDA Margin (%)	EBITDA Margin (%) is an indicator of the operational profitability and financial performance of our business
PAT	Profit after tax provides information regarding the overall profitability of the business.
PAT Margin (%)	PAT Margin (%) is an indicator of the overall profitability and financial performance of our business.
RoE(%)	RoE provides how efficiently our Company generates profits from shareholders' funds.
RoCE (%)	RoCE provides how efficiently our Company generates earnings from the capital employed in the business.

7. Set forth below are the details of comparison of key performance of indicators with our listed industry peer:

(₹ In Lakhs except percentages and ratios)

Key Financial Performance	Shanti Spintex Limited			Jindal Worldwide Ltd			R&B Denims Limited			Manomay Tex India Limited			United Polyfab Gujarat Ltd		
	FY 2022-23	FY 2021-22	FY 2020-21	FY 2022-23	FY 2021-22	FY 2020-21	FY 2022-23	FY 2021-22	FY 2020-21	FY 2022-23	FY 2021-22	FY 2020-21	FY 2022-23	FY 2021-22	FY 2020-21
Revenue from operations <sup>(1)</sup>	37033.22	25490.94	11280.07	207001.4	255915.72	169961.52	26277.39	29322.93	18219.7	69887.88	58953.15	32125.30	65260.32	66,107.18	21,009.17
EBITDA <sup>(2)</sup>	2,164.76	1,190.27	1,130.45	23395.45	21097.47	11124.39	3398.21	4157.46	2525.67	4155.06	2913.72	1762.59	2950.74	3261.02	2207.75
EBITDA Margin (%) <sup>(3)</sup>	5.84%	4.67%	10.02%	11.30	8.24%	6.55%	12.93%	14.18%	13.86%	5.95%	4.94%	5.49%	4.52%	4.93%	10.51%
PAT <sup>(4)</sup>	1012.81	486.59	337.53	11571.67	10919.76	6241.09	1547.63	2164.57	1022.41	1295.04	770.62	275.47	547.78	940.46	44.52
PAT Margin (%) <sup>(5)</sup>	2.73%	1.91%	2.99%	5.59	4.27%	3.67%	5.89%	7.38%	5.61%	1.85%	1.30%	0.86%	0.83%	1.42%	0.21%
RoE (%) <sup>(6)</sup>	19.81%	11.11%	8.16%	19.52%	22.84%	15.67%	21.51%	41.17%	28.41%	14.09%	11.19%	4.48%	9.23%	18.69%	0.98%
RoCE (%) <sup>(7)</sup>	10.12%	6.03%	6.19%	12.03%	15.01%	10.53%	16.18%	18.64%	15.73%	7.77%	6.43%	4.41%	8.45%	9.79%	7.83%

Notes:

<sup>(1)</sup> Revenue from operation means revenue from sales, service and other operating revenues

<sup>(2)</sup> EBITDA is calculated as Profit before tax + Depreciation + Finance Cost/Interest Expenses - Other Income <sup>(3)</sup> 'EBITDA Margin' is calculated as EBITDA divided by Revenue from Operations

<sup>(4)</sup> PAT is calculated as Profit before tax – Tax Expenses

<sup>(5)</sup> 'PAT Margin' is calculated as PAT for the period/year divided by revenue from operations.

<sup>(6)</sup> Return on Equity is ratio of Profit after Tax and Average Shareholder Equity

<sup>(7)</sup> Return on Capital Employed is calculated as EBIT divided by capital employed, which is defined as Share holders Fund + Long term borrowing + Short term borrowing+ Deferred Tax Liability.

## 8. Weighted average cost of acquisition

- a) The price per share of our Company based on the primary/ new Offer of shares (equity/ convertible securities)

There has been no issuance of Equity Shares other than Equity Shares issued pursuant to a bonus issue on February 20, 2023, during the 18 months preceding the date of this Draft Red Herring Prospectus, where such issuance is equal to or more than 5% of the fully diluted paid-up share capital of the Company (calculated based on the pre-Offer capital before such transaction(s) and excluding employee stock options granted but not vested), in a single transaction or multiple transactions combined together over a span of 30 days.

- b) The price per share of our Company based on the secondary sale/ acquisition of shares (equity shares)

Except as stated below, there have been no secondary sale/ acquisitions of Equity Shares, where the promoters, members of the promoter group or shareholder(s) having the right to nominate director(s) in the board of directors of the Company are a party to the transaction (excluding gifts of shares), during the 18 months preceding the date of this certificate, where either acquisition or sale is equal to or more than 5% of the fully diluted paid up share capital of the Company (calculated based on the pre-Offer capital before such transaction/s and excluding employee stock options granted but not vested), in a single transaction or multiple transactions combined together over a span of rolling 30 days.

Date of transfer	Name of transferor	Name of transferee	No. of Equity shares	Price Per Equity Share (₹)	Adjusted Price per equity share (post bonus)*	Nature of transaction	Total Consideration (₹ in lakhs)
April 16, 2022	Drakensburg Investment Limited	Vineeta V. Chiripal	5,42,000	54/-	27/-	Transfer of Shares	292.68
August 17, 2022	Shivhari Trading LLP	Chiripal Industries Limited	3,10,000	54/-	27/-	Transfer of shares	167.40
August 17, 2022	Satrama Trading LLP	Chiripal Industries Limited	3,20,000	54/-	27/-	Transfer of shares	172.80
August 27, 2022	Rusp Trading LLP	Kautilya Traders Pvt. Ltd.	10,00,000	54/-	27/-	Transfer of shares	540.00
	Harianand Trading LLP	Vijay Shubham Contrade Private Limited	3,31,000	54/-	27/-	Transfer of shares	178.74
	Rukmani Agarwal	Vijay Shubham Contrade Private Limited	2,15,000	54/-	27/-	Transfer of shares	116.10
	Pawankumar Agarwal	Vijay Shubham Contrade Private Limited	1,00,000	54/-	27/-	Transfer of shares	54.00
	Chiripal Industries Limited	Vijay Shubham Contrade Private Limited	6,30,000	54/-	27/-	Transfer of shares	340.20

\*Adjusted price is determined post taking impact of bonus issue of shares allotted by the Company on August 02, 2023 in the ratio of 1:1.

### Weighted average cost of acquisition & Offer price

Types of transactions	Weighted average cost of acquisition (₹ per Equity Shares)	Offer price* (i.e. ₹ [●])
Weighted average cost of acquisition of primary / new Offer as per paragraph 8(a) above.	NA^	NA^
Weighted average cost of acquisition for secondary sale / acquisition as per paragraph 8(b) above.	27.00**	[●] times

^There were no primary/ new issue of shares (equity/ convertible securities) as mentioned in paragraph 8(a) above, in last 18 months from the date of this Draft Red Herring Prospectus.

\* To be updated at Prospectus stage.

\*\* Post adjustment of bonus shares.

This is a Book Built Offer and the price band for the same shall be published 2 working days before opening of the Offer in all editions of the English national newspaper [●], all editions of Hindi national newspaper [●] and Ahmedabad edition of Regional newspaper [●] where the registered office of the company is situated each with wide circulation.

The Price Band/ Floor Price/ Offer Price shall be determined by our Company in consultation with the BRLM and will be justified by us in consultation with the BRLM on the basis of the above information. Investors should read the above mentioned information along with ***“Our Business”***, ***“Risk Factors”*** and ***“Restated Financial Statements”*** on pages 90, 23 and 128 respectively, to have a more informed view. The trading price of the Equity Shares of our Company could decline due to the factors mentioned in ***“Risk Factors”*** or any other factors that may arise in the future and you may lose all or part of your investments.

**STATEMENT OF SPECIAL TAX BENEFITS**

To,  
**The Board of Directors,**  
**Shanti Spintex Limited**  
Sub plot no 1 unit 1, survey no 297,  
Dholi Integrated Spinning Park, Dholka,  
Ahmedabad, Gujarat- 382240

Dear Sir,

**Sub: Statement of Tax Benefits ('The Statement') available to Shanti Spintex Limited ('The Company') and its shareholders under the Direct and Indirect Tax Laws in India**

We hereby report that the enclosed annexure prepared by the management of **Shanti Spintex Limited**, states the special tax benefits available to the Company and the shareholders of the Company under the Income-Tax Act, 1961, the Central Goods and Services Tax Act, 2017, the Integrated Goods and Services Tax Act, 2017, the Union Territory Goods and Services Tax Act, 2017, respective State Goods and Services Tax Act, 2017 (collectively the "GST Act") presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Act. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions which, based on business imperatives which the Company may face in the future, the Company may or may not choose to fulfill.

The benefits discussed in the enclosed Annexure cover only special tax benefits available to the Company and do not cover any general tax benefits available to the Company. Further, the preparation of enclosed statement and the contents stated therein is the responsibility of the Company's management. We are informed that, this Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the proposed initial public offering of Equity shares ("the Offer") by the Company.

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

- a) The Company or its 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 the enclosed statement are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

Our views are based on facts and assumptions indicated to us and the existing provisions of tax law and its interpretations, which are subject to change or modification from time to time by subsequent legislative, regulatory, administrative, or judicial decisions. Any such changes, which could also be retrospective, could have an effect on the validity of our views stated herein.

We assume no obligation to update this statement on any events subsequent to its Offer, which may have a material effect on the discussions herein. This report including enclosed annexure are intended solely for your information and for the inclusion in the Draft Offer Document/Offer Document or any other Offer related material 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 Faithfully  
**For Anil S. Shah & Co.**  
**Chartered Accountants**  
**FRN: 10047W**

SD/-

**CA ANIL A. SHAH**  
**(PARTNER)**  
**M NO. 016613**  
**UDIN: 23016613BGZEYX1277**

**PLACE: Ahmedabad**  
**DATE: 09.09.2023**

**ANNEXURE TO THE STATEMENT OF SPECIAL TAX BENEFITS**

*The information provided below sets out the special tax benefits available to the Company and the Equity Shareholders under the Income Tax Act, 1961 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 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.*

**A. SPECIAL DIRECT AND INDIRECT TAX BENEFITS TO THE COMPANY**

The Company is not entitled to any special tax benefits under the Income Tax Act, 1961 and GST Act.

**B. SPECIAL DIRECT AND INDIRECT TAX BENEFITS TO THE SHAREHOLDERS**

The Shareholders of the Company are not entitled to any special tax benefits under the Income Tax Act, 1961 and GST Act.

**Notes:**

1. For the purpose of reporting here, we have not considered the general tax benefits available to the company or shareholders.
2. The above statement covers only certain relevant direct tax law benefits and indirect tax law benefits or benefit.
3. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this statement.



## **INDUSTRY OVERVIEW**

*The information in this section has been extracted from various websites and publicly available documents from various industry sources. The data may have been re-classified by us for the purpose of presentation. Neither we nor any other person connected with the Offer has independently verified the information provided in this section. Industry sources and publications, referred to in this section, generally state that the information contained therein has been obtained from sources generally believed to be reliable but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured, and, accordingly, investment decisions should not be based on such information.*

### **GLOBAL ECONOMY**

After growing 3.1 percent last year, the global economy is set to slow substantially in 2023, to 2.1 percent, amid continued monetary policy tightening to rein in high inflation, before a tepid recovery in 2024, to 2.4 percent. Tight global financial conditions and subdued external demand are expected to weigh on growth across emerging market and developing economies (EMDEs). Projections for many countries have been revised down over the forecast horizon, with upgrades primarily due to stronger than expected data at the beginning of 2023 more than offset by downgrades thereafter. Inflation has been persistent but is projected to decline gradually as demand weakens and commodity prices moderate, provided longer-term inflation expectations remain anchored.

Global growth could be weaker than anticipated in the event of more widespread banking sector stress, or if more persistent inflation pressures prompt tighter-than-expected monetary policy. Weak growth prospects and heightened risks in the near term compound a long-term slowdown in potential growth, which has been exacerbated by the overlapping shocks of the pandemic, the Russian Federation's invasion of Ukraine, and the sharp tightening of global financial conditions. This difficult context highlights a multitude of policy challenges. Recent bank failures call for a renewed focus on global financial regulatory reform. Global cooperation is also necessary to accelerate the clean energy transition, mitigate climate change, and provide debt relief for the rising number of countries experiencing debt distress. At the national level, it is imperative to implement credible policies to contain inflation and ensure macroeconomic and financial stability, as well as undertake reforms to set the foundations for a robust, sustainable, and inclusive development path.

#### ***Regional prospects***

Growth is projected to diverge across EMDE regions this year and next. It is expected to pick up in 2023 in East Asia and Pacific (EAP) and Europe and Central Asia (ECA), as China's reopening spurs a recovery and as growth prospects in several large economies improve. In contrast, growth is forecast to moderate in all other regions, particularly in Latin America and the Caribbean (LAC) and the Middle East and North Africa (MNA). Headwinds from weak external demand, tight global financial conditions, and high inflation will drag on activity this year, especially in LAC, South Asia (SAR), and Sub-Saharan Africa (SSA). The lingering impact of Russia's invasion of Ukraine will continue to weigh on growth across regions, particularly in ECA. Next year, growth is projected to moderate in EAP and SAR but to pick up elsewhere as domestic headwinds ease and external demand strengthens. Downside risks to the outlook for all regions include possible further global financial stress and more persistent domestic inflation than projected in the baseline. Geopolitical tensions, conflict and social unrest, and natural disasters stemming from climate change also present downside risks, to varying degrees. The materialization of such risks could further weaken potential growth, leading to a prolonged period of slower growth in all EMDE regions.

#### ***Financial Spillovers of Rising U.S. Interest Rates***

The rapid rise in interest rates in the United States poses a significant challenge to EMDEs. As the Federal Reserve has pivoted toward a more hawkish stance to rein in inflation, a substantial part of the sharp increases in U.S. interest rates since early 2022 has been driven by shocks that capture changes in perceptions of the Fed's reaction function. These reaction shocks are associated with especially adverse financial market effects in EMDEs, including a higher likelihood of experiencing a financial crisis. Their effects also appear to be more pronounced in EMDEs with greater economic vulnerabilities. These findings suggest that major central banks can alleviate adverse spillovers through proper communication that clarifies their reaction functions. They also highlight that EMDEs need to adjust macroeconomic and financial policies to mitigate the negative impact of rising global and U.S. interest rates.

#### ***Global outlook***

The global economy remains in a precarious state amid the protracted effects of the overlapping negative shocks of the pandemic, the Russian Federation's invasion of Ukraine, and the sharp tightening of monetary policy to contain high inflation. The resilience that global economic activity exhibited earlier this year is expected to fade. Growth in several major economies was stronger than envisaged at the beginning of the year, with faster-than-expected economic reopening in China and resilient consumption in the United States. Nonetheless, for 2023 as a whole, global activity is projected to slow, with a pronounced deceleration in advanced economies and a sizable pickup in China (figure A). Inflation pressures persist, and the drag on growth from the ongoing monetary tightening to restore price stability is expected to peak in 2023 in many major economies. Recent banking sector stress will further tighten credit conditions. This will result in a substantial growth deceleration in the second half of this year. This slowdown will compound a period of already-subdued growth—over the first half of the 2020s (2020-2024), growth in EMDEs is expected to average just 3.4 percent, one of the

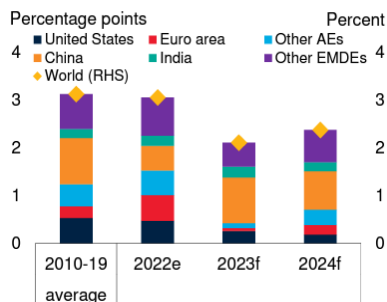
weakest half-decades of the past 30 years (figure B). This slowdown reflects both cyclical dynamics and the current trend of declining global potential output growth (figure C).

Global financial conditions have tightened as a result of policy rate hikes and, to a lesser extent, recent bouts of financial instability. Many banks experienced substantial unrealized losses due to the sharp rise in policy interest rates. Concerns about the viability of balance sheets of some banks led to depositor flight and market volatility in the United States and Europe earlier in the year, which were stemmed by a swift and extensive policy response. Financial markets remain highly sensitive to evolving expectations about the future path of interest rates of major central banks. Spillovers from banking turmoil in advanced economies to EMDEs have so far been limited. However, countries with more pronounced macroeconomic policy vulnerabilities, as reflected by lower credit ratings, have experienced slower growth and greater financial stress, including large currency depreciations and a sharp widening of sovereign spreads. Projections for 2023 growth in these economies have fallen by more than half over the past year (figure D).

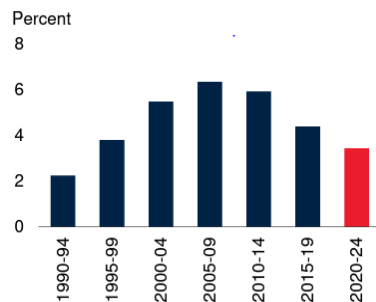
Inflation pressures persist. Although global headline inflation has been decelerating as a result of base effects, abating supply chain pressures, and falling commodity prices, core inflation in many countries remains elevated, and inflation is above target in almost all inflation-targeting economies. Inflation is expected to continue to be above its pre-pandemic level beyond 2024 (figure E). That said, inflation expectations in most inflation targeting countries have so far not undergone a major shift and appear to remain anchored.

In all, global growth is forecast to slow from 3.1 percent in 2022 to 2.1 percent in 2023, before edging up to 2.4 percent in 2024. Relative to the January projections, this is 0.4 percentage point stronger in 2023 and 0.3 percentage point weaker in 2024. Greater-than-expected resilience of major economies at the end of 2022 and early in 2023 led to the overall upgrade to growth in 2023. Growth in advanced economies is set to decelerate substantially for 2023 as a whole, to 0.7 percent, and to remain feeble in 2024, due to monetary tightening, less favorable credit conditions, softening labor markets, and still-high energy prices. In EMDEs, aggregate growth is projected to edge up to 4 percent in 2023, almost entirely due to a rebound in China following the removal of strict pandemic-related mobility restrictions. Excluding China, growth in EMDEs is set to slow substantially to 2.9 percent this year. This projection is predicated on the assumption of a protracted period of tight global monetary policy, fiscal consolidation in most EMDEs, and weak external demand. The slowdown is expected to be even more severe for EMDEs with elevated fiscal vulnerabilities and external financing needs. Persistent weak growth means that, excluding China, EMDEs are expected to continue making next to no progress at closing the differential in per capita incomes relative to advanced economies (figure F). By 2024, economic activity in EMDEs will still be about 5 percent below levels projected on the eve of the pandemic.

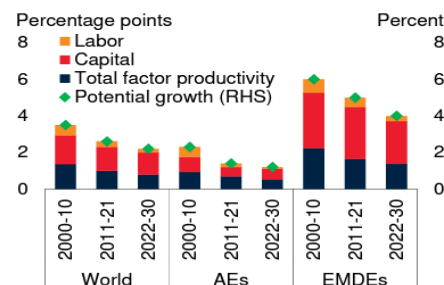
**A. Contributions to global growth**



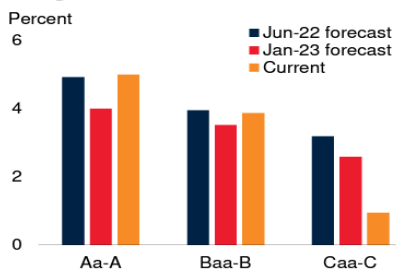
**B. Growth in EMDEs**



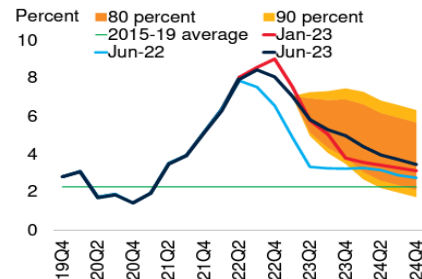
**C. Contributions to potential growth**



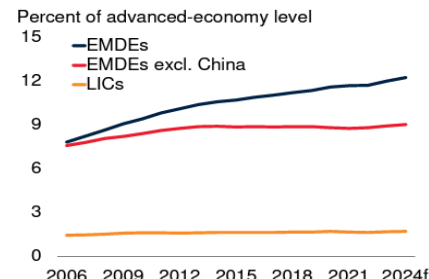
**D. EMDE growth in 2023, by credit rating**



**E. Model-based global CPI inflation projections**



**F. EMDE GDP per capita**



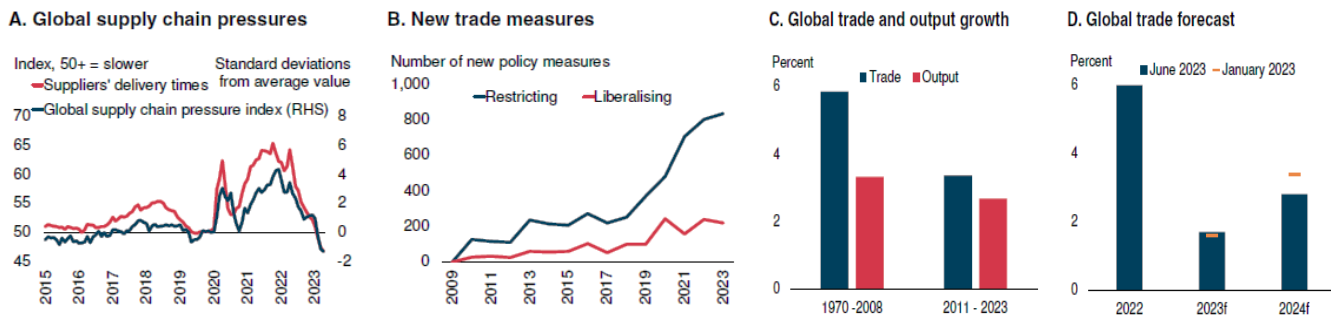
The global economy is projected to slow substantially this year, with a pronounced deceleration in advanced economies. The first half of the 2020s is expected to be one of the weakest half-decades of the past 30 years for emerging market and developing economies (EMDEs), as a result of both cyclical dynamics and slowing potential growth. EMDEs with lower credit ratings are set to experience a particularly sharp slowdown this year. Inflation remains elevated in many countries and is envisaged to remain above pre-pandemic levels beyond 2024. Excluding China, EMDEs are expected to make next to no progress at closing the gap in per capita incomes with advanced economies over the forecast horizon.

**Global risks and policy challenges**

An intensification of advanced-economy banking stress could result in a sharp slowdown in global growth in 2024, or even a global recession if it had major spillovers to emerging market and developing economies (EMDEs). A more hawkish U.S. monetary policy reaction to inflation could also further raise borrowing costs in EMDEs, especially in those with underlying vulnerabilities. There is an increasing need for debt relief for low-income countries amid a greater diversity of lenders. Substantial investments are needed to achieve resilient and low-carbon growth. Rising debt servicing costs are increasing the risk of debt distress. Reversing the decline in potential growth requires decisive structural reforms.

**Global trade**

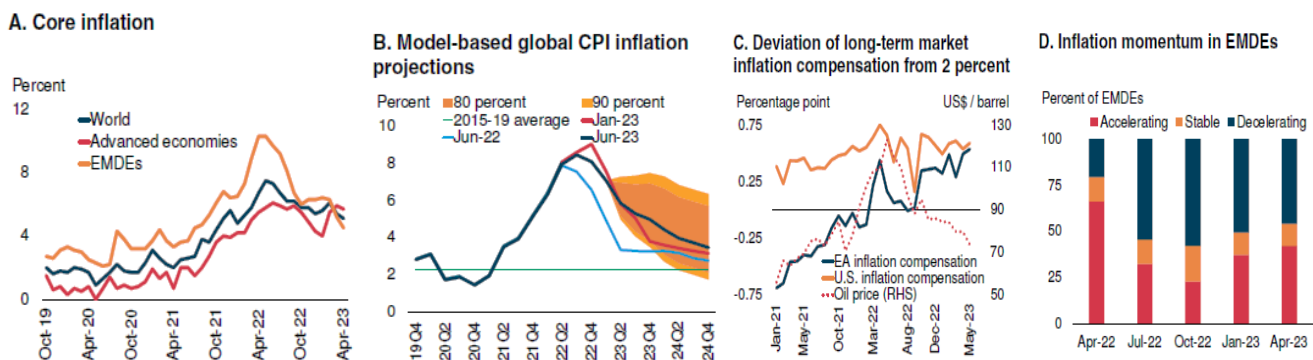
Supply chain pressures and supplier delivery times have dropped back to pre-pandemic levels as goods demand has weakened and global shipping conditions have improved. A rising number of new trade measures have been protectionist. The ongoing shift in global consumption toward less trade-intensive goods will likely continue to lower the growth rate of trade relative to output. This shift and subdued demand are expected to dampen global trade growth substantially this year.



**Global inflation and financial developments**

Global core inflation remains elevated. Projections suggest inflation will continue to be above its pre-pandemic level beyond 2024. Market-based measures of long-term inflation compensation in advanced economies remain above 2 percent, despite a decline in oil prices. In many emerging market and developing economies (EMDEs), inflation is either accelerating or has stabilized at high levels. One-year-ahead EMDE inflation expectations have declined only slightly. Longer-term projections point to a faster decline in inflation in countries with inflation targets.

Prior to the advanced-economy bank failures in March, the U.S. yield curve registered its deepest inversion in four decades. During the banking stress, short-term government bond yields and bank stocks fell sharply. Despite these events, and much tightened bank lending standards, advanced economy credit spreads remain contained. As borrowing costs have risen globally, currency depreciation and credit spread widening in emerging market and developing economies have been disproportionately concentrated in the countries with the weakest credit ratings.



(Source: <https://openknowledge.worldbank.org/server/api/core/bitstreams/6e892b75-2594-4901-a036-46d0dec1e753/content>)

In general, global economic shocks in the past were severe but spaced out in time. This changed in the third decade of this millennium. At least three shocks have hit the global economy since 2020. It all started with the pandemic-induced contraction of the global output, followed by the Russian-Ukraine conflict leading to a worldwide surge in inflation. Then, the central banks across economies led by the Federal Reserve responded with synchronised policy rate hikes to curb inflation.

The Indian economy, however, appears to have moved on after its encounter with the pandemic, staging a full recovery in FY22 ahead of many nations and positioning itself to ascend to the pre-pandemic growth path in FY23. Yet in the current year, India has also faced the challenge of reigning in inflation that the European strife accentuated. Measures taken by the government and RBI, along with the easing of global commodity prices, have finally managed to bring retail inflation below the RBI upper tolerance target in November 2022. However, the challenge of the depreciating rupee, although better performing than most other currencies, persists with the likelihood of further increases in policy rates by the US Fed.

Despite these, agencies worldwide continue to project India as the fastest-growing major economy at 6.5-7.0 per cent in FY23. These optimistic growth forecasts stem in part from the resilience of the Indian economy seen in the rebound of private consumption seamlessly replacing the export stimuli as the leading driver of growth. The uptick in private consumption has also given a boost to production activity resulting in an increase in capacity utilisation across sectors. The rebound in consumption was engineered by the near-universal vaccination coverage overseen by the government that brought people back to the streets to spend on contact-based services, such as restaurants, hotels, shopping malls, and cinemas, among others. The world’s second-largest vaccination drive involving more than 2 billion doses also served to lift consumer sentiments that may prolong the rebound in consumption. Vaccinations have facilitated the return of migrant workers to cities to work in construction sites as the rebound in consumption spilled over into the housing market. This is evident in the housing market witnessing a significant decline in inventory overhang to 33 months in Q3 of FY23 from 42 months last year.

The Capital Expenditure (Capex) of the central government, which increased by 63.4 per cent in the first eight months of FY23, was another growth driver of the Indian economy in the current year, crowding in the private Capex since the January-March quarter of 2022. On current trend, it appears that the full year’s capital expenditure budget will be met. A sustained increase in private Capex is also imminent with the strengthening of the balance sheets of the Corporates and the consequent increase in credit financing it has been able to generate. India’s economic growth in FY23 has been principally led by private consumption and capital formation. It has helped generate employment as seen in the declining urban unemployment rate and in the faster net registration in Employee Provident Fund. Still, private capex soon needs to take up the leadership role to put job creation on a fast track. Recovery of MSMEs is proceeding apace, as is evident in the amounts of GST they pay, while the ECGLS is easing their debt servicing concerns.

Global growth has been projected to decline in 2023 and is expected to remain generally subdued in the following years as well. The slowing demand will likely push down global commodity prices and improve India’s CAD in FY24. However, a downside risk to the Current Account Balance stems from a swift recovery driven mainly by domestic demand and, to a lesser extent, by exports. Growth is expected to be brisk in FY24 as a vigorous credit disbursement, and capital investment cycle is expected to unfold in India with the strengthening of the balance sheets of the corporate and banking sectors.

**Table I.1: Global economic challenges led to a downward revision in growth forecast across countries**

	Growth Projections (per cent)		Change from WEO Update (July 2022) (per cent)	
	2022	2023	2022	2023
World	3.2	2.7	0	-0.2
Advanced Economies	2.4	1.1	-0.1	-0.3
United States	1.6	1	-0.7	0
Euro Area	3.1	0.5	0.5	-0.7
UK	3.6	0.3	0.4	-0.2
Japan	1.7	1.6	0	-0.1
Emerging Market Economies	3.7	3.7	0.1	-0.2
China	3.2	4.4	-0.1	-0.2
India*	6.8	6.1	-0.6	0

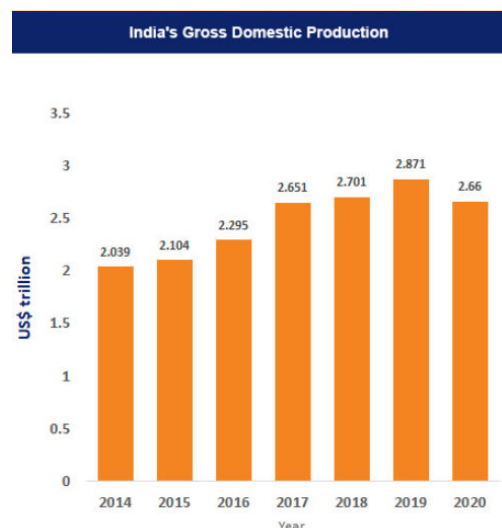
Source: IMF

Note: \*Projection for India is for its fiscal year (Apr-Mar), while for the other economies, it is from Jan-Dec.

(Source: <https://www.indiabudget.gov.in/economicsurvey/doc/eschapter/echap01.pdf>)

**Market Size**

India’s nominal gross domestic product (GDP) at current prices is estimated to be at ₹ 232.15 trillion (US\$ 3.12 trillion) in FY22. With more than 100 unicorns valued at US\$ 332.7 billion, India has the third-largest unicorn base in the world.



The government is also focusing on renewable sources to generate energy and is planning to achieve 40% of its energy from non-fossil sources by 2030.

According to the McKinsey Global Institute, India needs to boost its rate of employment growth and create 90 million non-farm jobs between 2023 and 2030 in order to increase productivity and economic growth. The net employment rate needs to grow by 1.5% per annum from 2023 to 2030 to achieve 8-8.5% GDP growth between 2023 and 2030. India's current account deficit (CAD), primarily driven by an increase in the trade deficit, stood at 2.1% of GDP in the first quarter of FY 2022-23.

### Recent Developments

India is primarily a domestic demand-driven economy, with consumption and investments contributing to 70% of the economic activity. With an improvement in the economic scenario and the Indian economy recovering from the Covid-19 pandemic shock, several investments and developments have been made across various sectors of the economy.

- As of September 21, 2022, India's foreign exchange reserves stood at US\$ 524,520 million.
- The private equity-venture capital (PE-VC) sector investments stood at US\$ 2 billion in September 2022.
- In September 2022, the gross Goods and Services Tax (GST) revenue collection stood at ₹ 147,686 crore (US\$ 17.92 billion).
- In August 2022, the overall IIP (Index of Industrial Production) stood at 131.3. The Indices of Industrial Production for the mining, manufacturing and electricity sectors stood at 99.6, 131.0 and 191.3, respectively, in August 2022.
- According to data released by the Ministry of Statistics & Programme Implementation (MoSPI), India's Consumer Price Index (CPI) based retail inflation reached 7.41% in September 2022.
- In FY 2022-23, (until October 28, 2022), Foreign Portfolio Investment (FPI) outflows stood at ₹ 58,762 crore (US\$ 7.13 billion).

### Government Initiatives

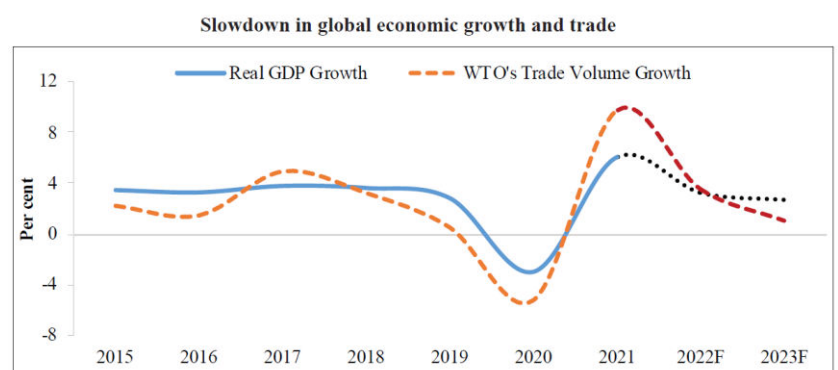
Over the years, the Indian government has introduced many initiatives to strengthen the nation's economy. The Indian government has been effective in developing policies and programmes that are not only beneficial for citizens to improve their financial stability but also for the overall growth of the economy. Over recent decades, India's rapid economic growth has led to a substantial increase in its demand for exports.

- Home & Cooperation Minister Mr. Amit Shah, laid the foundation stone and performed Bhoomi Pujan of Shri Tanot Mandir Complex Project under Border Tourism Development Programme in Jaisalmer in September 2022.
- In August 2022, Mr. Narendra Singh Tomar, Minister of Agriculture and Farmers Welfare inaugurated four new facilities at the Central Arid Zone Research Institute (CAZRI), which has been rendering excellent services for more than 60 years under the Indian Council of Agricultural Research (ICAR).
- The Union Budget of 2022-23 was presented on February 1, 2022, by the Minister for Finance & Corporate Affairs, Ms. Nirmala Sitharaman. The budget had four priorities PM GatiShakti, Inclusive Development, Productivity Enhancement and Investment, and Financing of Investments. In the Union Budget 2022-23, effective capital expenditure is expected to increase by 27% at ₹ 10.68 lakh crore (US\$ 142.93 billion) to boost the economy. This will be 4.1% of the total Gross Domestic Production (GDP).
- In August 2022, a Special Food Processing Fund of ₹ 2,000 crore (US\$ 242.72 million) was set up with National Bank for Agriculture and Rural Development (NABARD) to provide affordable credit for investments in setting up Mega Food Parks (MFP) as well as processing units in the MFPs.
- In July 2022, Deendayal Port Authority (DPA) announced plans to develop two Mega Cargo Handling Terminals on a Build-Operate-Transfer (BOT) basis under Public-Private Partnership (PPP) Mode at an estimated cost of ₹ 5,963 crore (US\$ 747.64 million).
- In July 2022, the Union Cabinet chaired by the Prime Minister Mr. Narendra Modi, approved the signing of the Memorandum of Understanding (MoU) between India & Maldives. This MoU will provide a platform to tap the benefits of information technology for court digitization and can be a potential growth area for the IT companies and start-ups in both the countries.

(Source: <https://www.ibef.org/economy/indian-economy-overview>)

### Growth Outlook: 2023-24

India's recovery from the pandemic was relatively quick, and growth in the upcoming year will be supported by solid domestic demand and a pickup in capital investment. The current growth trajectory will be supported by multiple structural changes that have been implemented over the past few years. The private sector – financial and non-financial – was repairing balance sheets, which led to a slowdown in capital formation in the previous decade. The financial system stress experienced in the second decade of the millennium, evidenced by rising nonperforming assets, low credit



Source: IMF, WTO  
Note: F stands for Forecast

growth and declining growth rates of capital formation, caused by excessive lending witnessed in the first decade-plus, is now behind us. Aided by healthy financials, incipient signs of a new private sector capital formation cycle are visible. More importantly, compensating for the private sector's caution in capital expenditure, the government raised capital expenditure substantially. Budgeted capital expenditure rose 2.7X in the last seven years, from FY16 to FY23, re-invigorating the Capex cycle. Structural reforms such as the introduction of the Goods and Services Tax and the Insolvency and Bankruptcy Code enhanced the efficiency and transparency of the economy and ensured financial discipline and better compliance.

### ***Growth Magnets in this Decade (2023-2030)***

After a long period of balance sheet repair in the financial and corporate sector, the financial cycle is poised to turn upward. As the health and economic shocks of the pandemic and the spike in commodity prices in 2022 wear off, the Indian economy is thus well placed to grow at its potential in the coming decade, similar to the growth experience of the economy after 2003. This is the primary reason for expecting India's growth outlook to be better than it was in the pre-pandemic years. The sound and healthy financial system developed over the last few years will ensure efficient credit provisioning, contributing to higher growth in the coming years through higher investments and consumption. Thanks to India's digital revolution and formalisation, banks have far more information about their customer's credit risks than before, thus being able to make credit and pricing decisions better than before.

(Source: <https://www.indiabudget.gov.in/economicsurvey/>)

### ***Road Ahead***

In the second quarter of FY 2022-23, the growth momentum of the first quarter was sustained, and high-frequency indicators (HFIs) performed well in July and August of 2022. India's comparatively strong position in the external sector reflects the country's generally positive outlook for economic growth and rising employment rates. India ranked fifth in foreign direct investment inflows among the developed and developing nations listed for the first quarter of 2022.

India's economic story during the first half of the current financial year highlighted the unwavering support the government gave to its capital expenditure, which, in FY 2022-23 (until August 2022), stood 46.8% higher than the same period last year. The ratio of revenue expenditure to capital outlay decreased from 6.4 in the previous year to 4.5 in the current year, signaling a clear change in favour of higher-quality spending. Stronger revenue generation as a result of improved tax compliance, increased profitability of the company, and increasing economic activity also contributed to rising capital spending levels.

Despite the continued global slowdown, India's exports climbed at the second highest rate this quarter. With a reduction in port congestion, supply networks are being restored. The CPI-C and WPI inflation reduction from April 2022 already reflects the impact. In August 2022, CPI-C inflation was 7.0%, down from 7.8% in April 2022. Similarly, WPI inflation has decreased from 15.4% in April 2022 to 12.4% in August 2022. With a proactive set of administrative actions by the government, flexible monetary policy, and a softening of global commodity prices and supply-chain bottlenecks, inflationary pressures in India look to be on the decline overall.

(Source: <https://www.ibef.org/economy/indian-economy-overview>)

## **TEXTILE - INDUSTRY SCENARIO**

India's textiles sector is one of the oldest industries in the Indian economy, dating back to several centuries. The industry is extremely varied, with hand-spun and hand-woven textiles sectors at one end of the spectrum, with the capital-intensive sophisticated mills sector at the other end. The fundamental strength of the textile industry in India is its strong production base of a wide range of fibre/yarns from natural fibres like cotton, jute, silk and wool, to synthetic/man-made fibres like polyester, viscose, nylon and acrylic.

The decentralised power looms/ hosiery and knitting sector form the largest component of the textiles sector. The close linkage of textiles industry to agriculture (for raw materials such as cotton) and the ancient culture and traditions of the country in terms of textiles makes it unique in comparison to other industries in the country. India's textiles industry has a capacity to produce a wide variety of products suitable for different market segments, both within India and across the world.

The Indian textile and apparel industry is expected to grow at 10% CAGR from 2019-20 to reach US\$ 190 billion by 2025-26. India has a 4% share of the global trade in textiles and apparel. India is the world's largest producer of cotton. Estimated production stood at 362.18 lakh bales during cotton season 2021-22. Domestic consumption for the 2021-22 cotton season is estimated to be at 338 lakh bales. Cotton production in India is projected to reach 7.2 million tonnes (~43 million bales of 170 kg each) by 2030, driven by increasing demand from consumers. In FY23, exports of readymade garments (RMG) cotton including accessories stood at US\$ 7.68 billion till January 2023. It is expected to surpass US\$ 30 billion by 2027, with an estimated 4.6-4.9% share globally.



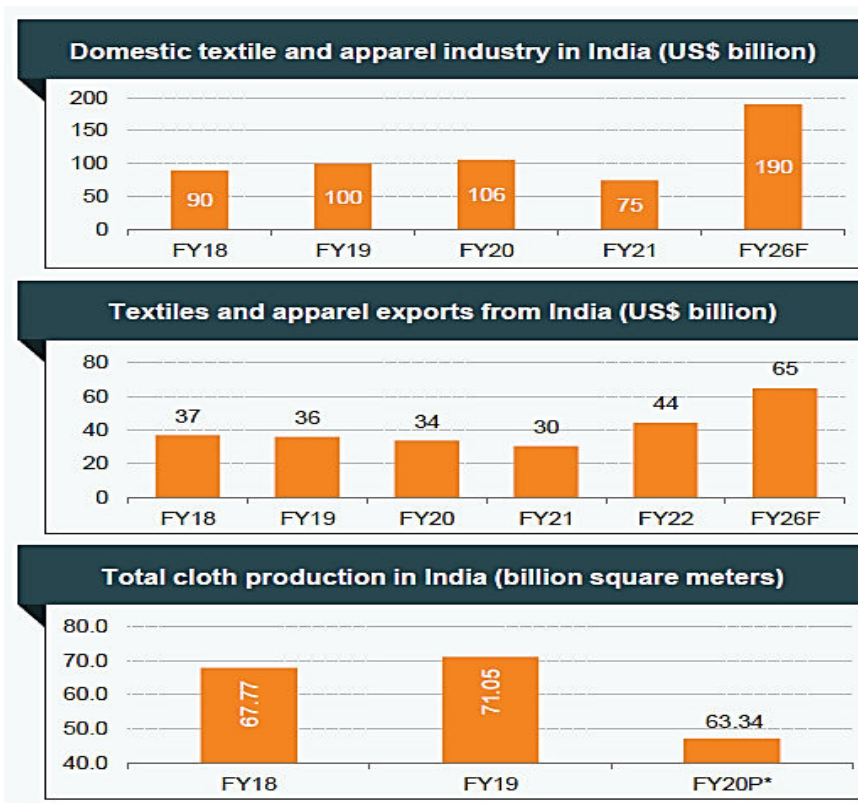
Production of fibre in India reached 2.40 MT in FY21 (till January 2021), while for yarn, the production stood at 4,762 million kgs during the same period. Natural fibres are regarded as the backbone of the Indian textile industry, which is expected to grow from US\$138 billion to US\$195 billion by 2025. India’s textile and apparel exports (including handicrafts) stood at US\$ 44.4 billion in FY22, a 41% increase YoY. During April-October in FY23, the total exports of textiles stood at US\$ 21.15 billion. India’s textile and apparel exports to the US, its single largest market, stood at 27% of the total export value in FY22. Exports of readymade garments including cotton accessories stood at US\$ 6.19 billion in FY22.

India is the world’s second-largest producer of textiles and garments. It is also the fifth-largest exporter of textiles spanning apparel, home and technical products. The textiles and apparel industry contribute 2.3% to the country’s GDP, 13% to industrial production and 12% to exports. Around 45 million people are working in the textile business, including 3.5 million people who work on handlooms. The Indian textile and apparel industry is expected to grow at 10% CAGR from 2019-20 to reach US\$ 190 billion by 2025-26. The Indian apparel market stood at US\$ 40 billion in 2020 and is expected to reach US\$ 135 billion by 2025.

India enjoys a comparative advantage in terms of skilled manpower and in cost of production relative to other major textile producers. India’s textile and apparel exports (including handicrafts) stood at US\$ 44.4 billion in FY22, a 41% increase YoY. Exports of readymade garments including cotton accessories stood at US\$ 6.19 billion in FY22. India’s ready-made garment (RMG) exports are likely to surpass US\$ 30 billion by 2027, growing at a CAGR of 12-13%.

The textiles industry (including dyed and printed) foreign direct investment (FDI) worth US\$ 4.03 billion from April 2000-June 2022. 100% FDI (automatic route) is allowed in the Indian textile sector. Companies involved in home textiles are using technology to optimise the value chain. For example, in October 2021, Welspun India introduced Wel-Trak 2.0—an upgraded, patented end-to-end traceability technology—to track textile raw materials throughout the supply chain.

The Government’s Rs. 10,683 crore (US\$ 1.44 billion) PLI scheme is expected to be a major booster for the textile manufacturers. The scheme proposes to incentivise MMF (man-made fibre) apparel, MMF fabrics and 10 segments of technical textiles products. The Government approved the Mega Integrated Textile Region and Apparel (MITRA) Park scheme worth Rs. 4,445 crore (US\$ 594.26 million) to establish seven integrated mega textile parks with state-of-the-art infrastructure, common utilities and R&D lab over a three-year period, which will boost textile manufacturing in the country.



The Indian government wants to establish 75 textile hubs, similar to Tiruppur, which will greatly increase employment opportunities while promoting the export of textile products and ensuring the use of sustainable technology. For the export of handloom products globally, the Handloom Export Promotion Council (HEPC) is participating in various international fairs/events with handloom exporters/weavers to sell their handloom products in the international markets under the National Handloom Development Programme (NHDP). Alongside, the Ministry of Textiles has also been implementing Handloom Marketing Assistance (HMA), a component of the National Handloom Development Programme (NHDP) all across India. HMA provides a marketing platform to the handloom weavers/agencies to sell their products directly to the consumers, and develop and promote the marketing channel through organizing expos/events in domestic as well as export markets.

The government has allocated funds worth Rs. 17,822 crore (US\$ 2.38 billion) between FY16-22 for the ‘Amended Technology Up-gradation Fund Scheme’ (A-TUFS) to boost the Indian textile industry and enable ease of doing business. Amazon India has signed a MoU with the Manipur Handloom & Handicrafts Development Corporation Limited (MHHDC), a Government of Manipur entity, to encourage the development of weavers and artisans throughout the state. To support the handloom weavers/weaver entrepreneurs, the Weaver MUDRA Scheme was launched to provide margin money assistance at 20% of the loan amount subject to a maximum of Rs. 10,000 (US\$ 134.22) per weaver. The loan is provided at an interest rate of 6% with credit guarantee of three years.

The new Economic Cooperation and Trade Agreements with Australia and the UAE will open multiple opportunities for textiles and handloom. Indian textile exports to Australia and the UAE will now face zero duties, and the government is expecting that soon, Europe, Canada, the UK and GCC countries would also welcome Indian textile exports at zero duty. Top players in the textiles sector are attaining sustainability in their products by manufacturing textiles that use natural recyclable materials. India’s textiles industry has around 4.5 crore employed workers including 35.22 lakh handloom workers across the country.

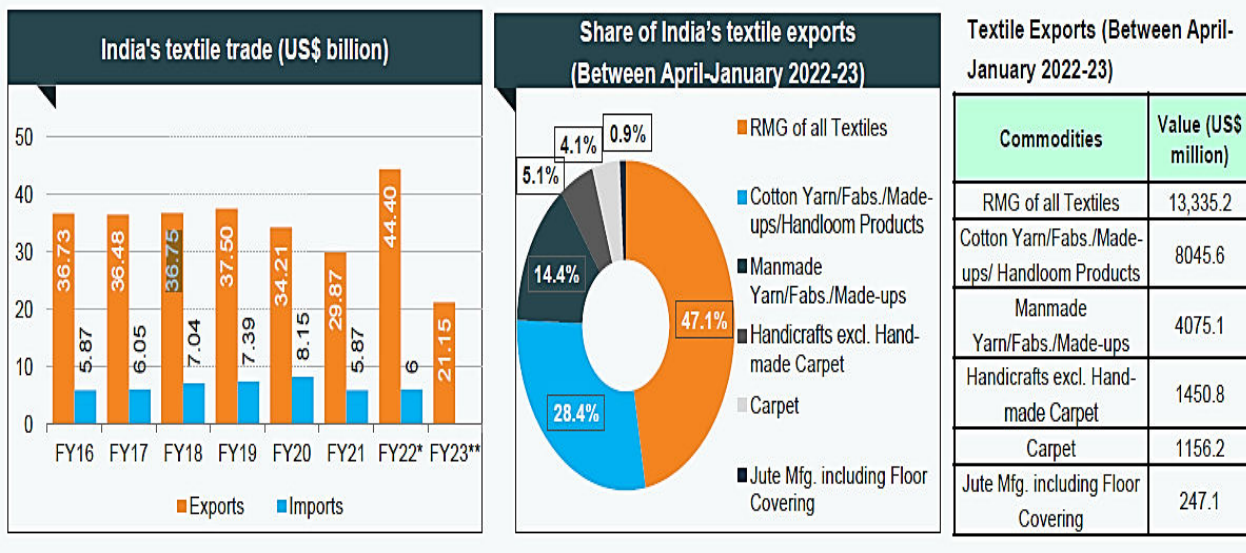
(Source: <https://www.ibef.org/industry/textiles>)

### Export Statistics

During April-October in FY23, the total exports of textiles stood at US\$ 21.15 billion. Exports of textiles (RMG of all textiles, cotton yarns/fabs./made-ups/handloom products, man-made yarns/fabs./made-ups, handicrafts excl. handmade carpets, carpets and jute mfg. including floor coverings) stood at US\$ 44.4 billion in FY22. India’s ready-made garment (RMG) exports are likely to surpass US\$ 30 billion by 2027, growing at a CAGR of 12-13%. In July 2021, the government extended the Rebate of State and Central Taxes and Levies (RoSCTL) scheme for exports of apparel/garments and made-ups until March 2021. This helped boost exports and enhance competitiveness in the labour-intensive textiles sector.

In August 2021, Minister of Textiles, Commerce and Industry, Consumer Affairs, Food and Public Distribution, Mr. Piyush Goyal, said that steps need to be taken to boost production capacities of the handloom sector from existing Rs. 60,000 crore (US\$ 8.06 billion) to 125,000 crore (US\$ 16.80 billion) in three years. He added that target must be set to increase exports of handloom items from existing Rs. 2,500 crore (US\$ 335.92 million) to Rs. 10,000 crore (US\$ 1.34 billion). He also announced that a committee would be constituted consisting of all weavers, trainer equipment makers, marketing experts and other stakeholders to recommend ways and means to achieve these objectives and enhance overall progress of the handloom sector.





Note: \* - (Apr-Dec), \*\* - (Apr-Oct), RMG – Readymade Garments; imports include textile yarn fabric and made-up articles; Exports include RMG of all textiles, cotton yarn/fabs./madeups/ handloom products, man-made yarn/fabs./made-ups, handicrafts excl. handmade carpets, carpets, jute mfg. including floor coverings

(Source: <https://www.ibef.org/industry/textiles>.)

### Government Initiatives

Foreign direct investment (FDI) of up to 100% is allowed in the textile sector through the automatic route.

In the academic year 2022–23, the opening of a new campus of the National Institute of Fashion Technology (NIFT) in Daman. Moreover, new campus buildings are being constructed in Bhopal and Srinagar. Under the National Technical Textile Mission (NTTM), 74 research projects for speciality fibre and technical textiles valued at US\$ 28.27 million (Rs. 232 crore) were approved. In October 2021, the Ministry of Textiles approved continuation of the comprehensive handicrafts cluster development scheme with a total outlay of Rs. 160 crore (US\$ 21.39 million). Through this scheme, the government aims to support domestic SMEs and local artisans.

For the export of handloom products globally, the Handloom Export Promotion Council (HEPC) is participating in various international fairs/events with handloom exporters/weavers to sell their handloom products in the international markets under NHDP. The Ministry of Textiles has also been implementing Handloom Marketing Assistance (HMA), a component of National Handloom Development Programme (NHDP) all across India. HMA provides a marketing platform to the handloom weavers/agencies to sell their products directly to the consumers, and develop and promote the marketing channel through organizing expos/events in domestic as well as export markets.

A total of US\$ 75.74 million (Rs. 621.41 crore) in subsidies was distributed in 3,159 cases under the Amended Technology Upgradation Fund Scheme, with special campaigns held in significant clusters to settle backlog cases.

The government allocated funds worth Rs. 17,822 crore (US\$ 2.38 billion) between FY16 and FY22 for the ‘Amended Technology Upgradation Fund Scheme’ (A-TUFS) to boost the Indian textile industry and enable ease of doing business. The Directorate General of Foreign Trade (DGFT) has revised rates for incentives under the Merchandise Exports from India Scheme (MEIS) for two subsectors of textiles Industry - readymade garments and made-ups - from 2% to 4%. The Cabinet Committee on Economic Affairs (CCEA), Government of India, has approved a new skill development scheme called 'Scheme for Capacity Building in Textile Sector (SCBTS)' with an outlay of Rs. 1,300 crore (US\$ 202.9 million) from FY18-20. The scheme is aimed at providing a demand driven and placement-oriented skilling programme to create jobs in the organized textile sector and to promote skilling and skill upgradation in the traditional sectors. The Textile Ministry of India earmarked Rs. 690 crore (US\$ 106.58 million) for setting up 21 readymade garment manufacturing units in seven states for development and modernisation of the Indian textile sector.

A total of 73,919 people (SC: 18,194, ST: 8,877, and Women: 64,352) have received training, out of which 38,823 have received placement under SAMARTH. In 2019, Ministry of Textiles signed a pact with sixteen states for skilling around 400,000 workers under the SAMARTH scheme. In November 2022, local weavers in Tuensang in Nagaland were provided 45 days of skill-upgrading training, which would equal 315 hours under the SAMARTH programme.

In June 2022, the Kerala government announced that it would provide free training to 1,975 candidates under the SAMARTH scheme of the textile industry. Under Production-Linked Incentive Scheme, incentives will be provided to manufacture and export

specific textile products made of man-made fibres. The government approved Rs. 10,683 crore (US\$ 1.44 billion) for man-made fibre and technical textiles.

The establishment of 7 (seven) PM Mega Integrated Textile Region and Apparel (PM MITRA) Parks with a total investment of US\$ 541.82 million (Rs. 4,445 crore) for the years up to 2027–28 was approved by the government.

Under the Union Budget 2021-22, Minister of Finance and Corporate Affairs, Ms. Nirmala Sitharaman launched a Mega Integrated Textile Region and Apparel (MITRA) Park scheme to establish seven textile parks with state-of-the-art infrastructure, common utilities and R&D lab over a three-year period. Under Union Budget 2021-22, the Telangana government has been allocated funds for setting up the Kakatiya Mega Textile Park (KMTP) at an estimated cost of Rs. 1,552 crore (US\$ 212 million). On March 3, 2021, the Gujarat government announced to set up two mega textile parks to enable forward and backward integration in the sector.

In June 2022, Amazon India signed a MoU with the Manipur Handloom & Handicrafts Development Corporation Limited (MHHDC), a Government of Manipur entity, to encourage the development of weavers and artisans throughout the state. Through the Digital India Corporation and the Ministry of Electronics and Information Technology, the Ministry of Textiles is creating an ecommerce platform to offer direct marketing opportunities to the handicraft artists and weavers. In the first phase, artisans/weavers from 205 handicrafts/handlooms clusters are being selected throughout the country for uploading their handicrafts/handlooms products on the portal. In November 2021, Minister of Textiles, Commerce and Industry, Consumer Affairs & Food and Public Distribution, Mr. Piyush Goyal, announced a mega handloom cluster in Manipur and a handloom and handicraft village at Moirang in Bishnupur. The mega cluster will be set up at an estimated cost of Rs. 30 crore (US\$ 4.03 million) under the National Handloom Development Programme (NHDP). In October 2021, Minister for Commerce and Industry, Textiles, Consumer Affairs, Food & Public Distribution, Mr. Piyush Goyal, announced the creation of 100 textile machinery champions in the country and to promote it in the global market. Through this, the government aims to make India a global player in textiles machinery.

To support the handloom weavers/weaver entrepreneurs, the Weavers MUDRA Scheme was launched to provide margin money assistance at 20% of the loan amount subject to a maximum of Rs. 10,000 (US\$ 127.72) per weaver. The loan is provided at an interest rate of 6% with credit guarantee of three years.

(Source: <https://www.ibef.org/industry/textiles>)

## ***Trends in the Textiles sector***

### **1. Textile Parks**

Since 2014, 59 textile park projects have been sanctioned under SITP and PPP with 40% government assistance of up to Rs. 40 crore (US\$ 6 million). Of these, 24 textile parks are operational, as of July 2021. In February 2023, the union government approved 1,000 acres for setting up a textile park in Lucknow. Under the Union Budget 2021-22, Minister of Finance and Corporate Affairs, Ms. Nirmala Sitharaman, launched a 'Mega Integrated Textile Region and Apparel (MITRA) Park' scheme to establish seven textile parks with state-of-the-art infrastructure, common utilities and R&D lab over a three-year period. In March 2022, the Bihar government submitted a proposal to Ministry of Textiles to set up a mega hub under the PM Mitra Mega Textile Park. In March 2022, Tamil Nadu Chief Minister Mr. MK Stalin announced that the State Industries Promotion Corporation of Tamil Nadu Ltd (SIPCOT) will set up a mega textile park in the Virudhunagar district.

### **2. Incubation in apparel manufacturing**

The objective here has been to promote entrepreneurs in apparel manufacturing by providing them an integrated workspace and reducing operational and financial cost for establishing and growing a new business. As of July 2019, three projects were sanctioned by the Government, one each in Madhya Pradesh, Odisha and Haryana.

### **3. Technical textiles**

Increased awareness of goods, higher disposable incomes, changing customer patterns and some sector-specific growth drivers are estimated to bolster the Indian technical textiles market to US\$ 23.3 billion in 2027, up from US\$ 14 billion in 2020 in the Asia-Pacific region. The technical textiles market for automotive textiles is projected to increase to US\$ 3.7 billion by 2027, from US\$ 2.4 billion in 2020. Similarly, the industrial textiles market is likely to increase at an 8% CAGR from US\$ 2 billion in 2020 to US\$ 3.3 billion in 2027.

### **4. Public Private Partnership (PPP)**

The Ministry of Textiles commenced an initiative to establish institutes under PPP to encourage private sector participation in the development of the industry. In August 2021, Flipkart and Himachal Pradesh State Handicrafts and Handloom Corporation Ltd. (HPSHHCL) signed a memorandum of understanding (MoU) to help the state's master craftsmen, weavers and artisans showcase their hallmark products on e-commerce platforms.

## **5. Promotion of khadi**

In January 2023, Prime Minister Mr. Narendra Modi's vision of “ Khadi for Nation, Khadi for Fashion and Khadi for Transformation”, a first-ever spectacular ‘Khadi Fashion Show’ took place in white fields at ‘Rann of Kutch’. It was organized by the Khadi and Village Industries Commission. Khadi and Village Industries Commission (KVIC) achieved turnover of Rs. 1.15 lakh crore (US\$ 14.68 billion) in FY22, a growth of 20.54% YoY, and more than any Indian FMCG company managed in FY22. In May 2022, Minister of Micro, Small and Medium Enterprises, Mr. Narayan Rane, inaugurated the Center of Excellence for Khadi (CoEK) at NIFT, Delhi. In order to produce innovative fabrics and apparel that will meet the needs of both domestic and foreign consumers, the CoEK will seek to introduce the newest designs and adopt procedures that adhere to international standards. In November 2021, Mr. Federico Salas, the Mexican Ambassador to India, visited the Khadi India Pavilion at the India International Trade Fair 2021 and suggested that India and Mexico should come together to promote Khadi globally.

## **6. Diversification**

Raymond group under its group company, J.K.Helene Curtis, is looking to ramp up male grooming segment by unleashing new variants of shampoos and deodorants. In October 2020, Aditya Birla Fashion and Retail Limited approved issuance of equity shares on a preferential basis to Flipkart Investments Private Limited aggregating to Rs. 1,500 crore (US\$ 203.66 million). The company also entered into a commercial agreement in relation to the sale and distribution of its various brands.

## **7. R&D**

In December 2022, a total of 44 R&D projects were started, and 23 of them were successfully completed in the silk industry. Defence Research and Development Organisation (DRDO) is helping the Indian textile industry to produce yarns and eliminate dependence on import of Chinese and other foreign clothing for military uniforms. In October 2021, IIT Delhi converted the SMITA Research Lab Centre of Excellence in smart textiles to work on emerging materials and technologies; this step was taken to innovate the country's textile industry. On February 4, 2021, the South India Textile Research Association (SITRA) inaugurated a laboratory at the South India Spinners' Association (SISPA), in Coimbatore, to test cotton and yarn.

## **8. Focus on high growth domestic markets**

In November 2022, Tamil Nadu Chief Minister Mr. M. K. Stalin announced the establishment of a "Textile City" in Chennai as part of Tamil Nadu's strategy to become a major participant in the global textile industry. Additionally, the state will build a 1,500-acre textile park in the Virudhunagar district, for which SIPCOT will buy land. In June 2022, Minister of Textiles, Commerce & Industry and Consumer Affairs, Food & Public Distribution, Mr. Piyush Goyal, stated that the Indian government plans to establish 75 textile hubs similar to Tiruppur that would not only promote the export of textile products and assure the use of sustainable technologies, but also create a significant amount of job possibilities. The Government of India has increased the basic custom duty to 20% from 10% on 501 textile products to boost Make in India and indigenous production.

## **9. Focus on backward integration**

On July 17, 2020, the Khadi and Village Industries Commission (KVIC) inaugurated the first-of-its-kind footwear training center in Delhi to train the marginalized community of leather artisans. In August 2019, the Ministry of Textiles signed MoUs with 16 state governments to impart skill training which covered the entire value chain of the textiles sector except spinning and weaving.

## **10. Focus on forward integration**

In October 2019, Asahi Songwon Colors Limited entered into a joint venture (JV) with Tennants Textile Colours (TTC) Limited to set up a state-of-the-art red and yellow pigments plant. On July 10, 2020, Flipkart Group bought a minority stake in Arvind Youth Brands, a subsidiary of Arvind Fashions Ltd. (AFL), for Rs. 260 crore (US\$ 36.88 million).

## **11. Scaling-up organic cotton industry**

In March 2022, the Tamil Nadu government included a Sustainable Cotton Cultivation Mission in its agriculture budget by allocating US\$ 1.86 million (Rs. 15.32 crore) to enhance the yield of organic cotton. Despite being the world's largest producer of cotton, only 2% of the total amount of cotton produced in India is organic. In March 2021, Inditex partnered with DBS Bank in Singapore to launch a pilot programme, which would finance >2,000 Indian farmers to grow/produce organic cotton. DBS will leverage the network of local Farmer Producer Organisations (FPOs) to reach >2,000 farmers in Inditex's supply chain to evaluate their financing needs.

## **12. Innovations to create sustainable textiles**

Arvind Limited, the largest textile to technology conglomerate in India, and PurFi Global LLC, a sustainable technology firm that specialises in rejuvenating textile waste into virgin grade products, have formed a joint venture to reduce the quantity of textile waste dumped in landfills. The Sustainable Textiles for Sustainable Development (SusTex) project by the United Nations Climate Change entity enhances the employment and working circumstances of textile artisans while promoting the sustainable production and use of environmentally friendly textiles. Many Indian textile players are now opting for sustainable production. BRFL Textiles Private Limited (BTPL), India's largest fabric processing facility, has introduced a new sulphur dyeing process involving continuous dyeing without requiring water. BTPL is the first company in the textile sector to implement this new process of dyeing, making it the pioneer of this innovative sustainable process. Sangam India Ltd, one of the foremost producers in PV dyed yarn, cotton and OE yarn and also ready to stitch fabric, has installed two solar power plants of 5 MW that on average helps them to bring down their carbon footprint by at least 20% per annum. SIL also plans to increase the use of recycled fibre, leading to lesser consumption of plastic waste by using it as a raw material.

(Source: <https://www.ibef.org/industry/textiles> )

### **Opportunities in Textile Sector**

#### **1. Immense growth potential**

The Indian textile industry is set for strong growth, buoyed by both strong domestic consumption as well as export demand. The textile and apparel industry is expected to grow to US\$ 190 billion by FY26. In October 2021, the government announced the target to achieve US\$ 100 billion from India's textile exports in the next five years. Urbanisation is expected to support higher growth due to change in fashion and trends.

#### **2. Silk production**

The total amount of Raw Silk produced was 28,106 MT. A total of 44 R&D projects were started, and 23 of them were successfully completed. 9,777 people were trained in a variety of activities relating to the silk industry. The Central Silk Board sets a target for raw silk production and encourages farmers and private players to grow silk. To achieve these targets, alliances with the private sector, especially agro-based industries in pre-cocoon and post-cocoon segments, are encouraged. The total raw silk production stood at 33,000 MT in FY21.

#### **3. Bilateral relations**

In October 2021, the Ministry of Textiles and GIZ (Deutsche Gesellschaft für Internationale Zusammenarbeit) signed an MoU to implement the 'Indo German Technical Cooperation' project. The project aims to increase the value addition from sustainable cotton production in the country. In March 2021, Pakistan approved reinstatement of cotton and sugar imports from India, indicating softening of bilateral relations.

#### **4. Proposed FDI in multi-brand retail**

For the textile industry, the proposed hike in FDI limit in multi-brand retail will bring in more players, thereby providing more options to consumers. It will also bring in greater investment along the entire value chain - from agricultural production to final manufactured goods. With global retail brands assured of a domestic foothold, outsourcing will also rise significantly.

#### **5. Union Budget 2023-24**

Under the Union Budget 2023-24, the government has allocated:

- Rs. 4,389.24 crore (US\$ 536.4 million) to the Ministry of Textiles.
- Rs. 900 crore (US\$ 109.99 million) is for Amended Technology Upgradation Fund Scheme (ATUFS).
- Rs. 60 crore (US\$ 7.33 million) for Integrated Processing Development Scheme.
- Rs. 450 crore (US\$ 54.99 million) for National Technical Textiles Mission.

#### **6. Centers of Excellence (CoE) for research and technical training**

The CoEs are aimed at creating testing and evaluation facilities as well as developing resource centres and training facilities. Existing 4 CoEs, BTRA for Geotech, SITRA for Meditech, NITRA for Protech and SASMIRA for Agrotech, would be upgraded in terms of development of incubation centres and support for development of prototypes. Fund support would be provided for appointing experts to develop these facilities.

#### **7. Foreign investments**

The Government is taking initiatives to attract foreign investment in the textile sector through promotional visits to countries such as Japan, Germany, Italy and France. According to the new Draft of the National Textile Policy, the Government is planning to attract foreign investment and creating employment opportunities for 35 million people.

In December 2019, online clothing brand Henry & Smith raised US\$ 1 million from WEH Ventures and Rukam Capital. India can become the one-stop sourcing destination for companies from Association of Southeast Asian Nations (ASEAN) as there exist several opportunities for textile manufacturing companies from 10-nation bloc to invest in India.

(Source: <https://www.ibef.org/industry/textiles> )

**OUR BUSINESS**

Some of the information contained in the following discussion, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read the section “Forward-Looking Statements” for a discussion of the risks and uncertainties related to those statements and also the section “Risk Factors” for a discussion of certain factors that may affect our business, financial condition, or results of operations. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. Our fiscal year ends on March 31 of each year, so all references to a particular fiscal are to the Twelve-month period ended March 31 of that year. In this section, a reference to the “Company” or “we”, “us” or “our” means Shanti Spintex Limited.

All financial information included herein is based on our “Financial information of the Company” included on page 128 of this Draft Red Herring Prospectus.

Incorporated in 2010, our Company is primarily engaged in manufacturing and selling of denim fabrics. We began our business as a fabrics trading concern in the F.Y. 2014-15. In 2016, our Company established its fabric weaving unit at Dholi - Integrated Spinning Park, Dholka, Ahmedabad on plot area measuring to 8660 sq. mtrs. As on date of this Draft Red Herring Prospectus, our Company has 96 airjet looms installed at Dholi unit which has an annual installed capacity of weaving 1,92,72,000 mtrs. of denim fabrics. Weaving is the process of converting yarn into fabrics wherein two distinct sets of yarns or threads are interlaced at right angles to form a fabric. The airjet looms installed by us utilize a technique where a jet of compressed air is used to insert the weft (crosswise) yarn into the warp (lengthwise) yarn to create the raw fabrics also known grey fabrics.

We manufacture various type of denim fabrics such as power stretch spandex denim, knit denim, light weight denim, rigid denim, over dyed denim and flat finish 3/1 denim. Our production facility has capability to produce grey fabrics in various designs such as twill weave, knit dobby weave, structure dobby weave, broken twill weave and satin weave. We offers denim fabrics in diverse spectrum of shades such as indigo blue, IBST, sulphur black, sulphur grey, halogen blue and ecru colour which has weights ranging from 4.50 Oz/sq. yd to 14.50 Oz./sq. yd. and widths spanning from 62” (157cm) to 78” (198 cm).

Our operations encompass utilization of diverse type of yarns such as cotton yarn, ring yarn, viscose yarn, slub yarn, cotton spandex, polyester spandex, tencel, lyocell etc. which are procured by us from domestic market. In addition to yarn, we also directly procure grey fabrics from the market, which are subsequently sent for finishing, and is then sold to customers. We outsource the yarn dyeing and grey fabrics finishing process to third parties.

Currently, we derive almost 100% of our revenue from Gujarat based customers which are either manufacturers, wholesalers or traders. Our category-wise revenue for fiscal 2021, 2022 and 2023 were as follows:-

(Rs. in lakhs)

Source of Revenue	Fiscal 2023	% of revenue	Fiscal 2022	% of revenue	Fiscal 2021	% of revenue
Denim fabrics	12754.29	34.44%	9,267.00	36.35%	9,245.69	81.96%
Finishing of Grey Fabrics*	18343.08	49.53%	6,712.27	26.33%	1,267.34	11.24%
Yarn	5738.80	15.50%	9,503.90	37.28%	637.70	5.65%
Windmill	193.04	0.52%	-		-	
Others (scrap, job work)	4.03	0.01%	7.78	0.03%	129.34	1.15%
<b>Total</b>	<b>37033.22</b>	<b>100%</b>	<b>25490.94</b>	<b>100%</b>	<b>11282.28</b>	<b>100%</b>

\* relates to revenue generated from finishing of grey fabrics, which has been done through third parties. In these instances, we directly purchase the grey fabrics from the market.

In Nov.’22, as part of our efforts to minimize the power cost, we have commissioned a wind energy power plant (“Wind Farm”) of combined capacity of 2 MW in the village Likhala, Taluka Savarkundla, District Amreli, Gujarat. Our Company has outsourced all operations and maintenance activities relating to Wind Farm to a third party. The electricity generated from the Wind Farm is adjusted by UGVCL against our electricity bill of manufacturing facility. Further, as our step towards environmental sustainability and to further reduce the power cost, we have recently installed the 852 kw rooftop solar plant at our Dholi unit.

Our Company was initially founded by Amit Bindal, Sanjay Bindal and Rajesh Bindal. In 2014, our existing Promoters, Mr. Bharat Bhushan Agarwal and Mr. Rikin Agarwal took over the Company. Our existing Promoters, Mr. Bharat Bhushan Agarwal and Mr. Rikin Agarwal has more than 43 years and 9 years of experience in the textile industry. We have benefited immensely from the vast experience of our promoters on account of their sound knowledge of the textile market, high contacts with clients and suppliers and better decision-making power.

**Key performance indicators of our Company:-**

(₹ In Lakhs except percentages and ratios)

Key Financial Performance	FY 2022-23	FY 2021-22	FY 2020-21
Revenue from operations <sup>(1)</sup>	37033.22	25490.94	11280.07
EBITDA <sup>(2)</sup>	2,164.76	1,190.27	1,130.45
EBITDA Margin <sup>(3)</sup>	5.84%	4.67%	10.02%
PAT <sup>(4)</sup>	1012.81	486.59	337.53
PAT Margin <sup>(5)</sup>	2.73%	1.91%	2.99%
RoE(%) <sup>(6)</sup>	19.81%	11.11%	8.16%
RoCE (%) <sup>(7)</sup>	10.12%	6.03%	6.19%

**Notes:**

<sup>(1)</sup>Revenue from operation means revenue from sales, service and other operating revenues

<sup>(2)</sup>EBITDA is calculated as Profit before tax + Depreciation + Finance Cost - Other Income

<sup>(3)</sup>‘EBITDA Margin’ is calculated as EBITDA divided by Revenue from Operations

<sup>(4)</sup> PAT is calculated as Profit before tax – Tax Expenses

<sup>(5)</sup>‘PAT Margin’ is calculated as PAT for the period/year divided by revenue from operations.

<sup>(6)</sup> Return on Equity is ratio of Profit after Tax and Average Shareholder Equity

<sup>(7)</sup> Return on Capital Employed is calculated as EBIT divided by capital employed, which is defined as Share holders Fund + Long term borrowing + Short term borrowing+ Deferred Tax Liability.

**Our Competitive Strengths**

***Capability to manufacture diverse range of denim fabrics through in-house weaving unit***

As on the date of this Draft Red Herring Prospectus, our production facility at Dholi - Integrated Spinning Park, Dholka, Ahmedabad has a cumulative weaving capacity of 1,92,72,000 mtrs. of denim fabrics and has capability to produce grey fabrics in various designs such as twill weave, knit dobby weave, structure dobby weave, broken twill weave and satin weave. We manufacture various type of denim fabrics such as power stretch spandex denim, knit denim, light weight denim, rigid denim, over dyed denim and flat finish 3/1 denim. We believe that having a wide product portfolio enables our Company to efficiently compete with larger denim fabrics players in the market who also have a wide product offering.

Our manufacturing premises is obtained by us on 99 years lease basis from Dholi Integrated Spinning Park Limited. The in-house weaving operations enable us to stream line inventory management and production process resulting into maintenance of high-quality production standards, minimizing production time and bringing cost effectiveness.

***Stringent quality control mechanism ensuring standardized product quality***

We employ an extensive and stringent quality control mechanism during the inspection of denim fabrics such as colour fastness test, residual shrinkage test, stretchability test and skew test that are required to ensure that our finished product conforms with the standard quality. These tests are crucial in ensuring the quality and performance of fabrics and assist customer to understand how the fabrics will behave under different conditions, which aids in determining suitability, durability, and consumer satisfaction. These levels of quality tests and checks ensure maintenance of quality of products. We believe that our focus on quality of products has enabled us to sustain and grow our business model to benefit our customers.

***Synergy of young and experienced management team with a committed employee base***

We benefit extensively from the leadership of our Promoter, Mr. Bharat Bhushan Agarwal, who has more than 43 years of experience in the textile industry and has sound knowledge of denim fabrics. He is involved in the day-to-day business and management of our Company. In addition, our Managing Director, Mr. Rikin Agarwal has 9 years of experience in the denim fabrics industry and plays a key role in introducing new product models and maintaining client relationship. We are backed by a synergized crew of experienced and young support team which has been built up over the years and has been contributory in achieving the goals of our Company. Our key business functions like sales, production, finance, HR and supply chain play key role in efficient day-to-day operations of the Company. We endeavour to maintain a balance of experienced and young professionals in the team. We believe that our management team’s experience and their understanding of the industry will enable us to continue to take advantage of both current and future market opportunities. For details regarding the Key Managerial Personnel, please refer to chapter titled “***Our Management***” on page 110 of this Draft Red Herring Prospectus.

**Our Business Strategies**

***Expand our domestic presence in existing and new markets***

Currently, we derive almost 100% of our revenue from Gujarat based customers which are either manufacturers, wholesalers or traders. Going forward we intend to focus on current markets to increase our customer base and to tap new market and increase our geographical reach and customer base. To augment our efforts in increase in sales of our products, we intend to deploy additional field force consisting of sales and marketing representatives who shall meet our customers/ prospective customers to market our products. We believe that enhancing our presence in additional regions will enable us to reach out to larger population.

***Focus on consistently meeting quality standards***

Our Company intends to focus on adhering to the quality standards of the products. Quality of the product is very important for the company from both customer and end user point of view. Continuous quality review of products and timely corrective measures in case of quality diversion are keys for maintaining quality standards of the products. Providing the desired and good quality products help us in enhancing customer trust and maintaining long term relationships with them.

***Maintaining cordial relationship with our Suppliers, Customer and employees***

We believe in maintaining good relationship with our suppliers, customers and employees which are the most important factor to keep our Company growing. Our dedicated and focused approach and efficient and timely delivery of products has helped us build strong relationships with our existing customers over a number of years. Further, we believe that establishing strong, mutually beneficial long-term relationships with strategic suppliers is a critical step in improving performance across the supply chain, generating greater cost efficiency and enabling the business to grow and develop.

***Continue to strive for cost efficiency***

We will continue to focus on further increasing our operations and improving operational effectiveness at our production facilities. Higher operational effectiveness results in greater production volumes and higher sales which allows us to reduce our fixed cost per unit and thereby, increasing our profit margins. We wish to constantly pass such benefit to our customers and increase our efficiency further. We also wish to target economies of scale to gain increased negotiating power on procurement.

**Our manufacturing facility at Dholi - Integrated Spinning Park, Dholka, Ahmedabad:-**



**Our range of denim fabrics: -**

Type of denim fabrics	Description
Power stretch spandex denim	<ul style="list-style-type: none"> <li>- Incorporates spandex to provide stretch and comfort</li> <li>- Specifically for women's clothing</li> <li>- Generally product weight ranges between 8.50 ounce to 10.50 ounce.</li> <li>- Stretchability between 45% to 65%</li> <li>- Available in knit weave, structure dobby , 4/1 satin &amp; 3/1 flat twill</li> <li>- Width ranges from 60" to 66"</li> </ul>
Knit Denim	<ul style="list-style-type: none"> <li>- Widely used in producing stylish clothing items, offering both comfort and a fashionable edge</li> <li>- Colour weft yarns, checks &amp; line pattern ,funky bright colours are used for the kids &amp; younger generation</li> <li>- Generally product weight ranges from 11 ounce to 12.50 ounce</li> <li>- Stretchability between 20% to 30%</li> <li>- Width ranges from 68" to 78"</li> </ul>
Light Weight denim	<ul style="list-style-type: none"> <li>- Mainly used for making shirts, Kurti's , school uniforms , skirts.</li> <li>- Fabric weight is between 4.50 ounce to 5.50 ounce.</li> <li>- It is mainly made in 2/1 twill weave or silky weave</li> <li>- Width ranges from 65" to 78".</li> </ul>
Rigid denim	<ul style="list-style-type: none"> <li>- Basic non stretchable denim.</li> <li>- Mainly used in work wear, jackets, jeans for men's &amp; bell bottom denim for women.</li> <li>- Weight of denim is between 12 ounce to 14.50 ounce</li> <li>- Width is between 68" to 76"</li> </ul>
Over Dyed denim	<ul style="list-style-type: none"> <li>- denim fabrics is again dyed with different dark colour like black, Brown, olive green, blue etc.</li> <li>- Different wash can be given on this type of denim fabric.</li> <li>- Product weight between 11 ounce to 13 ounce</li> <li>- Width range is between 68" to 75"</li> </ul>
Flat finish 3/1 denim	<ul style="list-style-type: none"> <li>- Known for comfort and softness</li> <li>- Weave is generally 3/1 twill</li> <li>- Weight is between 10 ounce to 12.50 ounce</li> <li>- Width is between 64" to 72"</li> </ul>



**Production Process:**

**Procurement of yarn:**

Our Company requires yarn which is a major raw material for our manufacturing process. We procure the raw materials directly from the local suppliers, located in Gujarat.

**Warping of yarn:**



Warping process is done for making a weavers beam. The parallel winding of warp ends from many cones on to a warp beam is called warping. It includes arranging of yarn threads in long parallel lengths of equal tension, onto a beam in preparation for weaving. During the warping process cones of yarn are placed onto a rack called a creel. From this creel yarn passes through tension and spacing devices and through a leasing reed which separates the yarn threads and keeps them in the correct order before being wound onto a warping balloon.

**Dyeing and sizing:**

Currently, we outsource dyeing and sizing process to third parties. Dyeing and sizing is done in two stages. In the first stage, beams are dyed, oxidized, dried and wound on a batch roll. The batch roll is then sized, dried and wound on a weaver's beam. The object of Sizing is to improve the strength of yarn by chemically binding the fibres with each other and also improve upon its friction resistance capacity by chemically coating the surface of yarn.

**Drawing in:**

The drawing-in process mainly consists of two processes. The first process is called drafting and the second process is called denting. It is mostly performed manually but in large scale textile industries, automatic drawing-in machines are used, where more productivity is required.

Drafting - During this process, the individual warp yarns, which run lengthwise in a fabric, are carefully guided through a series of heddles. Heddles are devices in the loom that facilitate the raising and lowering of specific yarns, creating the shed through which the weft yarn will be inserted.

Denting - Subsequent to drafting, the warp yarns are then systematically guided through the reed in a process known as denting. The reed is a comb-like component within the loom, comprising a series of slots through which the warp yarns are threaded.

**Weaving:**

The warp yarns are stretched vertically on the loom's frame, while the weft yarn is wound onto a shuttle. The warp yarns are separated to create an opening known as the "shed." This opening allows the weft yarn to be inserted through the warp yarns. In airjet looms, the weft yarn is propelled through the shed by a jet of compressed air. The air jet carries the weft yarn across the width of the loom at high speeds, inserting it into the shed. After the weft yarn is inserted, the loom's mechanism compacts the weft against the already woven fabric, securing it in place. This process is called "beat-up." The shed is then changed, reversing the positions of the warp yarns. The process is repeated, and the weft is again inserted through the new shed using the air jet. By repeating the process of shed formation, weft insertion, and beat-up, the loom gradually creates a woven fabric with the desired pattern.

**Mending:**

Mending involves the actual repair of imperfections such as weaving in a missing warp or weft yarn with a hand needle and repairing tears as well as small holes.

**Inspection:**

The inspection process for denim fabrics involves a series of tests and evaluations to ensure the quality and adherence to standards. It includes:

Visual Inspection: Check for defects, weave irregularities, and color consistency.

Color Fastness Test: Assess how well color withstands washing, rubbing, and light exposure.

Residual Shrinkage Test: Measure fabric dimensions before and after treatments to assess shrinkage.

Stretchability Test: Evaluate fabric's elasticity and ability to stretch and recover.

Skew Test: Measure warp/weft angles to ensure alignment and prevent distortion.

By conducting these tests and evaluations, the inspection process ensures that denim fabrics meet the desired quality standards, functional attributes, and customer expectations.

**Singeing and Finishing:**

Currently, we are outsourcing the singeing and finishing process to third parties. In the singeing process, one or both sides of a fabric is passed over a gas flame to burn off the protruding fibres. It is usually done in order to obtain a clean fabric surface which allows the structure of the fabric to be clearly seen. The process is usually treated on the cotton fabric only. The finishing process

in fabrics is the crucial final stage that imparts a polished touch to textiles. Through a series of treatments like scouring, bleaching, dyeing, and softening, fabrics undergo a transformation that enhances their appearance, texture, and performance. Finishing ensures that fabrics not only meet quality standards but also achieve desired functional attributes.

**Packaging & Dispatch:**

The finished products are stacked in plastic packaging and are sent to the stockroom facility for labelling and from thereon it is dispatched to the buyers.

**PLANT & MACHINERY**

Some of the major plant & machineries installed in our unit include 96 airjet loom machines, centrifugal air compressor, air compressors, knotting machine, inspection and mending machines, hydro extractor, tumble dryers, lab washer and lab fastener.

**INSTALLED CAPACITY & CAPACITY UTILISATION FOR WEAVING OF YARNS:-**

Particulars	2020-21	2021-22	2022-23	Existing Capacity (p.a.)	Installed Capacity (p.a.)
Installed Capacity (in Mt)	1,92,72,000	1,92,72,000	1,92,72,000	1,92,72,000	
Actual Production (in Mt)	56,06,785	92,92,589	1,24,37,275		
Capacity Utilization (in %)	29.09%	48.22%	64.53%		

*As certified by Mukesh M. Shah, Chartered Engineer, through certificate dated July 27, 2023*

Information relating to our production capacities and the historical capacity utilization of our production facilities included in this Draft Red Herring Prospectus is based on certain assumptions and has been subjected to rounding off and future production and capacity utilization may vary. For details, please refer to Chapter titled **“Risk factors”** page 23 of this Draft Red Herring Prospectus.

**SALES AND MARKETING:**

The senior management is actively involved in managing client relationships and business development through targeted interaction with multiple contacts at different levels. Our marketing team along with our Promoters through their experience and good rapport with customers owing to timely and quality delivery of service plays an instrumental role in creating and expanding the sales network of our Company. In order to maintain good relation with our customers, our Promoters and our marketing team regularly interacts with them and focuses on gaining an insight into the additional needs of our customers. Our prime consideration for customer selection is timely payments and consistency in purchases.

**COMPETITION:**

The industry in which we operate is highly competitive and fragmented. Competition emerges from small as well as big players in the textile and home furnishing industry. Our competition varies across various markets and geographical areas. We face competition from both domestic and international companies. We compete primarily on the basis of product quality, technology, cost, delivery and service, as well as quality and depth of senior level relationships. Further, some of our current and potential competitors include large international companies that have longer operating histories, better name recognition, greater ability to influence industry standards, access to larger customer bases and significantly greater financial, sales and marketing, manufacturing, distribution, technical and other resources than we have. Some of our significant competitors in the organized segment includes R&B Denims Limited, Manomay Tex India Limited, United Polyfab Gujarat Ltd and Jindal Worldwide Ltd.

**Infrastructure & Utilities:**

**Raw Materials:** The essential raw material used by our manufacturing facility for production of denim fabrics is yarn which is procured by us majorly from Gujarat.


**Power:** The requirement of power for our operations, like power for lighting and operating the plant/machinery/equipment is met through the state electricity board i.e. Uttar Gujarat Vij Company Ltd. In Nov.’22, as part of our efforts to minimize the power cost, we have commissioned a wind energy power plant (“Wind Farm”) of combined capacity of 2 MW in the village Likhala, Taluka Savarkundla, District Amreli, Gujarat. Our Company has outsourced all operations and maintenance activities relating to Wind Farm to a third party. The electricity generated from the Wind Farm is adjusted by UGVCL against our electricity bill of manufacturing facility. Further, as our step towards environmental sustainability and to further reduce the power cost, we have recently installed the 852 kw rooftop solar plant at our Dholi unit.

**Water:** The existing water requirement for our manufacturing unit is met from local sources.

**Manpower:** We believe that our employees are key contributors to our business success and thus we focus on attracting and retaining the best possible talent. We aim towards recruiting the talent that we need, facilitating the integration of our employees into the Company and encouraging the development of skills in order to support our performance and the growth of our operations. As on July 31, 2023, our Company has employed around 92 employees (including labour) at various levels of the Organization.

**PROPERTY:**

**Intellectual Property**

Sr. No.	Brand Name/ Logo/ Trademark	Class	TM Category	Application No. and date	Current Status
1.		24	Device of Shanti Spintex	6045277; dated July 31, 2023	Not registered (Formalities check pass)

**Immovable Properties:**

The following are the details of the immovable properties owned/ leased/ rented by our Company:-

Sr. No.	Usage	Address	Owned/Leased/Rent
1.	Manufacturing unit and Registered office	Survey No. 297, Village Dholi, Taluka Dholka, District Ahmedabad, Gujarat.	Obtained on lease for a period of 99 years beginning from September 21, 2015
2.	Held for Investment/ future expansion	New Block No.464 (Old Survey No. 302/A/1 of old Block No.298), Village Dholi, Dholka, Ahmedabad	Owned
3.		Block No.451 (Old Survey No.300), Village Dholi, Dholka, Ahmedabad	Owned
4.		Block No. 465 (Old Block No. 299 of old Survey No. 303), Village Dholi, Dholka, Ahmedabad	Owned
5.	To be used as Corporate Office in future	A-1601, Navratna Corporate Park, Ambli Bopal Road, Ahmedabad	Owned
6.	Windmill	R.S. No. 217/1 paiki 2, Village Likhala, Taluka Savar Kundla, Amreli, Gujarat	Obtained on sub-lease for a period of 9 years till 14-12-2030

**Insurance:**

Our operations are subject to risks inherent in manufacturing facilities such as risk of equipment failure, work accidents, fire, earthquakes, flood and other force majeure events, acts of terrorism and explosions including hazards that may cause injury and loss of life, severe damage to and the destruction of property and equipment and environmental damage. Our significant insurance policies consist of, among others, property insurance (building, stock, furniture & fixture and plant & machinery), burglary insurance of stock, windmill property insurance and vehicle insurance. Our insurance policies may not be sufficient to cover our economic loss. For further details, kindly refer the section on **“Risk Factors”** beginning on page 23 of this Draft Red Herring Prospectus. Our insurance coverage may not adequately protect us against all material hazards, which may affect our business, results of operations and financial condition.

## **KEY INDUSTRY REGULATIONS AND POLICIES**

*The following description is a summary of the relevant regulations and policies as prescribed by the Government of India and other regulatory bodies that are applicable to our business. The information detailed in this chapter has been obtained from various legislations, including rules and regulations promulgated by the regulatory bodies that are available in the public domain. The regulations and policies set out below may not be exhaustive, and are only intended to provide general information to the investors and are neither designed nor intended to be a substitute for professional legal advice. The Company may be required to obtain licenses and approvals depending upon the prevailing laws and regulations as applicable. For details of such approvals, please see the section titled “Government and other Approvals” on page 178 of this Draft Red Herring Prospectus.*

**This chapter has been classified as under:**

- A. Industry & Business Related Laws**
- B. Corporate and Commercial laws**
- C. Labour and Employment Laws**
- D. Environmental laws**
- E. Tax Laws**
- F. Foreign Regulations**
- G. Intellectual Property Laws**

### **A. INDUSTRY & BUSINESS-RELATED LAWS**

#### **Technology Up-Gradation Fund Scheme**

Ministry of Textiles has been implementing Technology Upgradation Funds Scheme (“TUFS”) since 1999 to facilitate technology up gradation of textiles industry in the country. TUFS aims at making available funds to the domestic textile industry of existing units as well as to set up new units with state-of-the-art technology so that its viability and comprehensiveness in the domestic as well as international markets may enhance. TUFS provides for interest reimbursement/capital subsidy/margin money subsidy and has been devised to bridge the gap between the cost of interest and the capital component to ease up the working capital requirement and to reduce the transaction cost, etc. TUFS is an important tool to infuse financial support to the textiles industry and help it capitalize on the vibrant and expanding global and domestic markets, through technology up gradation, cost-effectiveness, quality production, efficiency and global competitiveness.

#### **National Textile Policy, 2000**

The National Textile Policy, 2000 (“NTP 2000”) aims at facilitating the growth of the textile industry to attain and sustain a pre-eminent global standing in the manufacture and export of clothing and to equip the textile industry to withstand pressures of import penetration and maintain a dominant presence in the domestic market. NTP 2000 aims at developing a strong and vibrant textile industry that can produce quality products at acceptable prices. This objective is sought to be achieved by liberalizing controls and regulations so that the different segments of the textile industry are enabled to perform in a greater competitive environment. Major thrust areas of NTP 2000 includes increase in exports and innovating marketing strategies, product diversification along with quality consciousness, among others. Additionally, certain sector specific initiatives envisaged under the NTP2000 include initiatives regarding improving the availability, productivity and quality of raw materials at reasonable prices for the industry, improving the production, productivity and quality of cotton. Initiatives were also proposed for the spinning sector, weaving sector, organized mill industries, power loom industry, knitting sector, processing and finishing sector for achieving ISO 9000 and ISO 14000 standards. Export specific reforms were also proposed in order to be consistent with World Trade Organization norms.

Ministry of Textiles is contemplating a New Textile Policy which has not been finalized and it is at draft stage. The New Textile Policy, inter alia, will give thrust on enhancing export performance and creating better employment opportunities. The New Textile Policy is being formulated by holding widespread consultations with various associations, industry bodies, State Governments and other stakeholders representing subsectors viz. Cotton, Silk, Jute Wool, Handloom, Handicrafts, Power loom etc.

#### **Gujarat Industrial Policy, 2020**

Gujarat Industrial Policy, 2020 has been introduced to create an enabling business environment facilitated by single window system, to enable industries to set high quality standards and enhance exports to have a focused approach for industrially underdeveloped areas and facilitate inclusive and balanced regional growth, to promote industries focusing to adopt sustainable, cleaner manufacturing and innovative Industry practices, to strengthen MSMEs and facilitate cluster development, and to strengthen complete value chain across product segment with focus on the objective of an “Atmanirbhar Bharat”.

The Gujarat Industrial Policy, 2020 aims to establish a business environment facilitated by a single window system to encourage industries to set high quality standards, facilitates inclusive and balanced regional growth, sustainable manufacturing and innovative industry practices. Additionally, the policy intends to strengthen MSME's and complete value chain across product segment with an objective of "Atmanirbhar Bharat". Further, it strengthens R&D, innovation and entrepreneurship, provide increased impetus to certain Thrust Sectors with significant potential for employment, exports, investments etc. And facilitates growth of service sector industries in the State. The policy provides various measures have undertaken various measures and regulatory reforms to enhance ease of doing business in Gujarat State. It aims to facilitate a process for the speedy issuance of various licenses, clearances and certificates required for setting up a business unit.

### **Textiles Committee Act, 1963**

The Textiles Committee Act, 1963 ("TCS") came into force on August 22, 1964. A textiles committee ("Textiles Committees") has been established under TCS with the primary objective of ensuring a standard quality of textiles both for domestic and export markets as well as standardization of the type of textile machinery used for production. The Textiles Committee's functions include, among others, the promotion of Indian textiles and textile exports, researching in technical and economic fields, establishing standards for Indian textiles and textile machinery, setting up of laboratories, and data collection. Additionally, the Textiles Committee regulates the imposition of cess on textile and textile machinery that is manufactured in India under TCS.

### **Textile (Development and Regulation) Order, 2001**

The Textile (Development and Regulation) Order, 2001 ("Textile Order") was brought into force by the Central Government under Section 3 of the Essential Commodities Act, 1955 and repealed the Textile (Development and Regulation) Order, 1993. Under the Textile Order every manufacturer of textiles, textile machinery and every person dealing with textiles shall keep books of accounts, data and other records relating to his business in the matter of production, processing, import, export, supply, distribution, sale, consumption, etc. and shall furnish such returns or information in respect of their business as and when directed by the Textile Commissioner. The Textile Order further provides that no person shall make any markings on any textiles resembling the brand name or trade name of any other person who has applied for or obtained a registration to that effect under the Trade Marks Act, 1999, except under and limited to the extent of specific authorization by the holder of or applicant for such brand or trade name.

### **Cotton Control Order, 1986**

The Cotton (Control) Order, 1986 ("Cotton Order") prescribes the maximum quantity of cotton that may be possessed by a manufacturer, a cotton ginning factory, a cotton pressing factory, a cotton ginning and pressing factory and a person (other than a member of a Hindu Undivided Family growing cotton). The Cotton Order establishes the office of the Textile Commissioner as the regulatory body. The Cotton Order further specifies the quality standards that have to be met while picking cotton for the purposes of export and domestic consumption as well as the markings that have to be made on the cotton bale before marketing of the same.

### **The Bureau of Indian Standards Act, 2016**

The Bureau of Indian Standards Act, 2016 ("BIS Act") provides for the establishment of bureau for the standardization, marking and quality certification of goods. Functions of the bureau include, inter-alia, (a) recognizing as an Indian standard, any standard established for any article or process by any other institution in India or elsewhere; (b) specifying a standard mark which shall be of such design and contain such particulars as may be prescribed to represent a particular Indian standard; and (c) conducting such inspection and taking such samples of any material or substance as may be necessary to see whether any article or process in relation to which the standard mark has been used conforms to the Indian Standard or whether the standard mark has been improperly used in relation to any article or process with or without a license.

### **Bureau of Indian Standards Rules, 2018 (the "Bureau of Indian Standards Rules")**

The Bureau of India Standards Rules, 2018, as amended, have been notified, in supersession of the Bureau of Indian Standards Rules, 1987, in so far as they relate to Chapter IV A of the said rules relating to registration of the articles notified by the Central Government, and in supersession of the Bureau of Indian Standards Rules, 2017 except in relation to things done or omitted to be done before such supersession. Under the Bureau of Indian Standards Rules, the bureau is required to establish Indian standards in relation to any goods, article, process, system or service and shall reaffirm, amend, revise or withdraw Indian standards so established as may be necessary.

### **The Micro, Small and Medium Enterprises Development Act, 2006 (the "Act")**

It consists of six chapters which are further divided into 32 sections. This Act also provides for the formation of the National Board of Micro, Small and Medium Enterprises. The head office of the Board is in Delhi. Section 3 of the Act defines the

members of the board. The Central Government, by notification, can constitute an advisory committee. Registration of micro, small and medium enterprises is replaced with the filling of the memorandum. To avail the benefit of the Act, it is always recommended to register the enterprises as a micro, small or medium enterprise. The concept is important for the promotion of industrial development in rural areas, use of traditional or inherited skills, use of local resources and mobilization of resources and exportability of products. It provides maximum opportunities for employment outside the agriculture sector as well.

## **A. CORPORATE AND COMMERCIAL LAWS**

### **Companies Act, 2013**

Companies Act primarily regulates the formation, financing, functioning and restructuring of separate legal entity as companies. The Act provides regulatory and compliance mechanism regarding all relevant aspects including organizational, financial and managerial aspects of companies. The provisions of the Act state the eligibility, procedure and execution for various functions of the company, the relation and action of the management and that of the shareholders. The law lays down transparency, corporate governance and protection of shareholders & creditors. The Companies Act plays the balancing role between these two competing factors, namely, management autonomy and investor protection.

### **Competition Act, 2002**

The Competition Act, 2002 came into effect on June 1, 2011 and has been enacted to “prohibit anti- competitive agreements, abuse of dominant positions by enterprises” and regulates “combinations” in India. The Competition Act also established the Competition Commission of India (the “CCI”) as the authority mandated to implement the Competition Act. The Act prohibits Combinations which are likely to cause an appreciable adverse effect on competition in a relevant market in India. The CCI may enquire into all combinations, even if taking place outside India, or between parties outside India, if such combination is likely to have an appreciable adverse effect on competition in India.

### **Indian Contract Act, 1872**

Indian Contract Act codifies the way we enter into a contract, execute a contract, implementation of provisions of a contract and effects of breach of a contract. The Act consists of limiting factors subject to which contract may be entered into, executed and breach enforced as amended from time to time. It determines the circumstances in which promise made by the parties to a contract shall be legally binding on them.

### **Negotiable Instruments Act, 1881**

In India, any negotiable instruments such as cheques are governed by this Act, Section 138 of the Act, makes dishonor of cheques a criminal offence if the cheque is dis honored on the ground of insufficiency of funds in the account maintained by a person who draws the cheque which is punishable with imprisonment as well as fine.

### **The Registration Act, 1908 (“Registration Act”)**

The Registration Act was passed to consolidate the enactments relating to the registration of documents. The main purpose for which the Registration Act was designed to ensure information about all deals concerning land so that correct land records could be maintained. The Registration Act is used for proper recording of transactions relating to other immovable property also. The Registration Act provides for registration of other documents also, which can give these documents more authenticity. Registering authorities have been provided in all the districts for this purpose.

### **Indian Stamp Act, 1899 (the “Stamp Act”)**

Under the Indian Stamp Act, 1899 (the “Stamp Act”) stamp duty is payable on instruments evidencing a transfer or creation or extinguishment of any right, title or interest in immovable property. Stamp duty must be paid on all instruments specified under the Stamp Act at the rates specified in the schedules to the Stamp Act. The applicable rates for stamp duty on instruments chargeable with duty vary from state to state. Instruments chargeable to duty under the Stamp Act, which are not duly stamped, are incapable of being admitted in court as evidence of the transaction contained therein and it also provides for impounding of instruments that are not sufficiently stamped or not stamped at all.

### **The Arbitration and Conciliation Act, 1996**

This act was enacted by Parliament in the Forty-seventh Year of the Republic of India to consolidate and amend the law relating to domestic arbitration, international commercial arbitration and enforcement of foreign arbitral awards as also to define the law relating to conciliation.

### **The Insolvency and Bankruptcy Code, 2016**

The Insolvency and Bankruptcy Code, 2016 (the “code”) cover Insolvency of individuals, unlimited liability partnerships, Limited Liability partnerships (LLPs) and companies. The Insolvency Regulator (The Insolvency and Bankruptcy Board of India) has been established to exercise regulatory oversight over (a) Insolvency Professionals, (b) Insolvency Professional Agencies and (c) Information Utilities.

### **The Consumer Protection Act, 2019**

The Consumer Protection Act provides better protection to the interests of consumers. This is enabled with the establishment of consumer councils and other authorities for the settlement of consumers’ disputes and matters connected therewith. The Consumer Protection Act protects the consumers against any unfair/restrictive trade practice that has been adopted by any trader or service provider or if the goods purchased by him suffer from any defect or deficiency. In case of consumer disputes, the same can be referred to the redressal forums set up under the Act.

## **B. LABOUR AND EMPLOYMENT LAWS**

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

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

### **Factories Act, 1948 (“Factories Act”)**

The Factories Act, 1948 defines a “factory” to cover any premises which employs 10 or more workers and in which manufacturing process is carried on with the aid of power and any premises where there are at least 20 workers, where a manufacturing process is being carried on without the aid of power. State Governments have the authority to formulate rules in respect of matters such as prior submission of plans and their approval for the establishment of factories and registration and licensing of factories. The Factories Act provides that the person who has ultimate control over the affairs of the factory and in the case of a company, any one of the directors, must ensure the health, safety and welfare of all workers. It provides such safeguards of workers in the factories as well as offers protection to the exploited workers and improve their working conditions. The penalties for contravention of the Factories Act include fine and imprisonment for the ‘occupier’ or ‘manager’ as defined under the Factories Act, and enhanced penalties for repeat offences and contravention of certain provisions relating to use of the hazardous materials.

### **Gujarat Factories Rules, 1963**

The Factories Act is a social legislation that has been enacted for occupational safety, health, and welfare of workers at work place. The State of Gujarat has formulated its rules as envisaged under the Act and they are known as The Gujarat Factories Rules, 1963. The Gujarat Labour and Employment Department issued the Gujarat Factories (Amendment) Rules, 2021 to further amend the Gujarat Factories Rules, 1963.

### **The Micro, Small and Medium Enterprises Development Act, 2006**

The Act provides for facilitating the promotion and development and enhancing the competitiveness of micro, small and medium enterprises. The Central Government is empowered to classify by notification, any class of enterprises including inter-alia, a company, a partnership, firm or undertaking by whatever name called, engaged in the manufacture or production of goods pertaining to any industry specified in the First Schedule to the Industries (Development and Regulation) Act, 1951 as: (i) a micro enterprise, (ii) a small enterprise, or (iii) a medium enterprise, as per criteria mentioned in the said Act. The MSMED Act inter-alia stipulates that any person who intends to establish, a micro or small enterprise or a medium enterprise engaged in rendering of services, may at his discretion and a medium enterprise engaged in the manufacture or production of goods as specified hereinabove, file a memorandum of micro, small or medium enterprise, as the case may be, with the prescribed authority.

### **The Gujarat Fire Prevention and Life Safety Measures Act, 2013 (Gujarat Act No. 11 of 2013)**

An Act to make effective provisions for the fire prevention, safety and protection of life and property, in various types of buildings and temporary structures or shamiyana or tents or mandap likely to cause a risk of fire in different areas in the State of Gujarat and for matters connected therewith or incidental thereto. Whereas it is expedient to make effective provisions for the fire prevention, safety and protection of life and property in various types of buildings and temporary structures or shamiyana or tents

or mandap likely to cause a risk of fire, in different areas in the State of Gujarat, fire service fee, constitution of a special fund and for the purposes connected therewith or incidental thereto;

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

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

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

The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 provides for the protection of women at work place and prevention of sexual harassment at work place. The Act also provides for a redressal mechanism to manage complaints in this regard. Sexual harassment includes one or more of the following acts or behaviour namely, physical contact and advances or a demand or request for sexual favours or making sexually coloured remarks, showing pornography or any other unwelcome physical, verbal or non-verbal conduct of sexual nature. The Act makes it mandatory for every employer of a workplace to constitute an Internal Complaints Committee which shall always be presided upon by a woman. It also provides for the manner and time period within which a complaint shall be made to the Internal Complaints Committee i.e. a written complaint is to be made within a period of 3 (three) months from the date of the last incident. If the establishment has less than 10 (ten) employees, then the complaints from employees of such establishments as also complaints made against the employer himself shall be received by the Local Complaints Committee. The penalty for non-compliance with any provision of the SHWW Act shall be punishable with a fine extending to ₹ 50,000/- (Rupees Fifty Thousand Only).

### **The Gujarat Shops and Establishments (Regulation of Employment and Conditions of Service) Act, 2019**

The Gujarat Shops & Establishments (Regulation of Employment and Conditions of Service) Act, 2019 (“2019 Act”) was published in the gazette of the State of Gujarat on Mar 7, 2019 and has been in force from May 1, 2019.

The shops and establishments already validly registered under the erstwhile 1948 Act are not required to register themselves afresh under the new Act until the expiry of the previous registration. Traders and businessmen having up to 9 workers are exempt from registration. Such employers are required to submit an online application along with self-certified documents within 60 days of commencement of business. As regards shops and establishments having 10 or more workers, an application for registration, self-declaration and self-certified documents must be submitted to the concerned Inspector along with prescribed fees within 60 days of commencement of business. Once registered under the 2019 Act, the shops/establishments shall remain validly registered until there is change in ownership or nature of business. This means the registration obtained shall not be required to be renewed.

### **The Employees Provident Fund and Miscellaneous Provisions Act, 1952 (“EPF Act”) and the schemes formulated there under (“schemes”)**

The Employees Provident Funds and Miscellaneous Provisions Act, 1952 (“EPF Act”) was introduced with the object to institute compulsory provident fund for the benefit of employees in factories and other establishments. The EPF Act provides for the institution of provident funds and pension funds for employees in establishments where more than 20 (twenty) persons are employed and factories specified in Schedule I of the EPF Act. Under the EPF Act, the Central Government has framed the “Employees Provident Fund Scheme”, “Employees Deposit-linked Insurance Scheme” and the “Employees Family Pension Scheme”. Liability is imposed on the employer and the employee to contribute to the funds mentioned above, in the manner specified in the statute. There is also a requirement to maintain prescribed records and registers and filing of forms with the concerned authorities. The EPF Act also prescribes penalties for avoiding payments required to be made under the abovementioned schemes.

### **The Employees State Insurance Act, 1948**

All the establishments to which the Employees State Insurance (ESI) Act applies are required to be registered under the Act with the Employees State Insurance Corporation. The Act applies to those establishments where 20 or more persons are employed. The Act requires all the employees of the factories and establishments to which the Act applies to be insured in the manner provided under the Act. Further, employer and employees both are required to make contribution to the fund. The return of the contribution made is required to be filed with the ESI department. The Employees' State Insurance Rules, 1950 ensure implementation of the provisions of the Employees' State Insurance Act, 1948.

### **The other labour laws applicable to the Company are:**

- Minimum Wages Act, 1948
- Payment Of Wages Act, 1936
- Employees' Compensation Act, 1923
- Payment Of Gratuity Act, 1972



- Payment Of Bonus Act, 1965
- Industrial Disputes Act, 1947
- The Maternity Benefit Act, 1961
- The Equal Remuneration Act, 1976 And Equal Remuneration Rules, 1976
- The Child and Adolescent Labour (Prohibition And Regulation) Act, 1986
- Apprentices Act, 1961

**The Government of India has consolidated 29 central Labour laws into four Codes namely Code of Wages 2019, The Code on Social Security, 2020, The Industrial Relations Code, 2020 and Occupational Safety, Health and Working Conditions Code, 2020. All these codes have received the assent of President of India but none of them has been made effective till date. Brief descriptions of each of the codes are given below:**

### **Code of Wages, 2019**

The Code aims to consolidate the laws relating to wages and bonus and matters connected therewith or incidental thereto. It received the assent of President of India on August 08, 2019. The Code contains procedure for fixing minimum wage, limit for fines and deductions in wages, minimum and maximum bonus, calculation of allocable and available surplus, as well as gender neutral consideration in fixing wages. The Code has given the power to Central Government to fix a “floor wage” and the State governments cannot fix any minimum wage less than the “floor wage”. It amalgamates and subsumes four imperative labour laws - the Payment of Wages Act, 1936; the Minimum Wages Act, 1948; the Payment of Bonus Act, 1965 and the Equal Remuneration Act, 1976. The date of implementation of the Code is yet to be notified.

### **The Code on Social Security, 2020**

This Code received the assent of President of India on September 28, 2020 though the implementation of the same is yet to be notified. The Code aims to provide better social security benefits such as provident fund, insurance and gratuity to workers. It extends the reach of the Employees' State Insurance Corporation and the Employees' Provident Fund Organization (which regulate benefits such as provident fund, insurance, pension, etc.) to the workers in the unorganized sector and the platform and gig workers. The Code further stipulates gratuity benefit for fixed term employees without any condition for minimum service period as envisaged under the current regime. The Code subsumes nine (9) labour laws relating to social security, namely, the Employees' Compensation Act, 1923, the Employees' State Insurance Act, 1948, the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, the Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959, the Maternity Benefit Act, 1961, the Payment of Gratuity Act, 1972, the Cine-Workers Welfare Fund Act, 1981, the Building and Other Construction Workers' Welfare Cess Act, 1996 and the Unorganized Workers Social Security Act, 2008.

### **The Industrial Relations Code, 2020**

This Code received the assent of President of India on September 28, 2020 though the implementation of the same is yet to be notified. The Code aims to streamline the laws regulating industrial disputes and trade unions in India. For the benefit of the employers, the Code has introduced various aspects such as increasing the threshold of workers to three hundred (300) for obtaining the consent of the concerned government in case of lay off, retrenchment or closure of the establishment, notice of change not required to be given subject to the conditions stipulated in the Code, increasing the wage threshold to INR 18,000 (Indian Rupees Eighteen Thousand) for exclusion from the definition of worker, etc. The Industrial Relations Code also introduces the concept of deemed certification of standing orders. The Code subsumes three labour laws relating to industrial relations, namely, the Trade Unions Act, 1926, the Industrial Employment (Standing Orders) Act, 1946 and the Industrial Disputes Act, 1947.

### **Occupational Safety, Health and Working Conditions Code, 2020**

The Occupational Safety, Health and Working Conditions Code, 2020 (OSH Code) is one of three new labor codes that will consolidate the bulk of labor legislation in India and streamline labor compliance besides expanding the social security net for workers. This Code received the assent of President of India on September 28, 2020 though the implementation of the same is yet to be notified. Rules to implement the Code are expected to be finalized in the next few weeks.

New establishments covered by the OSH Code must register themselves (within 60 days of commencement of the Code) with registering officers appointed by the appropriate government. Establishments already registered under any other federal law will not be required to register again.

Every employer is directed to undertake the following obligations by the OSH Code:

- Ensure that the workplace is free from hazards can cause injury or occupational disease to the employees and comply with the OSH Code and the government's directions on the same;
- Provide free annual health examination or testing, free of cost, to certain classes of employees;

- Provide and maintain, as reasonably practical, a working environment that is safe and without risk to the health of the employees;
- Issue letters of appointments to employees; and
- Ensure that no charge is levied on any employee for maintenance of safety and health at workplace, including the conduct of medical examination and investigation for the purpose of detecting occupational diseases.

Further, the Code directs employers with respect to factories, mines, dock work, building and other construction work, or plantations to ensure: (i) safety arrangements in the workplace and absence of risk to health in connection with the use, storage, and transport of articles and substances; (ii) provision of such information, instruction, training, and supervision as are necessary to ensure the health and safety of all employees at work, etc. This Code shall subsume more than 10 labour laws including Factories Act 1948, Contract Labour Act 1970 and Mines Act 1952.

### **C. ENVIRONMENTAL LAWS**

#### **Environment (Protection) Act, 1986**

The Environment (Protection) Act, 1986 (“EPA”) has been enacted for the protection and improvement of the environment. It stipulates that no person carrying on any industry, operation or process shall discharge or emit or permit to be discharged or emitted any environmental pollutant in excess of such standards as may be prescribed.

Further, no person shall handle or cause to be handled any hazardous substance except in accordance with such procedure and after complying with such safeguards as may be prescribed. EPA empowers the Central Government to take all measures necessary to protect and improve the environment such as laying down standards for emission or discharge of pollutants, providing for restrictions regarding areas where industries may operate and generally to curb environmental pollution.

#### **The Environmental Impact Assessment Notification, 2006 (the “Notification”)**

As per the Notification, any construction of new projects or activities or the expansion or modernization of existing projects or activities as listed in the Schedule attached to the notification entailing capacity addition with change in process and or technology can be undertaken only after the prior environmental clearance from the Central Government or as the case may be, by the State Level Environment Impact Assessment Authority, duly constituted by the Central government under the provisions of the Environment (Protection) Act, 1986, in accordance with the procedure specified in the notification. The environmental clearance process for new projects comprises of four stages viz. screening, scoping, public consultation and appraisal. However, in 2016, MoEF issued a notification for integrating standard and objectively monitorable environmental conditions with building permissions for buildings of different sizes with rigorous monitoring mechanism for implementation of environmental concerns and obligations in building projects. This is in line with the objective of the Central Government to streamline the permissions for buildings and construction sector so that affordable housing can be provided to weaker sections in urban area under the scheme ‘Housing for All by 2022’ and is proposing to remove the requirement of seeking a separate environment clearance from the MoEF for individual buildings having a total build up area between 5,000 square meter and 150,000 square meter, apart from adhering to the relevant byelaws of the concerned State authorities.

#### **Water (Prevention and Control of Pollution) Act, 1974**

The Water (Prevention and Control of Pollution) Act, 1974 (“Water Act”) aims to prevent and control water pollution and to maintain or restore wholesomeness of water. The Water Act provides for one Central Pollution Control Board, as well as state pollution control boards, to be formed to implement its provisions, including enforcement of standards for factories discharging pollutants into water bodies. Any person intending to establish any industry, operation or process or any treatment and disposal system likely to discharge sewage or other pollution into a water body, is required to obtain the consent of the relevant state pollution control board by making an application.

#### **Water (Prevention and Control of pollution) Cess Act, 1977**

The Water (Prevention and Control of pollution) Cess Act, 1977 (“Water Cess Act”) lays down levy and collection of cess for the purpose of the Water Act. Further, the Central Government is also empowered to exempt the levy of water cess under the Water Cess Act. The Central Government shall take into consideration nature of raw materials, effluents, source of water extraction, nature of effluent receiving bodies and production data. Schedule II of the Water Cess Act gives details regarding purpose for which water is consumed in different industries.

#### **Air (Prevention and Control of Pollution) Act, 1981**

The Air (Prevention and Control of Pollution) Act, 1981 (“Air Act”) aims to prevent, control and abate air pollution, and stipulates that no person shall, without prior consent of the relevant state pollution control board, establish or operate any industrial plant which emits air pollutants in an air pollution control area. They also cannot discharge or cause or permit to be discharged the emission of any air pollutant in excess of the standards laid down by the relevant state pollution control board. The

Central Pollution Control Board and the state pollution control boards constituted under the Water Act perform similar functions under the Air Act as well. Pursuant to the provisions of the Air Act, any person establishing or operating any industrial plant within an air pollution control area, must obtain the consent of the relevant state pollution control board prior to establishing or operating such industrial plant.

#### **The Noise Pollution (Regulation & Control) Rules 2000 (“Noise Regulation Rules”)**

The Noise Regulation Rules regulate noise levels in industrial, commercial and residential zones. The Noise Regulation Rules also establish zones of silence of not less than 100 meters near schools, courts, hospitals, etc. The rules also assign regulatory authority for these standards to the local district courts. Penalty for non-compliance with the Noise Regulation Rules shall be under the provisions of the Environment (Protection) Act, 1986.

#### **Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016**

The Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016 (“Hazardous Waste Rules”) regulate the management, treatment, storage and disposal of hazardous waste by imposing an obligation on every occupier and operator of a facility generating hazardous waste to dispose of such waste without harming the environment. The term “hazardous waste” has been defined in the Hazardous Waste Rules and any person who has, control over the affairs of the factory or the premises or any person in possession of the hazardous waste has been defined as an “occupier”. Every occupier and operator of a facility generating hazardous waste must obtain authorization from the relevant state pollution control board. Further, the occupier, importer or exporter is liable for damages caused to the environment resulting from the improper handling and disposal of hazardous waste and must pay any financial penalty that may be levied by the respective state pollution control board.

#### **Public Liability Insurance Act, 1991**

The Public Liability Insurance Act, 1991 (“PLI Act”) imposes liability on the owner or controller of hazardous substances for any damage arising out of an accident involving such hazardous substances. A list of hazardous substances covered by the PLI Act has been enumerated by the Government by way of a notification. The owner or handler is also required to take out an insurance policy insuring against liability under the PLI Act. The rules made under the PLI Act mandate that the employer has to contribute towards the environment relief fund, a sum equal to the premium paid on the insurance policies. The amount is payable to the insurer. In addition to the above-mentioned environmental laws, there are other environmental laws which may be applicable to our Company as per the nature of the business activities carried-out by us.

### **D. TAX LAWS**

#### **Income Tax Act, 1961**

The Income Tax Act, 1961 deals with the taxation of individuals, corporate, partnership firms and others. As per the provisions of this Act the rates at which they are required to pay tax is calculated on the income declared by them or assessed by the authorities, after availing the deductions and concessions accorded under the Act. The maintenance of Books of Accounts and relevant supporting documents and registers are mandatory under the Act. Filing of returns of Income is compulsory for all assesses. The maintenance of Books of Accounts and relevant supporting documents and registers are mandatory under the Act.

#### **Gujarat State Tax on Profession, Trades, Callings and Employment Act, 1976**

The professional tax slabs in India are applicable to those citizens of India who are either involved in any profession or trade. The State Government of each State is empowered with the responsibility of structuring as well as formulating the respective professional tax criteria and is also required to collect funds through professional tax. The professional taxes are charged on the incomes of individuals, profits of business or gains in vocations. The professional tax is charged as per the List II of the Constitution. The professional taxes are classified under various tax slabs in India. The tax payable under the State Acts by any person earning a salary or wage shall be deducted by his employer from the salary or wages payable to such person before such salary or wages is paid to him, and such employer shall, irrespective of whether such deduction has been made or not when the salary and wage is paid to such persons, be liable to pay tax on behalf of such person and employer has to obtain the registration from the assessing authority in the prescribed manner. Every person liable to pay tax under this Act (other than a person earning salary or wages, in respect of whom the tax is payable by the employer), shall obtain a certificate of enrolment from the assessing authority.

#### **Goods and Services Tax**

**The Central Goods and Services Tax Act, 2017** received assent of the President on 12<sup>th</sup> April 2017 and came into force from 1<sup>st</sup> July 2017. Goods and Service Tax (GST) is an indirect tax levied on the supply of goods and services. This law has replaced many indirect tax laws that previously existed in India such as Service tax, Central Excise Act, Entry Tax, Octroi, Additional customs duty and other draconian indirect taxes. There are 3 taxes applicable under this system- CGST, SGST, IGST.

**CGST:** is collected by the Central Government on an intra-state sale;

**SGST:** Collected by the State Government on an intra-state sale;

**IGST:** Collected by the Central Government for inter-state sale.

Therefore, in addition to the CGST Act, the company has to comply with the requirements of State GST laws as well in which it has operations.

**Following laws which have been subsumed in GST Act were applicable to the Company till 30th June 2017 and shall remain applicable here after as stated in the GST Act.**

#### **Central Excise Act, 1944 and Excise Regulations**

The Central Excise Act, 1944 sought to impose an excise duty on excisable goods which are produced or manufactured in India. Excise duty was levied on production of goods but the Liability of excise duty arose only on removal of goods from the place of storage, i.e., factory or warehouse.

#### **Central Sales Tax Act, 1956**

Central Sales Tax (“CST”) was levied in accordance with the Central Sales Tax Act, 1956 on movable goods sold in the course of inter-state trade or commerce. CST was payable by a dealer (i.e. a person who carries on the business of buying, selling, supplying or distributing goods) on his sales turnover at the rate prescribed in the VAT statute of the State from where the movement of the goods originate.

#### **State laws governing Entry Tax**

Entry Tax provides for the levy and collection of tax on the entry of goods into the local areas of the state for consumption, use or sale therein and matters incidental thereto and connected therewith. It was levied at such rate as may be specified by the State Government and different rates may be specified for different goods.

#### **Service Tax, (the ‘Finance Act, 1994’)**

Service tax was charged on taxable services as defined in Chapter V of Finance Act, 1994, which required a service provider of taxable services to collect service tax from a service recipient and pay such tax to the Government.

There are other indirect taxes which are now subsumed under GST and these are Additional Duties of Excise, Cess, Purchase Tax, Taxes on advertisements.

#### **The Gujarat Goods and Services Tax Act, 2017**

The Gujarat Goods and Services Tax Act, 2017 contains provisions for the levy and collection of tax on intra-state supply of goods or services or both. It lays down eligibility and conditions for taking input tax credit, provisions relating to audit, inspection, search, seizure, arrest, demands and recovery and also prescribes penalties for offences under the Act. It extends to the whole of Gujarat.

#### **Customs Act, 1962**

The provisions of the Customs Act, 1962 and rules made there under are applicable at the time of import of goods i.e. bringing into India from a place outside India or at the time of export of goods i.e. taken out of India to a place outside India. Any Company requiring to import or export any goods is first required to get it registered and obtain an IEC (Importer Exporter Code).

### **E. FOREIGN REGULATIONS**

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

The Foreign Trade (Development & Regulation) Act, 1992 [herein after FTA], provides for the development and regulation of foreign trade by facilitating imports into and augmenting exports from India and for matters connected therewith or incidental thereto. As per the provisions of the FTA, the Government: (i) may make provisions for facilitating and controlling foreign trade; (ii) may prohibit, restrict and regulate exports and imports, in all or specified cases as well as subject them to exemptions; (iii) is authorised to formulate and announce an export and import policy and also amend the same from time to time, by notification in the Official Gazette; (iv) is also authorised to appoint a 'Director General of Foreign Trade' for the purpose of the Act, including formulation and implementation of the Export-Import Policy. FTA read with the Indian Foreign Trade Policy inter-alia provides that no export or import can be made by a company without an Importer-Exporter Code number unless such 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.

**Foreign Exchange Management Act, 1999 (“the FEMA”) and Rules and Regulations thereunder**

Export of goods and services outside India is governed by the provisions of the Foreign Exchange Management Act, 1999 (“FEMA”), read with the applicable regulations. The Foreign Exchange Management (Export of goods and services) Regulations, 2000 have been superseded by the Foreign Exchange Management (Export of Goods and Services) Regulations, 2015 (“Export of Goods and Services Regulations 2015”) issued by the RBI on January 12, 2016 [last amended on June 23, 2017]. The RBI has also issued a Master Circular on Export of Goods and Services. The export is governed by these Regulations which make provisions such as declaration of exports, procedure of exports as well as exemptions.

**F. INTELLECTUAL PROPERTY LAWS**

**The Trademarks Act, 1999 (“Trademarks Act”)**

Under the Trademarks Act, a trademark is a mark capable of being represented graphically and which is capable of distinguishing the goods or services of one person from those of others used in relation to goods and services to indicate a connection in the course of trade between the goods and some person having the right as proprietor to use the mark. Section 18 of the Trademarks Act requires that any person claiming to be the proprietor of a trade mark used or proposed to be used by him, must apply for registration in writing to the registrar of trademarks. The right to use the mark can be exercised either by the registered proprietor or a registered user. The present term of registration of a trademark is 10 (ten) years, which may be renewed for similar periods on payment of a prescribed renewal fee.

**HISTORY AND CORPORATE STRUCTURE**

**Brief history of our Company**

Our Company was originally incorporated as a private limited Company under the name of “Shanti Spintex Private Limited” on August 23, 2010 under the provisions of the Companies Act, 1956 with the Registrar of Companies, Ahmedabad, Gujarat bearing registration number as 062084. Thereafter, our Company was converted from private limited to public limited, pursuant to special resolution passed by the shareholders of the Company at the Extraordinary general meeting held on July 31, 2023 and the name of our Company was changed from “Shanti Spintex Private Limited” to “Shanti Spintex Limited” vide fresh certificate of incorporation dated August 18, 2023 issued by the Registrar of Companies, Ahmedabad, Gujarat. The Corporate identification number of our Company is U17120GJ2010PLC062084.

Amit Bindal, Sanjay Bindal and Rajesh Bindal were the initial subscribers to the Memorandum of Association of our Company. The current promoters of our Company are Bharat Bhushan Agarwal and Rikin Agarwal.

**Address of the Registered Office:**

<b>Registered Office</b>	Sub Plot 1, Unit 1, Survey No. 297, Dholi - Integrated Spinning Park Limited, Dholi, Dholka, Ahmedabad, Gujarat – 382 240, India
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**Changes in Registered Office of the Company:**

Except as disclosed below, there has been no change in our Registered Office since incorporation.

Effective date	From	To	Reason for change
July 16, 2016	Plot No.11, Vraj Integrated Textile Park Ltd, National Highway No.8, Nr. Reliance Petrol Pump, Bidaj, Kheda – 387 411, Gujarat	Sub Plot 1, Unit 1, Survey No. 297, Dholi -Integrated Spinning Park Limited, Dholi, Dholka, Ahmedabad – 382 240, Gujarat	Administrative Convenience

**Main Objects of Memorandum of Association:**

The main objects of our Company as contained in our Clause III(A) of Memorandum of Association of our Company are as follows:

1. To carry on all or any of the Business of producers, manufacturers, suppliers, distributors, processors, developers, dealers, exporters, importers, stockiest of cotton and blended yarn or in any other textile product.
2. To carry on the business of spinners, weavers, manufacturers, ginners, processors, packers and bales of cotton, jute, hemp, silk, rayon, nylon, stretchion, man-made synthetics, fibers, staple fibers, wool and any other fibrous materials and the cultivation thereof and the business of manufacturing, weaving, bleaching, printing and selling yarn/cloth of all types, lines and other goods and fabric of all types, whether knitted or looped and of importing, exporting, buying, selling and/or otherwise dealing in cotton silk, art silk, rayon, nylon, stretchlon, manmade synthetic, Fibers, staple fibers, wool, hamp and other fibrous material, yarn, cloth, linen, rayon made therefrom and other goods and/or merchandise made therefrom and generally to carry on business of spinners, weavers, processors, dyers, sizers, manufacturers, and/or deal in cotton lines, flax, hemp, jute, silk, artificial silk, rayon, manmade synthetic fabric, staple fiber, wool, yarn, and cloth merchants, cleaners, combers, spinners, weavers, bleachers, dyers, sizers, importer, exporters, manufacturers, purchasers, sellers, of/or otherwise dealers in all above items.

**Amendments to the Memorandum of Association**

Except as stated below, there has been no change in the Memorandum of Association of our Company since its incorporation:

Date of Meeting	Type of Meeting	Amendments
January 08, 2016	EGM	Increase in the authorized share capital of the Company from ₹1.00 Lakh divided into 10,000 Equity Shares of ₹ 10/- each to ₹500.00 Lakhs divided into 50,00,000 Equity Shares of ₹10/- each.
July 03, 2017	EGM	Increase in the authorized share capital of the Company from ₹500.00 Lakh divided into 50,00,000 Equity Shares of ₹ 10/- each to ₹1,000.00 Lakhs divided into 1,00,00,000 Equity Shares of ₹10/- each.
June 20, 2023	EGM	Increase in the authorized share capital of the Company from ₹1,000.00 Lakh divided into

		1,00,00,000 Equity Shares of ₹ 10/- each to ₹2,000.00 Lakhs divided into 2,00,00,000 Equity Shares of ₹10/- each.
July 31, 2023	EGM	Conversion of our Company from Private Limited to Public Limited Company, consequent to which name of the Company has been changed from ‘Shanti Spintex Private Limited’ to ‘Shanti Spintex Limited’ and fresh Certificate of Incorporation Consequent upon conversion to Public Limited Company issued dated August 18, 2023 bearing CIN:U17120GJ2010PLC062084 was issued by Registrar of Companies, Ahmedabad, Gujarat.

**Major events and milestones of our Company:**

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

Year/ F.Y.	Key Events/ Milestone/ Achievements
2010	Incorporation of our Company as “Shanti Spintex Private Limited” under the Companies Act, 1956
2016-17	Commencement of manufacturing unit at Dholka, Dholi, Ahmedabad, Gujarat
2017-18	Capacity expansion at existing unit by installation of additional airjet looms
2018-19	Crossed revenue of ₹ 100 Crores
2021-22	Crossed revenue of ₹ 250 crores
2022	Commissioned a wind energy power plant (“Wind Farm”) of combined capacity of 2 MW in the village Likhala, Taluka Savarkundla, District Amreli, Gujarat
2022-23	Crossed revenue of ₹ 350 crores
2023	Conversion of company from Private Limited to Public Limited. In consequence of such conversion, Name of our company changed from “Shanti Spintex Private Limited” to “Shanti Spintex Limited”.
2023	Installed the 852 kw rooftop solar plant at our manufacturing unit.

**Our holding company:**

As on the date of this Draft Red Herring Prospectus, our Company does not have a holding company.

**Our Subsidiaries and Joint Ventures:**

As on date of this Draft Red Herring Prospectus, our Company does not have any Subsidiaries, joint ventures or Associates.

**Accumulated profits or losses:**

As on the date of this Draft Red Herring Prospectus, there are no accumulated profits or losses of the firm that have not been accounted for or consolidated by our Company.

**Strategic or Financial Partnerships:**

As on the date of this Draft Red Herring Prospectus, Our Company does not have any strategic or financial partnerships.

**Time and Cost Overruns in Setting up Projects:**

There has been no time/ cost overrun in setting up projects by our Company.

**Other details about our Company:**

For details of our Company’s activities, products, growth, awards & recognitions, capacity, location of plants, technology, marketing strategy, competition and our customers, please refer section titled “*Our Business*”, “*Management’s Discussion and Analysis of Financial Conditions and Results of Operations*” and “*Basis for Offer Price*” on pages 90, 166 and 69 respectively of this Draft Red Herring Prospectus. For details of our management and managerial competence and for details of shareholding of our Promoters, please refer to sections titled “*Our Management*” and “*Capital Structure*” beginning on page 110 and 52 of the Draft Red Herring Prospectus respectively.

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

There have been no defaults or rescheduling of borrowings with any financial institutions/banks as on the date of the Draft Red Herring Prospectus.

**Details regarding material acquisitions or divestments of business/ undertakings, mergers, amalgamation, any revaluation of assets, etc.**

Our Company has not made any material acquisitions or divestments of business/ undertakings, mergers, amalgamation, any revaluation of assets, etc. in the last 10 years preceding the date of this Draft Red Herring Prospectus.

#### **Shareholders Agreements**

There are no subsisting shareholder's agreements among our shareholders in relation to our Company, to which our Company is a party or otherwise has notice of the same as on the date of the Draft Red Herring Prospectus.

#### **Agreement with key managerial personnel or Directors or Promoters or any other employee of the Company**

There are no agreements entered into by key managerial personnel or Directors or Promoters or any other employee, either by themselves or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of the Company.

#### **Other Material Agreements**

Our Company has not entered into any subsisting material agreements including with strategic partners, joint venture partners and/or financial partners, entered into, other than in the ordinary course of business of the Company.



**OUR MANAGEMENT****Board of Directors:**

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

Name, designation, age, date of birth, address, experience, occupation, qualification, current term, date of appointment and DIN	Other directorships
<p><b>Bharat Bhushan Omprakash Agarwal</b></p> <p><b>Designation:</b> Chairman, Whole Time Director &amp; CFO</p> <p><b>Age:</b> 64 years</p> <p><b>Date of Birth:</b> November 15, 1958</p> <p><b>Address:</b> 7, Saket Bungalow, Premchand Nagar Road, Near Takshila Tower, Vastrapur, Ahmedabad City, Ahmedabad, Gujarat – 380 015, India</p> <p><b>Experience:</b> 43 years</p> <p><b>Occupation:</b> Business</p> <p><b>Qualification:</b> Higher Secondary + 1 Education</p> <p><b>Current Term:</b> appointed with effect from August 24, 2023; liable to retire by rotation</p> <p><b>Period of Directorship:</b> Since August 20, 2014</p> <p><b>DIN:</b> 00302785</p>	<p><b>Companies:</b></p> <ol style="list-style-type: none"> <li>1. Dulari Fabrics Private Limited</li> <li>2. Rikin Fabrics Private Limited</li> <li>3. Sparsh Fabrics Private Limited</li> <li>4. Anant Weavetech Private Limited</li> <li>5. Aaryanant Textiles Private Limited</li> <li>6. Jagson Textiles Limited</li> <li>7. Jagson Color Science Limited</li> <li>8. Vijay Subham Contrade Pvt Ltd</li> <li>9. Kautilya Traders Pvt Ltd.</li> </ol>
<p><b>Rikin Bharatbhushan Agarwal</b></p> <p><b>Designation:</b> Managing Director</p> <p><b>Age:</b> 32 years</p> <p><b>Date of Birth:</b> October 11, 1990</p> <p><b>Address:</b> 7, Saket Bungalow, Premchand Nagar Road, Near Takshila Tower, Vastrapur, Ahmedabad, Gujarat – 380 015, India</p> <p><b>Experience:</b> 9 years</p> <p><b>Occupation:</b> Business</p> <p><b>Qualification:</b> Bachelor of Commerce</p> <p><b>Current Term:</b> For a period of five years with effect from August 31, 2023; liable to retire by rotation</p> <p><b>Period of Directorship:</b> Since August 20, 2014</p> <p><b>DIN:</b> 02435645</p>	<p><b>Companies:</b></p> <ol style="list-style-type: none"> <li>1. Rikin Fabrics Private Limited</li> <li>2. Anant Weavetech Private Limited</li> <li>3. Aaryanant Textiles Private Limited</li> <li>4. Jagson Textiles Limited</li> <li>5. Teesta Spintex Private Limited</li> <li>6. Bluetron Denim Private Limited</li> </ol>
<p><b>Bhavik Rameshbhai Talati</b></p> <p><b>Designation:</b> Non-Executive Director</p> <p><b>Age:</b> 43 years</p>	<p>Nil</p>

Name, designation, age, date of birth, address, experience, occupation, qualification, current term, date of appointment and DIN	Other directorships
<p><b>Date of Birth:</b> April 06, 1980</p> <p><b>Address:</b> 94, Swaminarayan Society, Opp. Vishalnagar Isanpur, Ahmedabad – 382 443, Gujarat, India</p> <p><b>Experience:</b> 24 Years</p> <p><b>Occupation:</b> Business</p> <p><b>Qualifications:</b> Diploma in Textile Manufacturing Technology</p> <p><b>Current Term:</b> Appointed with effect from July 31, 2023, liable to retire by rotation</p> <p><b>Period of Directorship:</b> Since July 31, 2023</p> <p><b>DIN:</b> 10263736</p>	
<p><b>Kruti Vyas</b></p> <p><b>Designation:</b> Independent Director</p> <p><b>Age:</b> 30 years</p> <p><b>Date of Birth:</b> September 20, 1992</p> <p><b>Address:</b> 7, Shashwat Appartment, 10/A, Vadnagar Patidar Society, Rambag, Maninagar, Ahmedabad, Gujarat – 380 008</p> <p><b>Experience:</b> 7 Years</p> <p><b>Occupation:</b> Employment</p> <p><b>Qualification:</b> Company Secretary</p> <p><b>Current Term:</b> For a period of 5 years with effect from August 31, 2023; not liable to retire by rotation</p> <p><b>Period of Directorship:</b> From August 31, 2023</p> <p><b>DIN:</b> 10299486</p>	<p><b>Nil</b></p>
<p><b>Sejal Ronak Agarwal</b></p> <p><b>Designation:</b> Independent Director</p> <p><b>Age:</b> 34 years</p> <p><b>Date of Birth:</b> June 12, 1989</p> <p><b>Address:</b> 7, Ritu Apartment, Bhairavnath Road, Nilima Park Society, Near Ashutosh Society, Maninagar, Ahmedabad, Gujarat – 380 008</p> <p><b>Experience:</b> 9 years</p> <p><b>Occupation:</b> Practicing Chartered Accountant</p> <p><b>Qualification:</b> Chartered Accountant</p> <p><b>Current Term:</b> For a period of 5 years with effect from August 31, 2023; not liable to retire by rotation</p>	<p><b>Companies:</b></p> <ol style="list-style-type: none"> <li>Shanti Educational Initiatives Limited</li> </ol> <p><b>LLP:</b></p> <ol style="list-style-type: none"> <li>AAA Valuation Professionals LLP</li> </ol>

Name, designation, age, date of birth, address, experience, occupation, qualification, current term, date of appointment and DIN	Other directorships
<b>Period of Directorship:</b> From August 31, 2023 <b>DIN:</b> 09376887	

**Brief Profile of Directors:**

- 1. Bharat Bhushan Omprakash Agarwal** is the Chairman, Whole Time Director & CFO of our Company. He has been on the Board since 2014. He is a visionary entrepreneur and has played a pivotal role in expanding business operations of our Company. He has a work experience of over 43 years in the textile industry and has completed his Higher Secondary + 1 education from Marwari Vidhyalaya High School, Mumbai in year 1978. He currently looks after the overall administration and finance operations of the Company. Under his guidance, our Company has witnessed continuous growth.
- 2. Rikin Bharatbhushan Agarwal** is the Managing Director of our Company. He has been on the Board since 2014. He has completed his Bachelor of Commerce in 2011 from H. L. Institute of Commerce, Ahmedabad, Gujarat. He has an experience of around 9 years in the textile industry. He is currently looking after the production and marketing function of our Company.
- 3. Bhavik Rameshbhai Talati** is the Non-Executive Director of our Company. He has an experience of around 24 years in the textile industry. He has completed his Diploma in Textile Manufacturing Technology from R.C. Technical Institute, Ahmedabad in 1999.
- 4. Kruti Vyas** is the Independent Director of our Company. She has a work experience of around 7 years in the secretarial field. She is a qualified member of Institute of Company Secretaries of India. She is currently working as a Company Secretary in Jhingo Capital Management Private Limited.
- 5. Sejal Ronak Agarwal** is the Independent Director of our Company. She has a work experience of around 9 years in auditing, taxation, valuation and allied corporate matters. She is currently working as a Practicing Chartered Accountant in Ahmedabad.

**Confirmations:**

As on the date of this Draft Red Herring Prospectus:

- a) None of our Directors is or was a director of any listed company during the last five years preceding the date of this Draft Red Herring Prospectus, whose shares has been or were suspended from being traded on the BSE or the NSE, during the term of their directorship in such company.
- b) None of our Directors is or was a director of any listed company which has been or was delisted from any stock exchange during the tenure of their directorship in such company.
- c) None of the Directors are categorized as a wilful defaulter or a fraudulent borrower, as defined under Regulation 2(1)(III) of SEBI (ICDR) Regulations.
- d) None of our Directors is declared as fugitive economic offender under section 12 of the Fugitive Economic Offenders Act, 2018.

**Arrangements with major Shareholders, Customers, Suppliers or Others:**

We have not entered into any arrangement or understanding with our major shareholders, customers, suppliers or others, pursuant to which any of our Directors were selected as Directors or members of the senior management.

**Service Contracts:**

The Directors of our Company have not entered into any service contracts with our company which provides for benefits upon termination of their employment.

**Details of Borrowing Powers of Directors:**

Pursuant to a special resolution passed at an Extra-ordinary General Meeting of our Company held on August 31, 2023 and pursuant to provisions of Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder, the Board of Directors of the Company have authorized to borrow monies from time to time, any sum or sums of money on such security and on such terms and conditions as the Board may deem fit, notwithstanding that the money to be borrowed together with the money already borrowed by our Company may exceed in the aggregate, its paid up capital and free reserves and security premium (apart from temporary loans obtained / to be obtained from bankers in the ordinary course of business), provided that the outstanding principal amount of such borrowing at any point of time shall not exceed in the aggregate of ₹ 100.00 Crore.

**Compensation of our Managing Director & Whole-time Director:**

The compensation payable to our Managing Director and Whole-time Director will be governed as per the terms of their appointment and shall be subject to the provisions of Sections 2(54), 2(94), 188, 196, 197, 198 and 203 and any other applicable provisions, if any of the Companies Act, 2013 read with Schedule V to the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof or any of the provisions of the Companies Act, 1956, for the time being in force).

**The following compensation has been approved for Managing Director & Whole time Director:**

**1. Bharat Bhushan Omprakash Agarwal: Chairman, Whole Time Director & CFO**

Pursuant to the resolutions passed by our Board and our Shareholders on August 24, 2023 and August 31, 2023 respectively, Bharat Bhushan Omprakash Agarwal was appointed as Chairman & whole-time director for a period of five years with effect from August 31, 2023 at a remuneration, which is to be given by way of salary, dearness allowance, perquisites and other allowances or any other combination thereof which shall not exceed ₹ 10.00 lakhs per month.

**2. Rikin Bharatbhushan Agarwal: Managing Director**

Pursuant to the resolutions passed by our Board and our Shareholders on August 24, 2023 and August 31, 2023 respectively, Rikin Bharatbhushan Agarwal was appointed as Managing Director for a period of five years with effect from August 31, 2023 at a remuneration, which is to be given by way of salary, dearness allowance, perquisites and other allowances or any other combination thereof which shall not exceed ₹ 10.00 lakhs per month.

**Payments or benefits to Directors:**

**The remuneration paid to our Directors in Fiscal 2023 is as follows:**

Name of Director	Remuneration paid in F.Y. 2022-23 (₹ in lakhs)
Rikin Bharatbhushan Agarwal	6.00

**Bonus or Profit Sharing Plan for our Directors:**

We have no bonus or profit sharing plan for our Directors.

**Sitting Fees:**

Our Board of Directors have resolved in their meeting dated September 13, 2023 for payment of sitting fees to Directors (including independent directors) of the Company, such sum as may be decided by the Board of Directors which shall not exceed ₹ 1,00,000/- (Rupees One Lakh Only) per meeting of the Board or Committee thereof, attended by such director.

**Shareholding of our Directors as on the date of this Draft Red Herring Prospectus:**

Sr. No.	Name of the Directors	No. of Shares Held	Holding in % (pre-Offer)
1.	Bharat Bhushan Omprakash Agarwal	30,33,800	21.36
2.	Rikin Bharatbhushan Agarwal	30,28,400	21.33
	<b>Total</b>	<b>60,62,200</b>	<b>42.69</b>

*None of the Independent Directors of the Company holds any Equity Shares of Company as on the date of this Draft Red Herring Prospectus.*

We do not have any Subsidiary Company as defined under Section 2(6) of the Companies Act, 2013.

Our Articles of Association do not require our Directors to hold any qualification Equity Shares in the Company.

## **INTEREST OF DIRECTORS**

All the Directors may be deemed to be interested to the extent of remuneration and reimbursement of expenses payable to them under the Articles, and to the extent of remuneration paid to them for services rendered as an officer or employee of the Company. For further details, please refer to Chapter titled **“Our Management”** beginning on page 110 of this Draft Red Herring Prospectus.

Our Directors may also be regarded as interested to the extent of their shareholding and dividend payable thereon, if any, and to the extent of Equity Shares, if any held by them in our Company or held by their relatives. Further our Director are also interested to the extent of unsecured loans, if any, given by them to our Company or by their relatives or by the companies/ firms in which they are interested as directors/ Members/ Partners. Further our Directors are also interested to the extent of loans, if any, taken by them or their relatives or taken by the companies/ firms in which they are interested as Directors/ Members/ Partners and for the details of Personal Guarantee given by Directors towards Financial facilities of our Company please refer to **“Statement of Financial Indebtedness”** on page 163 of this Draft Red Herring Prospectus.

Except as stated otherwise in this Draft Red Herring Prospectus, our Company has not entered into any Contract, Agreements or Arrangements during the preceding two years from the date of the Draft Red Herring Prospectus in which the Directors are interested directly or indirectly and no payments have been made to them in respect of the contracts, agreements or arrangements which are proposed to be entered into with them.

### **Interest of Directors in the property of Our Company:**

Our directors do not have any interest in any property acquired by our Company in a period of two years before filing of this Draft Red Herring Prospectus or proposed to be acquired by us as on date of filing the Draft Red Herring Prospectus with RoC:-

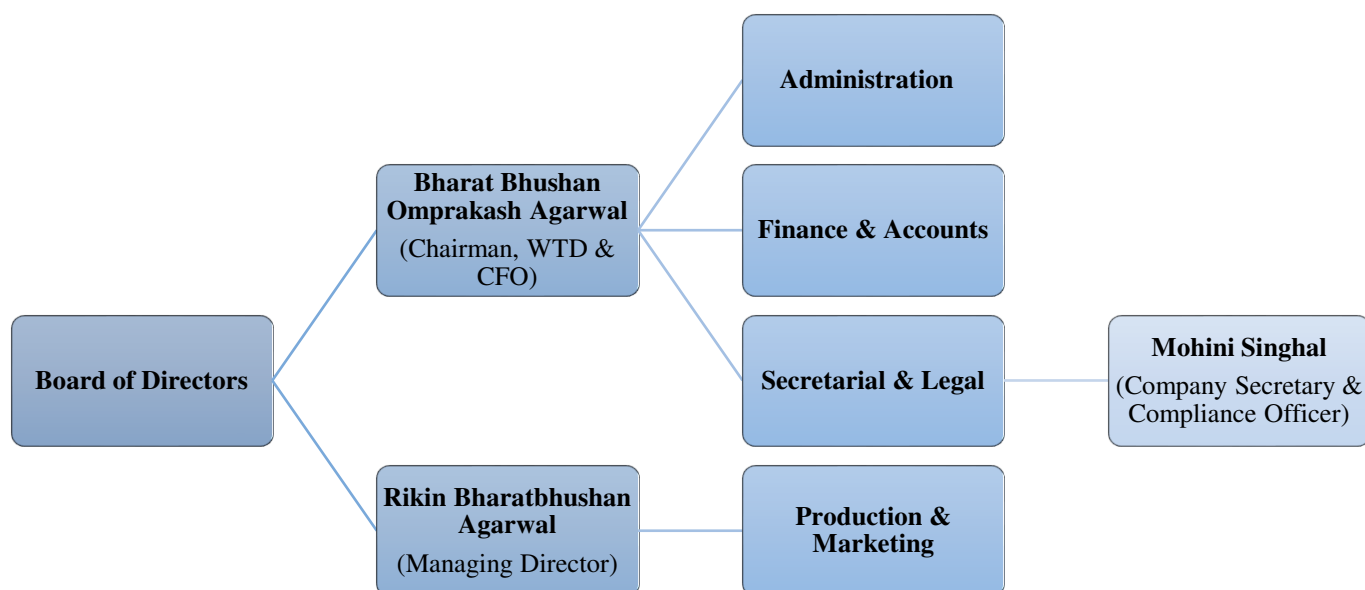
Except as stated in this section **“Our Management”** or the section titled **“Financial information of the Company –Note-W - Related Party Disclosure”** beginning on page 110 and 158 respectively of this Draft Red Herring Prospectus, and except to the extent of shareholding in our Company, our Directors do not have any other interest in our business.

### **Changes in Board of Directors in Last 3 Years:**

<b>Name</b>	<b>Designation (at the time of appointment/ Change in designation / Cessation)</b>	<b>Date of Appointment/ Change in designation/ Cessation</b>	<b>Reason</b>
Bharat Bhushan Omprakash Agarwal	Change is designation as Chairman & Whole Time Director	August 31, 2023	To ensure better Corporate Governance and compliance with Companies Act, 2013.
Rikin Bharatbhushan Agarwal	Change is designation as Managing Director	August 31, 2023	
Bhavik Rameshbhai Talati	Appointed as Non-Executive Director	July 31, 2023	
Kruti Vyas	Appointed as Independent Director	August 31, 2023	
Sejal R Agarwal	Appointed as Independent Director	August 31, 2023	

## **MANAGEMENT ORGANISATION STRUCTURE**

The following chart depicts our Management Organization Structure:-



## **COMPLIANCE WITH CORPORATE GOVERNANCE**

In addition to the applicable provisions of the Companies Act, 2013, provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI (ICDR) Regulations, 2018 will be applicable to our Company immediately upon the listing of our Company's Equity Shares on the SME platform of BSE (BSE SME). The requirements pertaining to the composition of the Board of Directors and the constitution of the committees such as the Audit Committee, Stakeholders Relationship Committee, Nomination & Remuneration Committee and Corporate Social Responsibility Committee as applicable on us, have been complied with.

Our Board has been constituted in compliance with the Companies Act, 2013 and in accordance with the best practices in corporate governance. Our Board functions either as a full board or through various committees constituted to oversee specific operational areas. The executive management provides our Board detailed reports on its performance periodically.

Our Board of Directors consist of five (5) directors of which two (2) are Independent Directors, and we have Two women director on the Board. The constitution of our Board is in compliance with Section 149 of the Companies Act, 2013.

Our Company has constituted the following committees:

### **1. Audit Committee**

Our Company has formed an Audit Committee, vide Board Resolution dated September 13, 2023 as per the applicable provisions of the Section 177 of the Companies Act, 2013 read with rule 6 of the companies (Meeting of board and its power) Rules, 2014 and Regulation 18 of SEBI Listing Regulations. The Audit Committee comprises following members:

<b>Name of the Director</b>	<b>Status in Committee</b>	<b>Nature of Directorship</b>
Sejal R Agarwal	Chairman	Independent Director
Kruti Vyas	Member	Independent Director
Bharat Bhushan Omprakash Agarwal	Member	Whole Time Director

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

#### **A. Tenure of the committee:**

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

**B. Meetings of the Committee:**

The committee shall meet at least four times in a year and not more than one hundred and twenty day shall elapse between any two meetings. The quorum for the meeting shall be either two members or one third of the members of the committee, whichever is higher but there shall be presence of minimum two Independent members at each meeting. The Chairman of the Audit Committee shall attend the Annual General Meeting of our Company to answer shareholder queries.

**C. Power of the Committee:**

The Audit Committee shall have powers, including the following:

- a) to investigate any activity within its terms of reference;
- b) to seek information from any employee;
- c) to obtain outside legal or other professional advice;
- d) to secure attendance of outsiders with relevant expertise, if it considers necessary as may be prescribed under the Companies Act, 2013 (together with the rules thereunder) and SEBI Listing Regulations; and
- e) To have full access to information contained in records of Company.

**D. Role of the Committee:**

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

- Overseeing the Company's financial reporting process and disclosure of its financial information to ensure that its financial statements are correct, sufficient and credible;
- Recommending to the Board for the appointment, re-appointment, replacement, remuneration and terms of appointment of the statutory auditors of the Company;
- Reviewing and monitoring the statutory auditor's independence and performance, and effectiveness of audit process;
- Approving payments to the statutory auditors for any other services rendered by the statutory auditors;
- 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;
  - b. Changes, if any, in accounting policies and practices and reasons for the same;
  - c. Major accounting entries involving estimates based on the exercise of judgment by management;
  - d. Significant adjustments made in the financial statements arising out of audit findings;
  - e. Compliance with listing and other legal requirements relating to financial statements;
  - f. Disclosure of any related party transactions; and
  - g. Qualifications and modified opinions in the draft audit report.
- Reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;
- Reviewing, with the management, the statement of uses/ application of funds raised through an Offer (public Offer, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter. This also includes monitoring the use/application of the funds raised through the proposed initial public offer by the Company;
- Approval or any subsequent modifications of transactions of the Company with related parties and omnibus approval for related party transactions proposed to be entered into by the Company subject to such conditions as may be prescribed;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Establishing a vigil mechanism for directors and employees to report their genuine concerns or grievances;
- Reviewing, with the management, the performance of statutory and internal auditors, and adequacy of the internal control systems;
- 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;
- Discussing with internal auditors on any significant findings and follow up thereon;
- 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;
- Discussing 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;
- Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- Reviewing the functioning of the whistle blower mechanism;

- Approving the appointment of the chief financial officer or any other person heading the finance function or discharging that function after assessing the qualifications, experience and background, etc. of the candidate;
- Reviewing the utilization of loans and/ or advances from/investment by the holding company in any subsidiary exceeding ₹1,000 million or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments;
- Considering and commenting on the rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Company and its shareholders;
- Such roles as may be delegated by the Board and/or prescribed under the Companies Act, 2013 and SEBI Listing Regulations or other applicable law.

Further, the Audit Committee shall mandatorily review the following:

- 1) management discussion and analysis of financial condition and results of operations;
- 2) statement of significant related party transactions (as defined by the audit committee), submitted by management;
- 3) management letters / letters of internal control weaknesses issued by the statutory auditors;
- 4) internal audit reports relating to internal control weaknesses;
- 5) the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee; and
- 6) statement of deviations:
  - a. quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the SEBI ICDR Regulations;
  - b. Annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) of the SEBI ICDR Regulations.

## **2. Stakeholders Relationship Committee**

Our Company has formed an Stakeholders Relationship Committee vide Board Resolution dated September 13, 2023 as per the applicable provisions of the Section 178(5) of the Companies Act, 2013 read with rule 6 of the companies (Meeting of board and its power) rules, 2014 and Regulation 20 of SEBI Listing Regulations. The Stakeholders Relationship Committee comprises following members:

<b>Name of the Director</b>	<b>Status in Committee</b>	<b>Nature of Directorship</b>
Kruti Vyas	Chairman	Independent Director
Sejal Ronak Agrawal	Member	Independent Director
Bhavik Rameshbhai Talati	Member	Non-Executive Director

The scope and function of the Committee and its terms of reference shall include the following:

- i. Tenure of the committee:**

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

The Stakeholders Relationship Committee shall meet at least once a year and shall report to the Board on a quarterly basis regarding the status of redressal of complaints received from the shareholders of the Company. The Chairman of the Stakeholders Relationship Committee shall be present at the Annual General Meeting to answer queries of the securities holders. The Quorum shall be two members present.
- iii. Terms of Reference:**

The role of the Stakeholders Relationship Committee as per Part D of Schedule II of the SEBI Listing Regulations and Companies Act, 2013 shall be as under:

  1. Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.;
  2. Review of measures taken for effective exercise of voting rights by shareholders;
  3. Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent;
  4. Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/ annual reports/ statutory notices by the shareholders of the company;



5. Allotment, transfer of shares including transmission, splitting of shares, changing joint holding into single holding and vice versa, issue of duplicate shares in lieu of those torn, destroyed, lost or defaced or where the space at back for recording transfers have been fully utilized;
6. Formulation of procedures in line with the statutory guidelines to ensure speedy disposal of various requests received from shareholders from time to time;
7. To issue duplicate share or other security(ies) certificate(s) in lieu of the original share/security(ies) certificate(s) of the Company;
8. Non-receipt of share certificate(s), non-receipt of declared dividends, non-receipt of interest/ dividend warrants, non-receipt of annual report and any other grievance/ complaints with Company or any officer of the Company arising out in discharge of his duties;
9. Oversee the performance of the Registrar & Share Transfer Agent and also review and take note of complaints directly received and resolved them;
10. Oversee the implementation and compliance of the Code of Conduct adopted by the Company for prevention of Insider Trading for Listed Companies as specified in the Securities & Exchange Board of India (Prohibition of insider Trading) Regulations, 2015 as amended from time to time;
11. Any other power specifically assigned by the Board of Directors of the Company from time to time by way of resolution passed by it in a duly conducted Meeting; and
12. Such roles as may be delegated by the Board and/ or prescribed under the Companies Act, 2013 and SEBI Listing Regulations or other applicable law.

### **3. Nomination and Remuneration Committee**

Our Company has formed a Nomination and Remuneration Committee vide Board Resolution dated September 13, 2023 as per the applicable provisions of the Schedule V and other applicable provisions of the Companies Act, 2013 read with rule 6 of the companies (Meeting of board and its power) rules, 2014 and Regulation 19 of SEBI Listing Regulations. The Nomination and Remuneration Committee comprises following members:

<b>Name of the Director</b>	<b>Status in Committee</b>	<b>Nature of Directorship</b>
Kruti Vyas	Chairman	Independent Director
Sejal R Agarwal	Member	Independent Director
Bhavik Rameshbhai Talati	Member	Non-Executive Director

The scope and function of the Committee and its terms of reference shall include the following:

#### **A. Tenure of the committee:**

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

#### **B. Meetings of the committee:**

The committee shall meet as and when the need arises, subject to at least once in a year. The quorum for a meeting of the Nomination and Remuneration Committee shall be either two members or one third of the members of the committee, whichever is greater, including at least one independent director in attendance. The Chairman of the Nomination and Remuneration Committee is entitled to attend the general Meeting of the company to furnish clarifications to the shareholders on any matter relating to remuneration.

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

The role of the Nomination and Remuneration Committee as per Part D of Schedule II of the SEBI Listing Regulations and Companies Act, 2013 shall be as under:

1. formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of the directors, key managerial personnel and other employees;
2. For the appointment of an independent director, the committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the board of directors of the Company for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:
  - a. use the services of external agencies, if required;
  - b. consider candidates from a wide range of backgrounds, having due regard to diversity; and
  - c. Consider the time commitments of the candidates.
3. formulation of criteria for evaluation of the performance of independent directors and the Board;
4. devising a policy on diversity of our Board;
5. identifying persons, who are qualified to become directors or who may be appointed in senior management in accordance

- with the criteria laid down, recommending to the Board their appointment and removal and carrying out evaluation of every director's performance;
6. determining whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
  7. recommending remuneration of executive directors and any increase therein from time to time within the limit approved by the members of our Company;
  8. recommending remuneration to non-executive directors in the form of sitting fees for attending meetings of the Board and its committees, remuneration for other services, commission on profits;
  9. recommending to the Board, all remuneration, in whatever form, payable to senior management;
  10. performing such functions as are required to be performed by the compensation committee under the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, as amended;
  11. engaging the services of any consultant/professional or other agency for the purpose of recommending compensation structure/policy;
  12. analyzing, monitoring and reviewing various human resource and compensation matters;
  13. reviewing and approving compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws;
  14. framing suitable policies and systems to ensure that there is no violation, by an employee of any applicable laws in India or overseas, including:
    - a. The SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended; or
    - b. The SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003, as amended; and
  15. Performing such other functions as may be delegated by the Board and/or prescribed under the SEBI Listing Regulations, Companies Act, each as amended or other applicable law.

#### **KEY MANAGERIAL PERSONNEL**

Our Company is supported by a team of professionals having exposure to various operational aspects of our business. A brief detail about the Key Managerial Personnel of our Company is provided below:

<b>Name, Designation &amp; Educational Qualification</b>	<b>Age (Years)</b>	<b>Year of Joining</b>	<b>Remuneration paid for F.Y. ended 2022-23 (in ₹ Lakhs)</b>	<b>Overall experience (in years)</b>	<b>Previous employment</b>
<b>Bharat Bhushan Omprakash Agarwal</b> <b>Designation:</b> Chairman, WTD & CFO <b>Educational Qualification:</b> Higher Secondary + 1 Education <b>Term of office:</b> appointed with effect from August 31, 2023; liable to retire by rotation	64	2014	Nil	43	Nil
<b>Rikin Bharatbhushan Agarwal</b> <b>Designation:</b> Managing Director <b>Educational Qualification:</b> Bachelor of Commerce <b>Term of office:</b> For a period of five years with effect from August 31, 2023; liable to retire by rotation	32	2014	6.00	9	Nil
<b>Mohini Singhal</b> <b>Designation:</b> Company Secretary and Compliance Officer <b>Educational Qualification:</b> Company Secretary	32	2023	Nil	7	Shanti Educational Initiatives Limited

#### **BRIEF PROFILE OF KEY MANAGERIAL PERSONNEL**

**Bharat Bhushan Omprakash Agarwal** - Please refer to section “**Brief Profile of our Directors**” beginning on page 110 of this Draft Red Herring Prospectus for details.

**Rikin Bharatbhushan Agarwal** - Please refer to section “**Brief Profile of our Directors**” beginning on page 110 of this Draft Red Herring Prospectus for details.

**Mohini Singhal** is the Company Secretary and Compliance officer of our Company. She is the member of Institute of Company Secretaries of India since 2016. She has an experience of over 7 years in the secretarial matters. She looks after the overall

corporate governance and secretarial matters of our Company. She has been appointed as Company Secretary and Compliance Officer of our Company with effect from August 02, 2023.

**We confirm that:**

- a. All the persons named as our Key Managerial Personnel above are the permanent employees of our Company.
- b. There is no understanding with major shareholders, customers, suppliers or any others pursuant to which any of the above mentioned Key Managerial Personnel have been recruited.
- c. None of our KMPs except Bharat Bhushan Omprakash Agarwal and Rikin Bharatbhushan Agarwal are also part of the Board of Directors.
- d. In respect of all above mentioned Key Managerial Personnel there has been no contingent or deferred compensation accrued for the Year ended March 2023.
- e. Except for the terms set forth in the appointment letters, the Key Managerial Personnel have not entered into any other contractual arrangements or service contracts (including retirement and termination benefits) with the issuer.
- f. Our Company does not have any bonus/ profit sharing plan for any of the Key Managerial Personnel.
- g. None of the Key Managerial Personnel in our Company hold any shares of our Company as on the date of filing of this Draft Red Herring Prospectus except:

Sr. No.	Name of the KMP's	No. of Shares held
1	Bharat Bhushan Omprakash Agarwal	30,33,800
2	Rikin Bharatbhushan Agarwal	30,28,400
	<b>Total</b>	<b>60,62,200</b>

- h. Presently, we do not have ESOP/ ESPS scheme for our employees.
- i. The turnover of KMPs is not high, compared to the Industry to which our company belongs.

**Nature of any family relationship between our Directors and Key Managerial Personnel (KMP)**

The Directors and KMPs of the Company are related to each other within the meaning of section 2 (77) of the Companies Act, 2013. Details of which are as follows:

Sr. No.	Name of the Director/ KMP	Relationship with other Directors/ KMP's
1.	Bharat Bhushan Omprakash Agarwal	Father of Rikin Bharatbhushan Agarwal
2.	Rikin Bharatbhushan Agarwal	Son of Bharat Bhushan Omprakash Agarwal

**Payment of benefits to officers of Our Company (non-salary related)**

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

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

**Changes in the Key Managerial Personnel in last three years:**

There have been no changes in the Key Managerial Personnel of our Company during the last 3 (three) year except as stated below:

Name	Designation (at the time of appointment/ Change in designation/ Cessation)	Date of Appointment/ Change in designation/ Cessation	Reason
Bharat Bhushan Omprakash Agarwal	Re-designated as Chairman, Whole Time Director & CFO	August 31, 2023	To ensure better Corporate Governance and compliance with Companies Act, 2013
Rikin Bharatbhushan Agarwal	Re-designated as Managing Director	August 31, 2023	
Mohini Singhal	Appointed as Company Secretary & Compliance Officer	August 02, 2023	

**Interest of Our Key Managerial Persons**

Apart from the shares held in the Company and to extent of remuneration allowed and reimbursement of expenses incurred by them for or on behalf of the Company and to the extent of loans and advances made to or borrowed from the Company, none of our key managerial personal are interested in our Company. For details, please refer section titled “*Financial information of the Company – Note W- Related Party Disclosures*” beginning on page 158 of this Draft Red Herring Prospectus.

**Interest of Directors and KMP’s in the property of Our Company:**

Our directors and KMP’s do not have any interest in any property acquired by our Company in a period of two years before filing of this Draft Red Herring Prospectus or proposed to be acquired by us as on date of filing the Draft Red Herring Prospectus.

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

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

**Loans given/ availed by Directors/ Key Managerial Personnel of Our Company**

For details of unsecured loan taken from or given to our Directors/ KMPs and for details of transaction entered by them in the past please refer to “*Note W – Related Party Disclosures*” page 158 of this Draft Red Herring Prospectus.

**ESOP/ ESPS SCHEME TO EMPLOYEES**

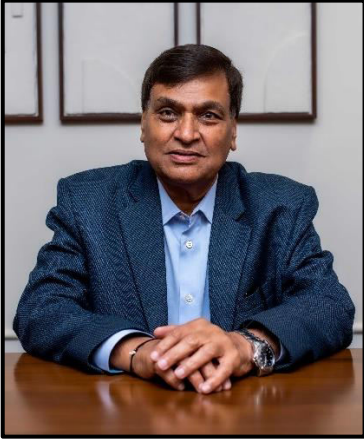
Presently, we do not have any ESOP/ ESPS Scheme for our employees.


**OUR PROMOTERS & PROMOTER GROUP**

**OUR PROMOTERS:**

The promoters of our Company are Bharat Bhushan Omprakash Agarwal and Rikin Bharatbhushan Agarwal. As on date of this Draft Red Herring Prospectus, the Promoters, in aggregate, hold 60,62,200 Equity shares of our Company, representing 42.69% of the pre-Offer paid-up Equity Share capital of our Company. For details of the build-up of the Promoters' shareholding in our Company, see "*Capital Structure – History of the Equity Share Capital held by our Promoters*", on pages 52 of this Draft Red Herring Prospectus.

**Brief Profile of our Promoters is as under:**

	<b>Bharat Bhushan Omprakash Agarwal – Chairman, Whole Time Director &amp; CFO</b>	
	<b>Qualification</b>	Higher Secondary Education + 1
	<b>Age</b>	64 years
	<b>Date of Birth</b>	November 15, 1958
	<b>Address</b>	7, Saket Bunglow, Premchand nagar Road, Near Takshila Tower, Vastrapur, Ahmedabad, Gujarat – 380015
	<b>Experience</b>	43 years
	<b>Occupation</b>	Business
	<b>PAN</b>	AASPA4917A
	<b>No. of Equity Shares &amp; % of Shareholding (Pre Offer)</b>	30,33,800 equity shares aggregating to 21.36% of Pre Offer Paid up Share Capital of the Company.
	<b>Other Ventures</b>	<p><b>Directorship in Companies:-</b></p> <ol style="list-style-type: none"> <li>1. Sparsh Fabrics Private Limited</li> <li>2. Dulari Fabrics Private Limited</li> <li>3. Rikin fabrics Private Limited</li> <li>4. Vijay Shubham Contrade Pvt Ltd</li> <li>5. Jagson Color Science Limited</li> <li>6. Jagson Textiles Limited</li> <li>7. Anant Weavetech Private Limited</li> <li>8. Aaryanant Textiles Private Limited</li> <li>9. Kautilya Traders Pvt. Ltd.</li> </ol> <p><b>HUF's:</b> Bharat Bhushan Agarwal HUF (as Karta)</p> <p><b>Proprietorship Firm:</b></p> <ol style="list-style-type: none"> <li>1. Bharat Polyfab</li> <li>2. Rikin Chemicals</li> <li>3. Sherin Textiles (sole proprietorship of BharatBhushan Agarwal HUF)</li> </ol> <p><b>Partnership Firm:</b> M/s. Bharat Traders</p>
	<b>Rikin Bharatbhushan Agarwal – Managing Director</b>	
	<b>Qualification</b>	Bachelor of Commerce
	<b>Age</b>	32 years
<b>Date of Birth</b>	October 11, 1990	
<b>Address</b>	7, Saket Bunglow, Premchand nagar Road, Near Takshila Tower, Vastrapur, Ahmedabad, Gujarat – 380015	
<b>Experience</b>	9 years	
<b>Occupation</b>	Business	
<b>PAN</b>	AKSPA8044L	
<b>No. of Equity Shares &amp; % of Shareholding (Pre Offer)</b>	30,28,400 equity shares aggregating to 21.33% of Pre Offer Paid up Share Capital of the Company.	
<b>Other Ventures</b>	Directorship in Companies:-	

	<ol style="list-style-type: none"><li>1. Rikin Fabrics Private Limited</li><li>2. Anant Weavetech Private Limited</li><li>3. Aaryanant Textiles Private Limited</li><li>4. Bluetron Denim Private Limited</li><li>5. Jagson Textiles Limited</li><li>6. Teesta Spintex Private Limited</li></ol> <p><b><u>HUF's:</u></b> Rikin B Agarwal HUF Bharat Bhushan Agarwal HUF (as Member)</p> <p><b><u>Proprietorship Firm:</u></b> Seeba Impex</p> <p><b><u>Partnership Firm:</u></b> M/s. Bharat Traders Alchemist Bond</p>
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### **BRIEF PROFILE OF PROMOTERS**

**Bharat Bhushan Omprakash Agarwal** - Please refer to chapter ***“Our Management”*** beginning on page 110 of this Draft Red Herring Prospectus for details.

**Rikin Bharatbhushan Agarwal** - Please refer to chapter ***“Our Management”*** beginning on page 110 of this Draft Red Herring Prospectus for details.

#### **Confirmations/Declarations:**

In relation to our Promoters, Bharat Bhushan Omprakash Agarwal and Rikin Bharatbhushan Agarwal, our Company confirms that the PAN, Bank Account Numbers, Passport Number, Aadhaar Card Number and Driving License number shall be submitted to BSE at the time of filing of this Draft Red Herring Prospectus.

#### **Interest of our Promoters:**

##### **i. Interest in promotion and shareholding of Our Company:**

Our Promoters are interested in the promotion of our Company and also to the extent of their shareholding and shareholding of their relatives, from time to time, for which they are entitled to receive dividend payable, if any, and other distribution in respect of the Equity Shares held by them and their relatives. As on the date of this Draft Red Herring Prospectus, our Promoters, Bharat Bhushan Agrawal and Rikin Bharatbhushan Agarwal collectively holds 60,62,200 Equity Shares in our Company i.e. 42.69% of the pre Offer paid up Equity Share Capital of our Company. Our Promoters may also be deemed to be interested to the extent of the remuneration, as per the terms of their appointment and reimbursement of expenses payable to them for the rent, purchase and sale transactions. For details, please refer to Note - W – “Related Party Transactions” beginning on page 158 of this Draft Red Herring Prospectus.

For details regarding the shareholding of our Promoters in our Company, please see “Capital Structure” on page 52 of this Draft Red Herring Prospectus.

##### **ii. Interest in the property of Our Company:**

Our Promoters do not have any other interest in any property acquired by our Company in a period of two years before filing of this Red Herring Prospectus or proposed to be acquired by us as on date of this Red Herring Prospectus. For further details of property please refer to Chapter titled “Our Business” beginning on page 90 of this Draft Red Herring Prospectus.

##### **iii. In transactions for acquisition of land, construction of building and supply of machinery**

None of our Promoters or Directors is interested in any transaction for the acquisition of land, construction of building or supply of machinery.

**iv. Other Interests in our Company**

For transactions in respect of loans and other monetary transactions entered in past please refer Note - W on “Related Party Transactions” on page 158 forming part of “Financial Information of the Company” of this Draft Red Herring Prospectus.

Further, our promoters may be interested to the extent of personal guarantees given by them in favor of the Company, for the details of Personal Guarantee given by Promoters towards Financial facilities of our Company please refer to “Statement of Financial Indebtedness” and “Financial Information of Our Company” on page 163 and 128 respectively of this Draft Red Herring Prospectus.

**Payment or Benefits to our Promoter and Promoter Group during the last 2 years:**

For details of payments or benefits paid to our Promoter and promoter group, please refer to the paragraph “Compensation of our Managing Director” in the chapter titled “Our Management” beginning on page 110 and also refer “Note - W on Related Party Transactions” on page 158 forming part of “Financial Information of the Company” and Paragraph on “Interest of Promoter” in chapter titled “Our Promoter and Promoter Group” on page 122 of this Draft Red Herring Prospectus.

The transactions carried with the Promoter Group entities which are not covered in the Note W- “Related Party transactions” beginning on page 158 of this Draft Red Herring Prospectus, are disclosed hereunder:-

(Rs. in lakhs)

Name of Company	Nature of Transaction	F.Y. 2020-21	F.Y. 2021-22	F.Y. 2022-23
Chiripal Textile Mills Private Limited	Purchase	155.82	-	-
	Payment made against purchase	155.82	-	-
	Sales	-	-	-
	Payment recvd against sales	-	-	-
	Net Closing Balance (Dr./Cr.)	-	-	-
Vishal Fabrics Limited	Purchase	403.27	-	306.26
	Payment made against purchase	187.78	-	445.75
	Sales	3246.22	-	7332.58
	Payment recvd against sales	1689.97	-	7247.04
	Net Closing Balance (Dr./Cr.)	1771.74	-	-6.06
Nandan Terry Limited	Purchase	57.7	2756.9	0.17
	Payment made against purchase	36.11	2773.1	-
	Sales	37.47	382.09	-
	Payment recvd against sales	33.08	368.14	13.95
	Net Closing Balance (Dr./Cr.)	25.99	-12.95	-1.17
Nandan Denim Limited	Purchase	718.12	4039.5	2984.29
	Payment made against purchase	557.36	3552.44	3399.16
	Sales	-	4338.78	712.67
	Payment recvd against sales	-	1742.39	3309.64
	Net Closing Balance (Dr./Cr.)	160.76	-1949.2	-232.91
Chiripal Industries Limited	Purchase	134.58	725.19	425.22
	Payment made against purchase	68.86	611	452
	Sales	-	-	-
	Payment recvd against sales	-	-	-
	Net Closing Balance (Dr./Cr.)	65.71	-179.9	-153.13
Nandan Industries Private Limited	Purchase	-	-	4271.68
	Payment made against purchase	-	-	3066.57
	Sales	-	-	-
	Payment recvd against sales	-	-	-
	Net Closing Balance (Dr./Cr.)	-	-	-1205.11

**Companies/Firms with which our Promoters have disassociated in the last (3) three years**

Except as disclosed below, our promoters have not disassociated themselves from any of the Company, Firms or other entities during the last three years preceding the date of this Draft Red Herring Prospectus:

S.N	Name of Promoter	Companies or firms with which Promoter(s) have disassociated	Reasons and circumstances	Date of Disassociation
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			<b>of disassociation</b>	
1.	Bharat Bhushan Omprakash Agarwal	Vraj Integrated Textile Park Limited	Pre-Occupation	July 17, 2023

### Other ventures of our Promoter

Save and except as disclosed in this section titled “Our Promoter & Promoter Group” beginning on page 122 of this Draft Red Herring Prospectus, there are no ventures promoted by our Promoters in which they have any business interests/ other interests.

### Litigation details pertaining to our Promoter

For details on litigations and disputes pending against the Promoters and defaults made by the Promoters please refer to the section titled “Outstanding Litigations and Material Developments” beginning on page 175 of this Draft Red Herring Prospectus.

### Experience of Promoters in the line of business

Our Promoters, Bharat Bhushan Agrawal and Rikin Bharatbhushan Agarwal have an experience of around 43 years and 9 years respectively in the business of textiles. The Company shall also endeavor to ensure that relevant professional help is sought as and when required in the future.

### Related Party Transactions

Except as stated in “Note – W - Related Party Transactions” beginning on page 158 of this Draft Red Herring Prospectus, and as stated therein, our Promoters or any of the Promoter Group Entities do not have any other interest in our business.

## OUR PROMOTER GROUP

In addition to the Promoters named above, the following natural persons are part of our Promoter Group:

### i. Natural Persons who are part of the Promoter Group:

As per Regulation 2(1)(pp)(ii) of the SEBI (ICDR) Regulations, 2018, the Natural persons who are part of the Promoter Group (due to their relationship with the Promoter) are as follows:

Relationship	Name of the Relatives	
	Bharat Bhushan Agrawal	Rikin Agrawal
Father	Late Omprakash Maturam Agarwal	Bharatbhushan Omprakash Agrawal
Mother	Late Ramdulari Omprakash Agarwal	Urmila Bharatbhushan Agrawal
Spouse	Urmila Bharatbhushan Agarwal	Deepika Rikin Agrawal
Brother	Shivkumar Omprakash Agarwal	-
Brother	Mukeshkumar Omprakash Agarwal	-
Sister	Pushpa Rajkumar Mittal	Sherin Abhishek Agarwal
Sister	Seema Ratanlal Agarwal	Nikita Abhishek Jagnani
Sister	Sushma Dineshkumar Agarwal	-
Son	Rikin Bharatbhushan Agrawal	-
Daughter	Sherin Abhishek Agarwal	-
Daughter	Nikita Abhishek Jagnani	-
Spouse’s Father	Late Devkinandan Chiripal	Deepak Tarachand Agrawal
Spouse’s Mother	Late Shantidevi Devkinandan Chiripal	Madhu Deepak Agrawal
Spouse’s Brother	Vedprakash Devkinandan Chiripal	-
Spouse’s Brother	Jyotiprasad Devkinandan Chiripal	-
Spouse’s Brother	Jaiprakash Devkinandan Chiripal	-
Spouse’s Brother	Brijmohan Devkinandan Chiripal	-
Spouse’s Sister	Pushpa Premchand Bindal	Anvi Deepak Agrawal

### ii. Corporate Entities or Firms forming part of the Promoter Group:

As per Regulation 2(1)(pp)(iv) of the SEBI (ICDR) Regulations, 2018, the following entities would form part of our Promoter Group:

S. No.	Nature of Relationship	Name of Entities
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1.	any body corporate in which twenty per cent or more of the equity share capital is held by the promoter or an immediate relative of the promoter or a firm or Hindu Undivided Family in which the promoter or any one or more of their relative is a member;	<ol style="list-style-type: none"> <li>1. Rikin fabrics private limited</li> <li>2. Bluetron denim private limited</li> <li>3. Jagson textiles limited</li> <li>4. Teesta spintex private limited</li> <li>5. Dulari fabrics private Limited</li> <li>6. Sparsh fabrics private limited</li> <li>7. Kanta tex print private limited</li> <li>8. Shivalay Texo Fab Private Limited</li> <li>9. Omkar dyeing and printing mills private limited</li> <li>10. Shanti polytechnic foundation</li> <li>11. Zemex petrochemicals private limited</li> <li>12. Devkinandan corporation LLP</li> <li>13. Chiripal nova industries private limited</li> <li>14. Chiripal Industrial Park private limited</li> <li>15. Chiripal Infrastructure Limited</li> <li>16. Chiripal Industries Limited</li> <li>17. Tecvivid Software Consultancy Private Limited</li> <li>18. Nandan Industries Private Limited</li> <li>19. Blue Terry Private Limited</li> <li>20. Shanti Academic Private Limited</li> <li>21. Chiripal Textile Mills Private Limited</li> <li>22. Hexa Biochem Private Limited</li> <li>23. Shanti Innovation and Research Foundation</li> <li>24. Hunky Dory Travel Private Limited</li> <li>25. Nandan Chiripal Energy Corporation LLP</li> </ol>
2.	any body corporate in which a body corporate as provided in (A) above holds twenty per cent. or more, of the equity share capital; and	<ol style="list-style-type: none"> <li>1. CIL Nova Petrochemicals Limited</li> <li>2. Nandan Denim Limited</li> <li>3. Grew Energy Private Limited</li> <li>4. Nandan Terry Limited</li> <li>5. Shanti Exports Private Limited</li> <li>6. Prakash Calender Private Limited</li> <li>7. Vishal Fabrics Limited</li> <li>8. Tripoli Management Private Limited</li> </ol>
3.	any Hindu Undivided Family or firm in which the aggregate share of the promoter and their relatives is equal to or more than twenty per cent. of the total capital;	<p><b><u>HUF's:</u></b></p> <ol style="list-style-type: none"> <li>1. BharatBhushan Agarwal HUF</li> <li>2. Rikin B Agarwal HUF</li> </ol> <p><b><u>Partnership Firm:</u></b></p> <ol style="list-style-type: none"> <li>1. M/s. Bharat Traders</li> <li>2. Alchemist Bond</li> </ol> <p><b><u>Proprietorship Firm:</u></b></p> <ol style="list-style-type: none"> <li>1. Seeba Impex</li> <li>2. Bharat Polyfab</li> <li>3. Rikin Chemicals</li> <li>4. Sherin Textiles (sole proprietorship of BharatBhushan Agarwal HUF)</li> </ol>

**iii. Other persons included in Promoter Group:**

Except for Kautilya Traders Pvt. Ltd. and Vijay Shubham Contrade Private Limited, none of other persons forms part of promoter group for the purpose of shareholding of the Promoter Group under Regulation 2(1)(pp)(v) of SEBI (ICDR) Regulations 2018.

**DIVIDEND POLICY**

Under the Companies Act, our Company can pay dividends upon a recommendation by our Board of Directors and approval by the shareholders at the general meeting of our Company. The Articles of Association of our Company give our shareholders, the right to decrease, and not to increase, the amount of dividend recommended by the Board of Directors.

The Articles of Association of our Company also gives the discretion to our Board of Directors to declare and pay interim dividends. No dividend shall be payable for any financial except out of profits of our Company for that year or that of any previous financial year or years, which shall be arrived at after providing for depreciation in accordance with the provisions of Companies Act, 2013.

Our Company does not have any formal dividend policy for declaration of dividend in respect of the Equity Shares. 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 may depend on a number of factors, including the results of operations, earnings, Company's future expansion plans, capital requirements and surplus, general financial condition, contractual restrictions, applicable Indian legal restrictions and other factors considered relevant by our Board of Directors.

Our Company has not declared any dividend on the Equity Shares in the last three financial years and for the period March 31, 2023 to the date of the filing of this Draft Red Herring Prospectus. Our Company's corporate actions pertaining to payment of dividends in the past are not to be taken as being indicative of the payment of dividends by our Company in the future.

**SECTION VI: FINANCIAL INFORMATION OF THE COMPANY**

**RESTATED FINANCIAL STATEMENTS**

**INDEPENDENT AUDITOR'S REPORT ON RESTATED FINANCIAL INFORMATION**

To,  
**The Board of Directors,**  
**Shanti Spintex Limited**  
**(Formerly known as Shanti Spintex Private Limited)**  
Sub Plot 1. Unit 1, Survey No. 297,  
Dholi Integrated Spinning Park Limited,  
Dholi, Dholka, Ahmedabad -382 240,  
Gujarat

Dear Sirs,

1. We have examined the attached Restated Financial Statements of Shanti Spintex Limited, comprising the Restated Statement of Assets and Liabilities as at March 31, 2023, March 31, 2022 and March 31, 2021, the Restated Statements of Profit and Loss, the Restated Cash Flow Statement for the years ended March 31, 2023, March 31, 2022 and March 31, 2021, the Summary Statement of Significant Accounting Policies, the Notes and Annexures as forming part of these Restated Financial Statements (collectively, the "Restated Financial Information"), as approved by the Board of Directors of the Company at their meeting held on September 09, 2023 for the purpose of inclusion in the Draft Offer Document/ Offer Document prepared by the Company in connection with its proposed SME Initial Public Offer of equity shares ("SME IPO") prepared in terms of the requirements of:
  - a) Section 26 of Part I of Chapter III of the Companies Act, 2013 (the "Act");
  - b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("ICDR Regulations"); and
  - c) The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI"), as amended from time to time (the "Guidance Note").
2. The Company's Board of Directors is responsible for the preparation of the Restated Financial Information for the purpose of inclusion in the Draft Offer Document/ Offer Document to be filed with Securities and Exchange Board of India, relevant stock exchange and Registrar of Companies, Ahmedabad in connection with the proposed SME IPO. The Restated Financial Information has been prepared by the management of the Company on the basis of preparation stated in Annexure IV of the Restated Financial Information. The Board of Directors responsibility includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Financial Information. The Board of Directors is also responsible for identifying and ensuring that the Company complies with the Companies Act, (ICDR) Regulations and the Guidance Note.
3. We, **M/s Anil S. Shah & Co**, Chartered Accountants have been subjected to the peer review process of the Institute of Chartered Accountants of India ("ICAI") and holds the peer review certificate dated 11.02.2021 valid till 29.02.2024. We confirm that there is no express refusal by the peer review board of ICAI to renew the certificate and the process to renew the peer review certificate has been initiated by us.
4. We have examined such Restated Financial Information taking into consideration:
  - a) The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated 01.08.2023 in connection with the proposed IPO of the Company;
  - b) The Guidance Note. The Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI;
  - c) Concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Restated Financial Information; and
  - d) The requirements of Section 26 of the Act and the ICDR Regulations. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the ICDR Regulations and the Guidance Note in connection with the IPO.

5. These Restated Financial Information have been compiled by the management from the Audited Financial Statements of the Company for the period ended 31<sup>st</sup> March 2023, 31<sup>st</sup> March 2022 and 31<sup>st</sup> March 2021 which has been approved by the Board of Directors. The financial statements of the Company for the year ended March 31, 2023 March 31, 2022 and March 31, 2021 has been audited by us.
6. For the purpose of our examination, we have relied on:
  - a) Auditors' reports issued by us dated 01.09.2023, 01.09.2022 and 03.09.2021, on the financial statements of the Company as at and for the period ended 31<sup>st</sup> March 2023, 31<sup>st</sup> March 2022 and 31<sup>st</sup> March 2021 as referred in Paragraph 5 above;
7. Based on our examination and according to the information and explanations given to us, we report that the Restated Financial Information have been prepared:
  - a) after incorporating adjustments for the changes in accounting policies and regrouping/reclassifications retrospectively, if any in the financial years/period ended March 31, 2023, March 31, 2022 and March 31, 2021 to reflect the same accounting treatment as per the accounting policies and grouping/classifications; and
  - b) in accordance with the Act, ICDR Regulations and the Guidance Note.
2. We have also examined the following Notes to the Restated financial information of the Company set out in the Annexure V, prepared by the management and approved by the Board of Directors on September 09, 2023 for the years/period ended March 31, 2023, March 31, 2022 and March 31, 2021.

Annexure V - Notes to the Restated Summary Financial Information;

- a) Restated Statement of Share Capital, Reserves and Surplus as appearing in Note A to this report;
  - b) Restated Statement of Long Term Borrowings as appearing in Note B to this report;
  - c) Restated Statement of principal terms of Secured Loans and Assets charged as security as appearing in Note B(A) to this report;
  - d) Statement of terms & conditions of unsecured loans as appearing In Note B(B) to this report;
  - e) Restated Statement of Deferred Tax (Assets) / Liabilities as appearing in Note C to this report;
  - f) Restated Statement of Short term borrowings as appearing in Note D to this report;
  - g) Restated Statement of Trade Payables as appearing in Note E to this report;
  - h) Restated Statement of Other Current Liabilities as appearing in Note F to this report;
  - i) Restated Statement of Short Term Provisions as appearing in Note G to this report;
  - j) Restated Statement of Fixed Assets as appearing in Note H to this report;
  - k) Restated Statement Of Non-Current Investments as appearing in Note H1 to this report;
  - l) Restated Statement Of Long term loans and advances as appearing in Note H2 to this report;
  - m) Restated Statement of Trade Receivables as appearing in Note I to this report;
  - n) Restated Statement of Cash and Cash Equivalents as appearing in Note J to this report;
  - o) Restated Statement of Inventories as appearing in Note K to this report;
  - p) Restated Statement of Short term Loans and Advances as restated as appearing in Note L to this report;
  - q) Restated Statement of Other Current Assets as appearing in Note M to this report;
  - r) Restated Statement of Revenue from Operations as appearing in Note N to this report;
  - s) Restated Statement of Other Income as appearing in Note O to this report;
  - t) Restated Statement of Raw Material Consumption as appearing in Note P to this report;
  - u) Restated Statement of Change in Inventories as appearing in Note Q to this report;
  - v) Restated Statement of Employee Benefit Expenses as appearing in Note R to this report;
  - w) Restated Statement of Finance Cost as appearing in Note S to this report;
  - x) Restated Statement of Depreciation & Amortization as appearing in Note T to this report ;
  - y) Restated Statement of Other Expenses as appearing in Note U to this report ;
  - z) Restated Statement of Contingent Liabilities as appearing in Note V to this report ;
  - aa) Restated Statement of Related Party Transactions as appearing in Note W to this report ;
  - bb) Restated Statement of Tax Shelter as appearing in Note X to this report ;
  - cc) Capitalisation Statement as appearing in Note Y to this report ;
  - dd) Restated Statement of Mandatory Accounting Ratios as appearing in Note Z to this report ;
8. The Restated Financial Information do not reflect the effects of events that occurred subsequent to the respective dates of the reports on the audited financial statements mentioned in paragraph 4 above.

9. This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us, nor should this report be construed as a new opinion on any of the financial statements referred to herein.
10. We have no responsibility to update our report for events and circumstances occurring after the date of the report.
11. Our report is intended solely for use of the Board of Directors for inclusion in the Draft Offer Document/Offer Document to be filed with Securities and Exchange Board of India, relevant stock exchange and Registrar of Companies, Ahmedabad in connection with the proposed IPO. Our report should not be used, referred to, or distributed for any other purpose except with our prior consent in writing. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.
12. In our opinion, the above financial information contained in Annexure I to Annexure V of this report read with the respective Significant Accounting Policies and Notes to Accounts as set out in Annexure IV are prepared after making adjustments and regrouping as considered appropriate and have been prepared in accordance with the Act, ICDR Regulations, Engagement Letter and Guidance Note and give a true and fair view in conformity with the accounting principles generally accepted in India, to the extent applicable.

**For M/s ANIL S SHAH & CO.**  
**Chartered Accountants**  
**FRN: 100474W**

Sd/-

**(CA ANIL S SHAH)**  
**Partner**  
**M. No. 016613**  
**Place : Ahmedabad**  
**Date : 09.09.2023**  
**UDIN : 23016613BGZEZ88453**

## ANNEXURE – I

## RESTATED STATEMENT OF ASSETS AND LIABILITIES

(₹ in Lakhs)

PARTICULARS	NOTES	As at		
		31-03-2023	31-03-2022	31-03-2021
<b>A) EQUITY AND LIABILITIES</b>				
1. Shareholders' Funds				
(a) Share Capital	<b>A</b>	710.00	710.00	710.00
(b) Reserves & Surplus	<b>A</b>	4893.93	3912.73	3426.14
(c) Share Application Money		-	-	-
		<b>5603.93</b>	<b>4622.73</b>	<b>4136.14</b>
2. Non Current Liabilities				
(a) Long Term Borrowings	<b>B</b>	3063.29	3937.38	3429.45
(b) Deferred Tax Liabilities (Net)	<b>C</b>	738.16	597.91	544.79
(c) Long Term Provisions- Grauity		7.29	7.51	5.01
		<b>3808.73</b>	<b>4542.80</b>	<b>3979.25</b>
3. Current Liabilities				
(a) Short Term Borrowings	<b>D</b>	1114.37	931.26	849.38
(b) Trade Payables	<b>E</b>			
(C) outstanding dues of micro enterprises and small enterprises; and		-	-	-
(D) total outstanding dues of creditors other than micro enterprises and small enterprises.		6686.33	3422.21	2856.31
(c) Other Current Liabilities	<b>F</b>	98.52	48.54	75.05
(d) Short Term Provisions	<b>G</b>	276.45	63.79	30.70
		<b>8175.67</b>	<b>4465.79</b>	<b>3811.43</b>
<b>Total</b>		<b>17588.33</b>	<b>13631.33</b>	<b>11926.82</b>
<b>B) ASSETS</b>				
1. Non Current Assets				
(a) Property, Plant and Equipment and Intangible assets	<b>H</b>			
I) Property, Plant and Equipment				
(i) Gross Block		8857.82	7280.21	7279.83
(ii) Depreciation		2442.61	1991.07	1582.64
(iii) Net Block		<b>6415.21</b>	<b>5289.15</b>	<b>5697.20</b>
II) intangible Assets				
III)Capital Work-in-Progress		-	27.12	-
IV)Intangible assets under development		-	-	-
		<b>6415.21</b>	<b>5316.27</b>	<b>5697.20</b>
(b) Non-Current Investment	<b>H1</b>	200.00	200.00	200.00
(c) Deferred Tax Assets (Net)		-	-	-
(d) Long Term Loans and Advances	<b>H2</b>	-	1147.76	13.58
(e) Other Non Current Assets		-	-	-
		<b>200.00</b>	<b>1347.76</b>	<b>213.58</b>
2. Current Assets				
(a) Trade Receivables	<b>I</b>	6827.58	5171.11	3797.03
(b) Cash and Cash equivalents	<b>J</b>	484.69	313.81	594.65
(c) Inventories	<b>K</b>	1885.47	688.82	321.34
(d) Short-Term Loans and Advances	<b>L</b>	1634.59	677.44	1195.46
(e) Other Current Assets	<b>M</b>	140.80	116.12	107.56
		<b>10973.13</b>	<b>6967.30</b>	<b>6016.05</b>
<b>Total</b>		<b>17588.33</b>	<b>13631.33</b>	<b>11926.82</b>

## ANNEXURE – II

## RESTATED STATEMENT OF PROFIT AND LOSS

(₹ in Lakhs)

PARTICULARS		Note	For the year ended		
			31-03-2023	31-03-2022	31-03-2021
1	Revenue From Operations	N	37033.22	25490.94	11280.07
2	Other Income	O	38.05	35.57	13.66
	<b>Total Income (1+2)</b>		<b>37071.27</b>	<b>25526.51</b>	<b>11293.73</b>
<b>3</b>	<b>Expenditure</b>				
(a)	Raw Material Consumption	P	33289.08	22326.42	8193.32
(b)	Change in inventories of finished goods, work in progress and stock in trade	Q	-1072.89	-126.57	164.62
(c)	Employee Benefit Expenses	R	254.82	218.83	200.75
(d)	Finance Cost	S	337.38	240.61	266.57
(e)	Depreciation and Amortisation Expenses	T	451.55	408.43	408.66
(f)	Other Expenses	U	2397.45	1882.00	1590.94
<b>4</b>	<b>Total Expenditure 3(a) to 3(f)</b>		<b>35657.39</b>	<b>24949.71</b>	<b>10824.84</b>
<b>5</b>	<b>Profit/(Loss) Before Exceptional &amp; extraordinary items &amp; Tax (2-4)</b>		1413.88	576.80	468.89
6	Exceptional and Extra-ordinary items		-	-	-
<b>7</b>	<b>Profit/(Loss) Before Tax (56)</b>		<b>1413.88</b>	<b>576.80</b>	<b>468.89</b>
<b>8</b>	<b>Tax Expense:</b>				
(a)	Tax Expense for Current Year		260.83	37.08	-
(b)	Deferred Tax		140.24	53.13	131.36
	<b>Net Current Tax Expenses</b>		401.07	90.21	131.36
<b>9</b>	<b>Profit/(Loss) for the Year (7-8)</b>		<b>1012.81</b>	<b>486.59</b>	<b>337.53</b>
	<b>Basic, computed on the basis of Restated Profit/(loss) attributable to equity holders</b>		<b>7.13</b>	<b>3.43</b>	<b>2.38</b>
	<b>Diluted, computed on the basis of Restated Profit/(loss) attributable to equity holders</b>		<b>7.13</b>	<b>3.43</b>	<b>2.38</b>

The above statement should be read with Annexure IV to the Restated Summary Statements.

**ANNEXURE III  
RESTATED CASH FLOW STATEMENT**

(₹ in Lakhs)

PARTICULARS	FOR THE YEAR ENDED		
	31-03-2023	31-03-2022	31-03-2021
	Rupees	Rupees	Rupees
<b>Cash Flow from Operating Activities</b>			
Net Profit After Tax	1,012.81	486.59	337.53
Adjustments for:			
Depreciation and amortisation expense	451.55	408.43	408.66
Interest expenses	337.38	240.61	266.57
Interest and other income on investments	(5.84)	(5.08)	(5.91)
Deffered tax Asset/ Liabilities	140.24	53.14	131.37
Operating Profit Before Working Capital Changes	<b>1,936.13</b>	<b>1,183.69</b>	<b>1138.21</b>
Changes in Working Capital:			
(Increase)/ Decrease in Inventories	(1,196.65)	(367.48)	155.90
(Increase)/ Decrease in Trade Receivables	(1,656.47)	(1,374.09)	(1,045.67)
(Increase)/ Decrease in Advances	(988.75)	518.01	(108.36)
Increase / (Decrease) in Trade Payables	3,264.12	565.90	150.09
Increase / (Decrease) in Short Term Provisions	212.66	33.09	(18.32)
Increase / (Decrease) in Other Current Liabilities	49.98	(26.51)	72.38
(Increase) / Decrease in Other Current Assets	(24.68)	(8.56)	(2.89)
(Increase) / Decrease in Other Non- Current Assets	-	-	0
Increase / (Decrease) in Other Long-Term Liabilities	(0.22)	2.50	5.01
	<b>(340.01)</b>	<b>(657.14)</b>	<b>(791.86)</b>
<b>Net Cash flow from / (used in) Operating Activities (A)</b>	<b>1,596.13</b>	<b>526.55</b>	<b>346.35</b>
<b>Cash Flow from Investing Activities</b>			
Purchases of Tangible Assets	(1,550.49)	(27.50)	(0.44)
Interest Received	5.84	5.08	5.91
<b>Net Cash from / (used in) Investing Activities (B)</b>	<b>(1,544.65)</b>	<b>(22.42)</b>	<b>5.47</b>
<b>Cash Flow from Financing Activities</b>			
Decrease in Long Term Borrowings	(874.09)	507.94	323.24
Decrease in Long Term Loans and Advances	1,147.76	(1,134.18)	0.62
Interest expenses	(337.38)	(240.61)	(266.57)
Increase / (Decrease) in Short Term Borrowings	183.11	81.87	24.24
<b>Net Cash from / (used in) Financing Activities (C)</b>	<b>119.41</b>	<b>(784.98)</b>	<b>81.53</b>
Net Increase/(Decrease) In Cash & Cash Equivalents (A+B+C)	170.88	(280.85)	433.35
Cash equivalents at the beginning of the year	313.80	594.65	161.31
<b>Cash equivalents at the end of the year</b>	<b>484.69</b>	<b>313.80</b>	<b>594.65</b>

Notes:-

1.

Particulars	31-03-2023	31-03-2022	31-03-2021
<b>Component of Cash and Cash equivalents</b>			
Cash on hand	0.07	0.34	0.02
Balance With banks	484.62	313.47	594.63
Other Bank Balance	-	-	-
<b>Total</b>	<b>484.69</b>	<b>313.81</b>	<b>594.65</b>

2. Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, financing and investing activities of the company are segregated.

The accompanying summary of significant accounting policies, restated notes to accounts and notes on adjustments for restated summary financial information (Annexure IV) are an integral part of this statement.



**ANNEXURE – IV**

**SUMMARY STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES & NOTES TO RESTATED FINANCIAL INFORMATION**

**COMPANY OVERVIEW**

1. Shanti Spintex Limited (formerly known as Shanti Spintex Private Limited) was incorporated under the provisions of the Companies Act, 1956 with the Registrar of Companies, Gujarat. The Company's registered office is situated at Sub plot, Umit 1, Survey no. 297, Dholi Intergrated Spining Park Ltd. Dholi, Dholka, Ahmedabad – 382240 Gujarat. The company is primarily involved in the manufacturing and sale of denim fabrics.

**I. SIGNIFICANT ACCOUNTING POLICIES**

**1.1 Basis of preparation of Financial Statements:-**

These financial statements have been prepared under historical cost convention from books of accounts maintained on an accrual basis in conformity with accounting principles generally accepted in India and comply with the Accounting Standards issued by the Institute of Chartered Accountants of India and referred to Sec 129 & 133 of the Companies Act, 2013, of India. The accounting policies applied by the company are consistent with those used in previous year.

**1.2 Disclosure of Accounting Policies:-**

The Accounting Principles and policies recognized as appropriate for measurement and reporting of the financial performance and the financial position on mercantile system and recognize items of income and expenditure on accrual basis. The statement on Significant Accounting policy excludes disclosures regarding Accounting Standards in respect of which there are no material transactions during year.

**1.3 Revenue recognition:-**

Revenue is recognized to the extent that it is probable that economic benefits will flow to the company and the revenue can be reliably measured. Commission/adat Income has been recognized on accrual basis.

**1.4 Valuation of Inventories:-**

Inventories are measured at cost and net realizable value, whichever is lower. Net realizable value is the estimated selling price in the ordinary course of business less estimated cost necessary to make the sale. Cost in respect of raw materials and stock in trade are determined on FIFO basis. Costs in respect of all other Inventories are computed on weighted average basis method. Finished goods and process stock include cost of conversion and other costs incurred in acquiring the inventory and bringing them to their present location and condition.

**1.5 Property Plant & Equipment and Capital Work in Progress :-**

a) Fixed assets are stated at cost of acquisition or construction. All cost relating to the acquisition and installation of fixed assets (Net of CENVAT/VAT/gst credits where ever applicable) are capitalized and include borrowing costs directly attributable to construction or acquisition of fixed assets, up to the date of asset is put to use and adjustment arising out of exchange rate variation relating to liabilities attributable to those fixed assets.

b) Advances paid towards the acquisition of fixed assets outstanding at each balance sheet date and cost of fixed assets not ready for their intended use before such date are disclosed under capital work-in progress. Work-in progress excludes expenditure pending for capitalization.

**1.6 Depreciation:-**

Depreciation of Property, Plant and Equipment Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately on straight-line method. Parts of plant and equipment that are technically advised to be replaced at prescribed intervals / periods of operation, insurance spares and cost of inspection/overhauling are depreciated separately based on their specific useful life provided these are of significant amounts. The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

Depreciable amount of an item of property, plant and equipment is arrived at after deducting estimated residual value. The depreciable amount of an asset is allocated on a systematic basis over its useful life. The Company reviews the residual value and useful life at each financial year-end and, if expectations differ from previous estimates, the residual value and useful lives are changed prospectively and accounted for as a change in accounting estimate. Depreciation commences when the item of property, plant and equipment is in the location and condition necessary for it to be capable of operating in the manner intended by management.

## **2.7 Leases:-**

At inception of contract, the Company assesses whether the Contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. At inception or on reassessment of a contract that contains a lease component, the Company allocates consideration in the contract to each lease component on the basis of their relative standalone price.

### **As a lessee**

#### **i) Right-of-use assets**

The Company recognizes right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and estimate of costs to dismantle. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

The Company presents right-to-use assets that do not meet the definition of investment property in 'Property, plant and equipment'.

#### **ii) Lease Liabilities**

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Company generally uses its incremental borrowing rate at the lease commencement date if the discount rate implicit in the lease is not readily determinable.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. The carrying amount is remeasured when there is a change in future lease payments arising from a change in index or rate. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

The Company presents lease liabilities under financial liabilities in the Balance Sheet.

#### **iii) Short term leases and leases of low value of assets**

The Company applies the short-term lease recognition exemption to its short-term leases. It also applies the lease of low-value assets recognition exemption that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

### **As a lessor**

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

## **2.8 Employee Benefits**

### **Short Term Employee Benefits**

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related services are provided. Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within twelve months as at the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period.

#### **Other Long Term Employee Benefits**

The known liabilities for earned leaves that are not expected to be settled wholly within twelve months are measured as the present value of the expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method.

#### **Post Employment Benefits**

- **Defined Benefit Plans**

The known liability, if any, recognised in the balance sheet in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods. If any liability in a financial year it is charged to Statement of Profit and Loss account. The defined benefit obligation if any, is calculated annually by Actuaries using the projected unit credit method. In other cases, such expenditure are charged to Statement of Profit and Loss Account considering it as Short Term Benefits when it is crystalizes.

- **Defined Contribution Plan**

Defined contributions, if any, to Statutory Schemes are charged to the statement of profit and loss of the year. Termination Benefit Expenditure incurred on Voluntary Retirement Scheme is charged to the statement of profit and loss immediately.

#### **2.9 Government Grants**

Assistance by government in the form of transfers of resources to the Company in return for past or future compliance with certain conditions relating to operating activities of the entity other than those which cannot reasonably have a value placed upon them or those that cannot be distinguished from normal trading transactions of the Company are termed as government grants. All government grants are identified as either relating to assets or relating to income. Government grants whose primary condition is that a Company qualifying for them should purchase, construct or otherwise acquire long-term assets are identified as grants related to assets. Grants other than those related to assets are identified as related to income. Government grants are recognised when there is a reasonable assurance that the Company will comply with the conditions attaching to them and the grants will be received. A forgivable loan from government is treated as a government grant when there is a reasonable assurance that the entity will meet the terms for forgiveness of the loan. The Company recognises Government grants in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to assets, including non-monetary grants at fair value, are presented in the balance sheet as deferred income. Deferred income is recognised in profit or loss on the basis the related assets are depreciated or amortised if they are related to asset or under other income when the grant becomes receivable. Grants related to income are presented in profit or loss under other income. Grants received in advance before fulfilment of conditions are recognised as Other Liability classified into current or non-current, as appropriate in the circumstances of the case.

#### **2.10 Borrowing Costs**

Interest and other costs that the Company incurs in connection with the borrowing of funds are identified as borrowing costs. The Company capitalises borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which it is incurred. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use. The Company identifies the borrowings into specific borrowings and general borrowings. Specific borrowings are borrowings that are specifically taken for the purpose of obtaining a qualifying asset. General borrowings include all other borrowings except the amount outstanding as on the balance sheet date of specific borrowings for assets that are not yet ready for use. Borrowing cost incurred actually

#### **2.11 Accounting for Investments:-**

Investment, that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long term investments.

#### **2.12 Taxes on Income:-**

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognized, on timing differences, being the Difference between taxable incomes and accounting income that originates in one period and are capable of reversal in one or more subsequent periods, if any.

Minimum Alternate Tax (MAT) Credit is recognized as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during specified period. In the year in which the MAT credit becomes eligible, to be recognized as an asset. In accordance with recommendation contained in the guidance note issued by ICAI, said asset is created by way of credit/reversal of provisions to Profit and Loss A/c and shown as MAT Credit Entitlements in Loans and Advances. The company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that company will pay normal Income Tax during the specified period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the balance sheet and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, unabsorbed losses and tax credits to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences, unabsorbed losses and tax credits will be utilised. The carrying amount of deferred tax assets is reviewed at the end of financial year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is expected to be settled or the asset realised, based on tax rates and tax laws that have been substantively enacted by the balance sheet date. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

#### **2.13 Contingencies and Events occurring after Balance sheet date:-**

Material Events occurring after Balance sheet date are taken into cognizance. There have been no material changes or events since the date of balance sheet affecting financial statements as on the Balance sheet date. Further, the dates of Balance sheet, no events or circumstances have occurred, through properly excluded from the accounts, are of such importance that they should be disclosed through any medium.

#### **2.14 Preliminary Expenditure:-**

Preliminary Expenditure is to be apportioned in five equal installments, commencing from the year in which operation has commenced.

#### **2.15 Preoperative Expenses:-**

As regards in direct expenditure on project implementation/ construction, are treated as preoperative expenditure pending allocation to fixed assets in progress and is shown as "Preoperative Expenses" under "Other Non Current Assets". The same is transferred to fixed assets on progressive basis and is capitalized along with fixed assets on commencement of commercial activities on pro-rata basis to respective assets.

#### **2.16 Earnings per Share**

Basic earnings per share is calculated by dividing the profit or loss for the period attributable to the equity holders of the Company by the weighted average number of ordinary shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares. (Refer Note 32)

#### **2.17 Provisions:-**

A provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an out flow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are not discounted to present value and are determine based on best estimate required to settle the obligations at the balance sheet date these are review at each balance sheet date and adjusted to reflect the best estimates.

#### **2.18 Contingent Liabilities:-**

Contingent Liabilities are determined on the basis of available information and explanations given to us and are disclosed by way of note to the accounts, if any.

### **14. NOTES TO RESTATED SUMMARY STATEMENTS:**

The financial statements for the year ended on 31 March 2021, 2022 and 2023 respectively are prepared as per Schedule III of the Companies Act, 2013: -

**1. Contingent liabilities and commitments (to the extent not provided for)**

A disclosure for a contingent liability is usually reported in the notes to restated financial statements when there is a possible obligation that may, require an outflow of the Company's resources. However, there has not been any such liability/event, which qualifies as contingent liability in the restated period.

**2. Disclosure under Micro, Small and Medium Enterprises Development Act, 2006**

In the absence of information regarding outstanding dues of Micro or Small Scale Industrial Enterprise(s) as per The Micro, Small & Medium Enterprise Development Act, the Company has not disclosed the same as required by Schedule III to the Companies Act, 2013.

3. Related party transactions are already reported as per AS-18 of Companies (Accounting Standards) Rules, 2006, as amended, in the Annexure-24 of the enclosed financial statements.

4. Deferred Tax liability/Asset in view of Accounting Standard – 22: “Accounting for Taxes on Income” as at the end of the year is as under:

(Rs.in lacs)

Particulars	For the Year Ended		
	2022-23	2021-22	2020-21
DTA/(DTL) on timing Difference in Depreciation as per Companies Act and Income Tax Act	-738.21	-516.08	-484.58
DTA /( DTL) on timing Differences in others	0.06	-81.83	-60.21
<b>Net Deferred Tax Asset/(Liability)</b>	<b>-738.15</b>	<b>-597.91</b>	<b>-544.79</b>

**5. Directors' Remuneration:**

(Rs. in lacs)

Particulars	2022-23	2021-22	2020-21
Directors' Remuneration (including sitting fees)	6.00	0.00	0.00
<b>Total</b>	<b>6.00</b>	<b>0.00</b>	<b>0.00</b>

**6. Auditors' Remuneration:**

(Rs. in lacs)

Particulars	For the Year Ended		
	2022-23	2021-22	2020-21
a. As Auditors			
Statutory & Tax Audit Fees	1.00	1.18	1.18
<b>Total</b>	<b>1.00</b>	<b>1.18</b>	<b>1.18</b>

**7. Earnings per Share:**

(Amt. Rs. in Lacs, except EPS)

Particulars	For the Year Ended		
	2022-23	2021-22	2020-21
A. Total Number of equity shares outstanding at the end of the year (in lacs)	71.00	71.00	71.00
B. Weighted average number of equity shares outstanding during the year (in lacs)	142.00	142.00	142.00
C. Net profit after tax available for equity shareholders (excluding exceptional and extraordinary items) (as restated)	1012.81	486.59	337.53
D. Basic and Diluted earnings per share (Rs.)	7.13	3.43	2.38

8. Figures have been rearranged and regrouped wherever practicable and considered necessary.

9. The management has confirmed that adequate provisions have been made for all the known and determined liabilities and the same is not in excess of the amounts reasonably required to be provided for.

10. The balances of trade payables, trade receivables, loans and advances are unsecured and considered as good are subject to confirmations of respective parties concerned.

#### 15. Realizations

In the opinion of the Board and to the best of its knowledge and belief, the value on realization of current assets and loans and advances are approximately of the same value as stated.

#### 16. Contractual liabilities

All other contractual liabilities connected with business operations of the Company have been appropriately provided for.

#### 17. Amounts in the financial statements

Amounts in the financial statements are rounded off to nearest lacs. Figures in brackets indicate negative values.

#### 18. Impact of Audit Qualifications/Observations in Statutory Auditor's Report on Financial Statements

There have been no audit qualifications/observations in Statutory Auditor's Report for F.Y. 2020-21, 2021-22 & 2022-23 which requires adjustments in restated financial statements.

#### 19. Material Adjustments

Appropriate adjustments have been made in the restated financial statements, whenever required, by reclassification of the corresponding items of assets, liabilities and cash flow statement, in order to ensure consistency and compliance with requirement of Schedule III and Accounting Standards.

Statement of Adjustments in the financial statements is presented here below:

#### **RECONCILIATION OF RESTATED PROFIT:**

(Rs. in Lakhs)

Adjustments for	2022-23	2021-22	2020-21
Net profit/(Loss) after Tax as per Audited Profit & Loss Account	1012.81	222.15	121.94
<b>Adjustments for:</b>			
Provision for gratuity	0.00	(3.81)	(3.06)
Change in depreciation	0.00	266.82	266.82
Short/excess Provision of deferred tax	0.00	(7.72)	(83.22)
Actuarial loss/(Gain) on Valuation of Gratuity	0.00	1.13	0.00
Prior Period items	0.00	8.02	35.06
<b>Net Profit/ (Loss) After Tax as Restated</b>	<b>1012.81</b>	<b>486.59</b>	<b>337.53</b>

1. The provision for gratuity has been done in all years covered for restatement as per Actuarial Valuation Reports and provided in the respective year in which such liability has arisen as per AS 15: Employee Benefits

2. The depreciation charged by the company has been restated to the extent of changes in depreciation due to changes in the estimate in useful life of an assets as prescribed in schedule II of Companies Act, 2013.

3. Due to changes in depreciation and gratuity provision the deferred tax component on the same has also undergone change.

4. Actuarial loss/(Gain) on Valuation of Gratuity as per AS 15: Employee Benefits

5. Earlier period Income/Expense, now same has been restated.

The reconciliation of Equity and Reserves as per audited results and the Equity and Reserves as per Restated Accounts is presented below:-

**RECONCILIATION OF EQUITY AND RESERVES:**

(Rs. In Lakhs)

Particulars	31-Mar-23	31-Mar-22	31-Mar-21
<b>Equity and Reserves as per Audited Balance sheet</b>	5603.93	3870.72	3648.57
Adjustments for:			
Difference Due to Change in P&L	0.00	264.44	215.60
Prior period Adjustments (Refer Note-1)	0.00	487.57	271.98
<b>Equity and Reserves as per Re-stated Balance sheet</b>	<b>5603.93</b>	<b>4622.73</b>	<b>4136.14</b>

**Note: 1**

Amounts relating to the prior period have been adjusted in the year to which the same relates to and the same amount is arrived on account of change in Opening Balance of Reserve and Surplus due to the restated effect on the profit / (loss) of prior period, Changes in Depreciation life and Reversal of Depreciation of earlier year of UGVCL Deposit.

Appropriate adjustments have been made in the restated financial statements, wherever required, by reclassification of the corresponding items of Income, expenses, assets and liabilities, in order to bring them in line with the groupings as per the audited financial of the company for all the years and requirements of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018.

**For, ANIL S SHAH & CO.**

*Chartered Accountants*

Firm Registration no: 100474W

Sd/-

**(CA ANIL S SHAH**

Partner

Membership No.: 016613

Date: 09.09.2023

Place: Ahmedabad

**ANNEXURE V - NOTES TO THE RESTATED FINANCIAL INFORMATION**

**NOTE – A**  
**RESTATED STATEMENT OF SHARE CAPITAL, RESERVES AND SURPLUS**  
**(Amt. in Rs. Lakhs, Except Share Data)**

Particulars	As at		
	31-03-2023	31-03-2022	31-03-2021
<b>Share Capital</b>			
<b>Authorised Share Capital</b>			
Equity shares of Rs.10 each	100.00	100.00	100.00
Equity Share Capital	1000.00	1000.00	1000.00
<b>Issued, Subscribed and Paid up Share Capital</b>			
Equity Shares of Rs. 10 each fully paid up	71.00	71.00	71.00
Share Capital (in Rs.)	710.00	710.00	710.00
<b>Total</b>	<b>710.00</b>	<b>710.00</b>	<b>710.00</b>
<b>Reserves and Surplus</b>			
Capital Reserve	452.67	452.67	452.67
Securities Premium Account	2108.00	2108.00	2108.00
<b>Total</b>	<b>2560.67</b>	<b>2560.67</b>	<b>2560.67</b>
Surplus in the Statement of Profit and Loss:			
Opening Balance	1352.06	865.47	527.94
Add : Profit for the year	1012.81	486.59	337.53
(a) Prior period items (adjusted in respective year)	-31.61	-	-
Closing Balance	2333.26	1352.06	865.47
<b>Balance as at the end of Financial Year</b>	<b>4893.93</b>	<b>3912.73</b>	<b>3426.14</b>

1. Terms/rights attached to equity shares:
  - i. The company has only one class of shares referred to as equity shares having a par value of Rs.10/-. Each holder of equity shares is entitled to one vote per share
  - ii. In the event of liquidation of the Company, the holders of equity shares shall be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The amount distributed will be in proportion to the number of equity shares held by the shareholders.
2. The figures disclosed above are based on the restated summary statement of assets and liabilities of the Company.
3. Company does not have any Revaluation Reserve.
4. The reconciliation of the number of Equity shares outstanding as at:-

Particulars	As at		
	31-03-2023	31-03-2022	31-03-2021
Number of shares at the beginning	71,00,000	71,00,000	71,00,000
Add: Bonus Share Issued	-	-	-
Add: Fresh Issue of shares	-	-	-
Number of shares at the end	71,00,000	71,00,000	71,00,000

5. The detail of shareholders holding more than 5% of Shares: -

Name of Shareholders	As at		
	31-03-2023	31-03-2022	31-03-2021
1. Bharatbhushan O. Agarwal	15,16,900	15,16,900	15,16,900
2. Rikin B. Agarwal	15,14,200	15,14,200	15,14,200
3. Urmiladevi B. Agarwal	5,18,900	5,18,900	5,18,900
4. Kautilya Traders Pvt. Ltd.	13,86,000	3,86,000	3,86,000
5. Vijay Subham Contrade Pvt. Ltd.	12,76,000	-	-
6. Vineeta Chiripal	5,42,000	-	-
7. Rushp Trading LLP	-	10,00,000	10,00,000
8. Drakensburg Investment Limited	-	5,42,000	5,42,000

6. Promoters' Shareholding

Shares held by promoters at the end of the year 31.03.2023			
Name	No. of Shares	% of total Shares	% change during the year
Bharatbhushan O. Agarwal	15,16,900	21.36%	0.00%
Rikin B. Agarwal	15,14,200	21.33%	0.00%



Shares held by promoters at the end of the year 31.03.2022			
Name	No. of Shares	% of total Shares	% change during the year
Bharatbhushan O. Agarwal	15,16,900	21.36%	0%
Rikin B. Agarwal	15,14,200	21.33%	0%
Shares held by promoters at the end of the year 31.03.2021			
Name	No. of Shares	% of total Shares	% change during the year
Bharatbhushan O. Agarwal	15,16,900	21.36%	0%
Rikin B. Agarwal	15,14,200	21.33%	0%

**NOTE – B**  
**RESTATED STATEMENT OF LONG TERM BORROWINGS**

(₹ in Lakhs)

Particulars	As at		
	31-03-2023	31-03-2022	31-03-2021
<b>(Secured)</b>			
<b>(a) Term loans</b>			
Term Loan From Bank Term Loan -1	564.43	898.12	1227.96
Term Loan From Bank Term Loan -2	1345.45	1695.33	2033.02
Working Capital Term Loan From GECL	341.66	582.02	718.00
Working Capital Term Loan From GECL Extension	352.75	352.20	.00
Term Loan From Bank Car Loan	14.60	23.00	29.84
Term Loan From Bank -Wind Mill	956.45	697.98	.00
Less: Current Maturities of Term Loan	744.50	682.00	679.92
Less: Current Maturities of GECL	288.01	239.40	159.60
Less: Current Maturities of Car Loan	9.86	9.86	9.86
Less: Current Maturities of Wind Mill Term Loan	72.00	.00	.00
Axis Bank (Honda Jazz Car)			
Sub-total (a)	<b>2460.96</b>	<b>3317.38</b>	<b>3159.45</b>
<b>(b) Term loans</b>			
<b>(c) Loans and advances from related parties &amp; shareholders (Unsecured)</b>			
From Body Corporate			
From Directors	387.34	405.00	-
<b>Total</b>	-	-	-
<b>Sub-total (c)</b>	<b>387.34</b>	<b>405.00</b>	<b>-</b>
<b>(d) Intercompany Deposits</b>			
From Body Corporate	215.00	215.00	270.00
<b>Sub-total (d)</b>	<b>215.00</b>	<b>215.00</b>	<b>270.00</b>
<b>Total (a+b+c+d)</b>	<b>3063.29</b>	<b>3937.38</b>	<b>3429.45</b>

Notes:

1. The terms and conditions and other information in respect of Secured Loans and Unsecured Loans are given in NOTE-B (A) and NOTE B (B)

## NOTE 2(A)

## RESTATED STATEMENT OF PRINCIPAL TERMS OF SECURED LOANS AND ASSETS CHARGED AS SECURITY

(₹ in Lakhs)

Name of Lender	Purpose	Loan type	Sanctioned Amount (In Lacs)	Rate of interest	Primary & Collateral Security	Re-Payment Schedule	Outstanding amount as on 31.03.2023 as per Books (In Lakhs)	Outstanding amount as on 31.03.2022 as per Books (In Lakhs)	Outstanding amount as on 31.03.2021 as per Books (In Lakhs)
State bank of India	Business	TERM LOAN I	2,325.00	11.65%	Refer "Note 1"	Repayable in Total 28 Quarterly installmennts commencing from March, 2018 and ending on February, 2025.	564.43	898.12	1,227.96
State bank of India	Business	TERM LOAN II	2,600.00	11.65%	Refer "Note 1"	Repayable in Total 83 Monthly installmennts commencing from February, 2019 and ending on June, 2026.	1,345.45	1,695.33	2,033.02
State bank of India	Business	GECL	718.00	9.25%	Refer "Note 1"	Repayable in Total 36 Monthly installmennts commencing from August, 2021 and ending on July, 2024 after a moratorium period of 12 months from the date of disbursement.	341.66	582.02	718.00
State bank of India	Business	GECL EXTENSION	350.00	9.25%	Refer "Note 1"	Repayable in Total 36 Monthly installmennts commencing from November, 2023 and ending on October, 2026 after a moratorium period of 24 months from the date of disbursement.	352.75	352.20	-
State bank of India	WINDMILL OPERATIONS	TERM LOAN III	1,030.00	11.65%	Refer "Note 1"	Repayable in Total 90 Monthly installmennts commencing from April 2023 and ending on September 2030	956.45	697.98	-
State bank of India	BUSINESS	CAR LOAN	50.00	8.60%	Refer "Note 1D"	Repayable in Total 84 EMI starting after one month of disbursement	14.60	23.00	29.84
<b>TOTAL</b>							<b>3,575.33</b>	<b>4,248.64</b>	<b>4,008.82</b>

## Note No. 1

## (A) (i) Primary Security with State Bank of India for all loans

Hypothecation of Stock &amp; Receivables and other current assets of the Company

**Shanti Spintex Limited**

Hypothecation of Plant & Machinery located at Weaving Unit 1, Survey No. 297, Dholi Integrated Spinning Park Ltd., Dholka, Ahmedabad-382240, Gujarat  
Hypothecation of Wind Mill and related Plant & Machinery Purchased out of the Bank Finance located at 217/1, Taluka,Savar Kundla, Amreli

(B) Collateral Security with Bank for Term Loan 1, Term Loan 2 and GECL and Term Loan 3(Wind Mill)

(i) Equitable Mortgage over immovable property at Plot No. 544 owned by M/s. Krishna Traders & 545 owned by M/s. Star Traders admeasuring 644sq. Yards each located at Survey No. 138,Vraj Garden, Nr. 200 Feet Ring Road and Shanti Asiatic School Road, Sanand, Ahmedabad -380058

(ii) Equitable Mortgage over Factory Land and Building (admeasuring 8660.36 sqft. Meteres) at Weaving Unit 1, Survey No. 297, Dholi Integrated Spinning Park, Dholka, Ahmedabad - 382240

(iii) Equitable Mortgage over Immovable property (admeasuring 598 sq. mtrs.) at Flat No./ Plot No.: Unit no. 330, Survey No. / House No. Block No. 161, Vraj Garden, Akshat C.J. Society Ltd., behind Applewoods Scheme, Near Sahara City, Ahmedabad -380058 - Owned by Vedprakash Chiripal

(iv) Pledge of units 741048 of SBI corporate bond fund amounting to Rs. 200,00,000/-

**(C) Guarantee:**

Personal Guarantee

(i) Shri Bharatbhushan Agarwal

(ii) Shri Rikin Agarwal

(iii) Shri Vedprakash Chiripal

Others Guarantee

(i) M/s. Krishna Traders (Proprietary Firm of Savitridevi V. Chiripal)

(ii) M/s. Star Traders (Proprietary Firm of Urmiladevi J. Chiripal)

**(C) Primary Security with Bank for Car Loan**

Hypothecation of vehicle purchased out of Bank Finance. It is a multi Utility Vehicle.

24.89% margin with personal gurantee of Directors Bharat Bhushan Agarwal & Rikin Bharat Bhushan Agarwal

**NOTE B(B) STATEMENT OF TERMS & CONDITIONS OF UNSECURED LOANS**

Name of Lender	Purpose	Rate of Interest	Re-Payment Schedule	31-03-2023	31-03-2022	31-03-2021
NTPL EXPORTS PVT. LTD.	Business Loan	NIL	-	21.50	21.50	21.50
<b>TOTAL</b>				<b>21.50</b>	<b>21.50</b>	<b>21.50</b>
FROM DIRECTORS:-						
BHARATBHUSHAN OMPRAKASH AGARWAL	Business Loan	NIL	-	387.34	405.00	405.00
<b>TOTAL</b>				<b>387.34</b>	<b>405.00</b>	<b>405.00</b>
<b>GRAND TOTAL</b>				<b>408.84</b>	<b>426.50</b>	<b>426.50</b>

**NOTE- C**  
**RESTATED STATEMENT OF DEFERRED TAX (ASSETS) / LIABILITIES**

(Rs. in Laacs)

Particulars	As At		
	31-03-2023	31-03-2022	31-03-2021
<b>Opening Balance (A)</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>
Opening Balance of Deferred Tax Asset / (Liability)	-597.91	-544.79	-413.42
<b>Closing Balances (B)</b>			
(DTA) / DTL on Timing Difference in Depreciation as per Companies Act and Income Tax Act, gratuity and unabsorbed losses	-738.16	-597.91	-544.79
<b>Closing Balance of Deferred Tax (Asset) / Liability (B)</b>	<b>-738.16</b>	<b>-597.91</b>	<b>-544.79</b>
<b>Current Year Provision (B-A)</b>	<b>140.24</b>	<b>53.13</b>	<b>131.36</b>

**NOTE – D**  
**RESTATED STATEMENT OF SHORTTERM BORROWINGS**

(Rs. in Lakhs)

Particulars	As At		
	31-03-2023	31-03-2022	31-03-2021
Current Maturities of Long-Term Borrowings (Secured From Banks)	1114.37	931.26	849.38
Total Current Maturities of Long-Term Borrowings	1114.37	931.26	849.38
<b>Total</b>	<b>1114.37</b>	<b>931.26</b>	<b>849.38</b>

Note:

1. The terms and conditions and other information in respect of Secured Loans and Unsecured Loans are given in NOTE-B (A) and NOTE B (B)

**NOTE – E**  
**RESTATED STATEMENT OF TRADE PAYABLES**

(Rs. in Lakhs)

Particulars	As AT		
	31-03-2023	31-03-2022	31-03-2021
<b>Trade Payables</b>			
For Goods & Services	6686.33	3422.21	2856.31
For Assets			
For Expenses			
Micro, Small and Medium Enterprises	-	-	-
Other than Micro, Small and Medium Enterprises	-	-	-
<b>Total</b>	<b>6686.33</b>	<b>3422.21</b>	<b>2856.31</b>

**Trade Payables ageing schedule - 31-03-2023**

Particulars	Outstanding for following periods from due date of payment/transaction				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i)MSME	-	-	-	-	-
(ii)Others	6665.65	15.32	2.02	3.34	6686.33
(iii) Disputed dues – MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-

**Trade Payables ageing schedule - 31-03-2022**

Particulars	Outstanding for following periods from due date of payment/transaction				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i)MSME	-	-	-	-	-
(ii)Others	3300.66	81.45	-	40.10	3422.21
(iii) Disputed dues – MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-

**Trade Payables ageing schedule - 31-03-2021**

Particulars	Outstanding for following periods from due date of payment/transaction				Total
-------------	--	--	--	--	-------

	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i)MSME	-	-	-	-	-
(ii)Others	2849.61	-	-	6.70	2856.31
(iii) Disputed dues – MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-

Notes:

- The figures disclosed above are based on the restated summary statement of assets and liabilities of the Company.
- Amount due to entities covered under Micro, Small and Medium Enterprises as defined in the Micro, Small, Medium Enterprises Development Act, 2006, have been identified on the basis of information available with the Company. There was no amount due to any such entities which needs to be disclosed.

**NOTE – F**  
**RESTATED STATEMENT OF OTHER CURRENT LIABILITIES**

(Rs. in Lakhs)

Particulars	As At		
	31-03-2023	31-03-2022	31-03-2021
<b>Other Current Liabilities</b>			
Statutory Liabilities	11.91	5.66	6.61
Other Liabilities	0.03	0.72	4.68
Unpaid Expenses	86.58	42.16	32.22
Interest on Term Loan Accrued	-	-	25.99
Interest on Car Loan Accrued	-	-	0.20
Interest on GECL Loan Accrued	-	-	4.51
Principal Amount of Car Loan	-	-	0.82
Principal Amount of Term Loan	-	-	-
<b>Total</b>	<b>98.52</b>	<b>48.54</b>	<b>75.05</b>

**NOTE – G**  
**RESTATED STATEMENT OF SHORT TERM PROVISIONS**

(Rs. in Lakhs)

Particulars	As At		
	31-03-2023	31-03-2022	31-03-2021
<b>Short Term Provisions</b>			
Provision for Employee Benefits	14.76	26.50	30.40
Provision for Current Tax	261.51	37.08	0.00
Provision for Gratuity	0.19	0.21	0.29
<b>Total</b>	<b>276.45</b>	<b>63.79</b>	<b>30.70</b>

## RESTATED STATEMENT OF FIXED ASSETS

FY 2020-21

NON -CURRENT ASSETS

12 PROPERTY, PLANT &amp; EQUIPMENT

Particulars	Gross block				Depreciation				Net block	Net block
	01-04-2020	Additions	Deletions/adjustments	31-03-2021	01-04-2020	Additions	Deletions/adjustments	31-03-2021	31-03-2021	31-03-2020
<b>Tangible assets</b>										
<b>PHASE I</b>										
Leasehold Land	216.50			216.50	8.75	2.19		10.94	205.56	207.75
Computer Equipments	1.50			1.50	1.50	.00		1.50	.00	.00
Air Compressor Machine	65.12			65.12	21.49	6.19		27.68	37.44	43.63
Air Jet Looms	2435.96			2435.96	803.49	231.42	586.11	448.80	1987.17	1632.47
Electrical Cabling & Other Electrification	192.84		38.80	154.04	62.39	15.34	18.43	59.29	94.75	130.45
H Plant	125.79			125.79	41.82	12.28		54.10	71.69	83.97
OHTC	13.57			13.57	4.48	1.29		5.77	7.80	9.09
Profile Reeds	13.58			13.58	4.28	1.29		5.57	8.01	9.30
Stores & Spares parts of Plant & Machinery	131.65			131.65	43.25	12.51		55.76	75.89	88.40
Todo Warp Typing Machine	52.60			52.60	17.36	5.00		22.36	30.24	35.24
Transformers	16.63			16.63	5.49	1.58		7.07	9.56	11.14
Office Equipment	2.66	.13		2.79	.28	.51		.80	1.99	2.38
Furniture & Fixtures	2.93	.32		3.24	.99	.28		1.28	1.97	1.94
Factory Building	486.42			486.42	155.45	43.77		199.22	287.21	330.97
<b>PHASE II</b>										
Computer Equipments	1.28			1.28	1.00	.22		1.21	.06	.28
Air Compressor Machine	208.60			208.60	46.26	19.82		66.07	142.52	162.34
Air Jet Looms	2333.76			2333.76	517.10	221.71	428.57	310.24	2023.52	1816.65
H Plant	79.11			79.11	17.54	7.52		25.06	54.05	61.57
Stores & Spares parts of Plant & Machinery	169.72			169.72	36.60	15.52		52.12	117.60	133.12
Todo Warp Typing Machine	33.53			33.53	7.43	3.18		10.62	22.91	26.09
Tudo Tying Machine	39.17			39.17	8.69	3.72		12.41	26.77	30.49
OHTC	12.23			12.23	1.77	.77		2.54	9.69	10.47
Electrical Cabling & Other Electrification	139.31		51.27	88.04	29.27	13.23	19.48	23.02	65.02	110.04
Furniture & Fixtures	.72			.72	.20	.07		.27	.45	.52
Vehicles	71.75			71.75	15.55	8.32		23.86	47.88	56.20
Factory Building	493.02			493.02	105.65	46.84		152.48	340.54	387.37

*Shanti Spintex Limited*

Utilities	29.51			29.51	1.66	.93		2.60	26.91	27.85
<b>Sub Total (a)</b>	<b>7369.46</b>	<b>.44</b>	<b>90.07</b>	<b>7279.83</b>	<b>1959.75</b>	<b>675.48</b>	<b>1052.59</b>	<b>1582.64</b>	<b>5697.20</b>	<b>5409.72</b>

**Notes**

<b>Total Depreciation charged to P&amp;L (audited)</b>	<b>675.48</b>
<b>Less: Depreciation Adjustment (due to change in life of machineries - See note a)</b>	258.27
<b>Less: UGVCL Adjustment Current Year</b>	8.56
<b>Charged to P&amp;L Account (restated)</b>	<b>408.66</b>

**Total Deduction in Depreciation Fund**

<b>Gross</b>	<b>1052.59</b>
<b>Less: Prior Period Adjustment</b>	785.77
<b>Net Deduction</b>	<b>266.82</b>
<b>Less: Depreciation Adjustment (due to change in life of machineries- See note a)</b>	258.27
<b>Less: UGVCL Adjustment Current Year</b>	8.56
<b>Difference</b>	<b>-</b>

**FY 2021-22**  
**NON -CURRENT ASSETS**  
**PROPERTY, PLANT & EQUIPMENT**

Amount in ₹ Lakhs

Particulars	Gross block				Depreciation				Net block	Net block
	As at 01-04-2021	Additions	Deletions/ adjustments	As at 31-03-2022	As at 01-04-2021	Additions	Deletions/ adjustments	As at 31-03-2022	As at 31-03-2022	As at 31-03-2021
<b>Tangible assets</b>										
<b>PHASE I</b>										
Leasehold Land	216.50	.38		216.88	10.94	2.19		13.13	203.75	205.56
Computer Equipments	1.50			1.50	1.50	.00		1.50	.00	.00
Air Compressor Machine	65.12			65.12	27.68	6.19		33.86	31.25	37.44
Air Jet Looms	2435.96			2435.96	448.80	231.42	130.63	549.59	1886.37	1401.06
Electrical Cabling & Other Elctrification	154.04			154.04	59.29	15.34	3.69	70.94	83.10	94.75
H Plant	125.79			125.79	54.10	12.28		66.38	59.41	71.69
OHTC	13.57			13.57	5.77	1.29		7.06	6.52	7.80
Profile Reeds	13.58			13.58	5.57	1.29		6.86	6.72	8.01
Stores & Spares parts of Plant & Machinery	131.65			131.65	55.76	12.51		68.27	63.38	75.89
Todo Warp Typing Machine	52.60			52.60	22.36	5.00		27.35	25.25	30.24
Transformers	16.63			16.63	7.07	1.58		8.65	7.98	9.56
Office Equipment	2.79			2.79	.80	.48		1.28	1.51	1.99
Furniture & Fixtures	3.24			3.24	1.28	.31		1.58	1.66	1.97
Factory Building	486.42			486.42	199.22	43.77		242.98	243.44	287.21
				.00				.00	.00	
<b>PHASE II</b>				.00				.00	.00	
Computer Equipments	1.28			1.28	1.21	.00		1.21	.06	.06
Air Compressor Machine	208.60			208.60	66.07	19.82		85.89	122.71	142.52
Air Jet Looms	2333.76			2333.76	310.24	221.71	127.64	404.31	1929.45	1594.95
H Plant	79.11			79.11	25.06	7.52		32.58	46.54	54.05
Stores & Spares parts of Plant & Machinery	169.72			169.72	52.12	15.52		67.64	102.08	117.60
Todo Warp Typing Machine	33.53			33.53	10.62	3.18		13.80	19.72	22.91
Tudo Tying Machine	39.17			39.17	12.41	3.72		16.13	23.04	26.77
OHTC	12.23			12.23	2.54	.77		3.32	8.92	9.69
Electrical Cabling & Other Electrification	88.04			88.04	23.02	13.23	4.87	31.39	56.65	65.02
Furniture & Fixtures	.72			.72	.27	.07		.34	.38	.45
Vehicles	71.75			71.75	23.86	8.32		32.18	39.56	47.88
Factory Building	493.02			493.02	152.48	46.84		199.32	293.70	340.54
Utilities	29.51			29.51	2.60	.93		3.53	25.98	26.91



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				.00					.00	
<b>Sub Total (a)</b>	<b>7279.83</b>	<b>.38</b>	<b>.00</b>	<b>7280.21</b>	<b>1582.64</b>	<b>675.25</b>	<b>266.82</b>	<b>1991.07</b>	5289.15	<b>5697.20</b>

**CAPITAL WORK IN PROGRESS:**

Amount in CWIP for a period of - As at 31 March, 2022				
	Less than 1 year	1 - 2 years	2 - 3 years	Total
Projects in Progress				
Windmill	27.12	-	-	27.12
Projects Temporarily Suspended	-	-	-	.00
				27.12

**FY 2022-23**

**NON -CURRENT ASSETS**

**PROPERTY, PLANT & EQUIPMENT**

Particulars	Gross carrying amount				Depreciation				Net carrying amount	
	As at 01-04-2022	Additions	Deletions/adjustments	As at 31-03-2023	As at 01-04-2022	Additions	Deletions/adjustments	As at 31-03-2023	As at 31-03-2023	As at 31-03-2022
<b>Tangible assets</b>										
<b>PHASE I</b>										
Leasehold Land	216.88	13.50		230.38	13.13	2.20		15.33	215.05	203.75
Computer Equipments	1.50			1.50	1.50	.00		1.50	.00	.00
Air Compressor Machine	65.12			65.12	33.86	6.19		40.05	25.07	31.25
Air Jet Looms	2435.96			2435.96	549.59	100.79	.00	650.38	1785.58	1169.64
Electrical Cabling & Other Elctrification	154.04		.00	154.04	70.94	11.65	.00	82.59	71.45	99.78
H Plant	125.79			125.79	66.38	12.28		78.66	47.13	59.41
OHTC	13.57			13.57	7.06	1.29		8.35	5.23	6.52
Profile Reeds	13.58			13.58	6.86	1.29		8.15	5.43	6.72
Stores & Spares parts of Plant & Machinery	131.65			131.65	68.27	12.51		80.78	50.88	63.38
Todo Warp Typing Machine	52.60			52.60	27.35	5.00		32.35	20.25	25.25
Transformers	16.63			16.63	8.65	1.58		10.23	6.40	7.98
Office Equipment	2.79	.06		2.85	1.28	.48		1.76	1.09	1.51
Furniture & Fixtures	3.24			3.24	1.58	.31		1.89	1.35	1.66
Factory Building	486.42			486.42	242.98	43.77		286.75	199.67	243.44
<b>PHASE II</b>										
Computer Equipments	1.28			1.28	1.21	.00		1.21	.06	.06
Air Compressor Machine	208.60			208.60	85.89	19.82		105.71	102.89	122.71
Air Jet Looms	2333.76			2333.76	404.31	94.06	.00	498.37	1835.39	1373.24
H Plant	79.11			79.11	32.58	7.52		40.09	39.02	46.54

**Shanti Spintex Limited**

Stores & Spares parts of Plant & Machinery	169.72	.80		170.52	67.64	15.58		83.22	87.30	102.08
Todo Warp Typing Machine	33.53			33.53	13.80	3.18		16.99	16.54	19.72
Tudo Tying Machine	39.17			39.17	16.13	3.72		19.85	19.32	23.04
OHTC	12.23			12.23	3.32	.77		4.09	8.14	8.92
Electrical Cabling & Other Electrification	88.04		.00	88.04	31.39	8.36	.00	39.75	48.29	83.57
Furniture & Fixtures	.72			.72	.34	.07		.40	.31	.38
Vehicles	71.75			71.75	32.18	8.32		40.50	31.24	39.56
Factory Building	493.02			493.02	199.32	46.84		246.16	246.86	293.70
Utilities	29.51			29.51	3.53	.93		4.47	25.04	25.98
CCTV & accessories		16.66		16.66	.00	.34		.34	16.32	.00
Windmill		1266.79		1266.79	.00	42.69		42.69	1224.09	.00
Land (Freehold)		279.80		279.80	.00	.00		.00	279.80	.00
<b>a</b>	<b>7280.21</b>	<b>1577.61</b>	<b>.00</b>	<b>8857.82</b>	<b>1991.07</b>	<b>451.55</b>	<b>.00</b>	<b>2442.61</b>	<b>6415.21</b>	<b>4059.80</b>

**CAPITAL WORK IN PROGRESS****Amount in CWIP for a period of - As at 31 March, 2022**

	<b>Less than 1 year</b>	<b>1 - 2 years</b>	<b>2 - 3 years</b>	<b>Total</b>
Projects in Progress				
Windmill	27.12	.00	.00	27.12
Projects Temporarily Suspended	-	-	-	-
				<b>27.12</b>

**NOTE – H-1**  
**RESTATED STATEMENT OF NON-CURRENT INVESTMENTS**

(Rs. in Lakhs)

Particulars	As at		
	31-03-2023	31-03-2022	31-03-2021
A. Trade Investments			
B. Other Investments (at cost) (Un-Quoted)			
In SBI Corporate Fund Bond (Unit 74049.38)	200.00	200.00	200.00
<b>Total</b>	<b>200.00</b>	<b>200.00</b>	<b>200.00</b>
(Market Value)	<b>280.50</b>	<b>267.94</b>	<b>253.83</b>

**NOTE – H-2**  
**RESTATED STATEMENT OF LONG-TERM LOANS AND ADVANCES**

(Rs. in Lakhs)

Particulars	As at		
	31-03-2023	31-03-2022	31-03-2021
<b>Unsecured Considered Good</b>			
<b>Capital Advances</b>			
Advances against Land (Lease Hold Land)	.00	13.50	13.50
Advances against Land (Freehold)	.00	36.00	.00
<b>Loans &amp; Advances to realted parties</b>			
Rikin Fabrics Pvt. Ltd. (interest free)	.00	65.00	.00
<b>Other loans &amp; advances</b>			
Advances to Staff	.00	1.50	.08
Integrum Energy Infrastructure Pvt. Ltd. (Windmill)	.00	1031.76	.00
<b>Total</b>	<b>.00</b>	<b>1147.76</b>	<b>13.58</b>

**NOTE – I**  
**RESTATED STATEMENT OF TRADE RECEIVABLES**

(Rs. in Lakhs)

Particulars	As at		
	31-03-2023	31-03-2022	31-03-2021
<b>Trade Receivables</b>			
<b>Unsecured Considered good</b>			
Trade receivables outstanding for a period exceeding six months from the date they are due for payment			
Dues From Directors, Related parties/Common Group Company, etc	-	-	-
Others	74.46	160.75	131.30
<b>Sub Total (A)</b>	<b>74.46</b>	<b>160.75</b>	<b>131.30</b>
Outstanding for a period not exceeding 6 months (Unsecured and considered Good)			
Others	6753.12	5010.35	3665.73
Debts outstanding for less than six months from the date due for payment	.00	.00	.00
<b>Sub Total (B)</b>	<b>6753.12</b>	<b>5010.35</b>	<b>3665.73</b>
<b>Total</b>	<b>6827.58</b>	<b>5171.11</b>	<b>3797.03</b>

**1. Trade Receivables ageing schedule 31.03.2023**

Particulars	Outstanding for following periods from due date of payment/transaction					
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables - considered good	6737.69	15.43	.17	74.29	.00	6827.58
(ii) Undisputed Trade Receivables – considered doubtful	0	-	-	-	-	.00
(iii) Disputed Trade Receivables - considered good	0	0	0	0	0	.00
(iv) Disputed Trade Receivables considered doubtful	0	0	0	0	0	.00

**2. Trade Receivables ageing schedule 31.03.2022**

Particulars	Outstanding for following periods from due date of payment/transaction					
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	4980.67	29.68	155.23	5.42	.10	5171.11
(ii) Undisputed Trade Receivables – considered doubtful	0	-	-	-	-	.00
(iii) Disputed Trade Receivables considered good	0	-	-	-	-	.00
(iv) Disputed Trade Receivables considered doubtful	0	-	-	-	0	.00

**3. Trade Receivables ageing schedule 31.03.2021**

Particulars	Outstanding for following periods from due date of payment/transaction					
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	3628.43	48.02	55.89	64.69	.00	3797.03
(ii) Undisputed Trade Receivables – considered doubtful	0	-	-	-	-	.00
(iii) Disputed Trade Receivables considered good	0	-	-	-	-	.00
(iv) Disputed Trade Receivables considered doubtful	0	-	-	-	0	.00

2. The figures disclosed above are based on the restated summary statement of assets and liabilities of the Company.

3. List of persons/entities classified as 'Promoters' and 'Group Companies' has been determined by the Management and relied upon by the Auditors. The Auditors have not performed any procedure to determine whether the list is accurate and complete.

**NOTE – J**  
**RESTATED STATEMENT OF CASH & CASH EQUIVALENTS**

(Rs. in Lakhs)

Particulars	As at		
	31-03-2023	31-03-2022	31-03-2021
<b>Cash and Cash Equivalents</b>			
<b>Balances with Banks</b>			
<b>In Current Accounts</b>	476.83	313.47	594.63
<b>Cash in Hand</b>	.07	.34	.02
<b>Other Bank Balances</b>			
<b>Term Deposits with Nationalised Bank</b>			
<b>Fixed Deposits having maturity of less than 3 months</b>	.00	.00	
<b>Fixed Deposits having maturity of more than 3 months</b>	7.79	.00	
<b>Fixed Deposits having maturity of more than 12 months</b>	17.65	25.35	16.46
<b>Less: Fixed Deposits having maturity of more than 12 months</b>	17.65	25.35	16.46
<b>Total</b>	<b>484.69</b>	<b>313.81</b>	<b>594.65</b>

1. The figures disclosed above are based on the restated summary statement of assets and liabilities of the Company.

2. Fixed Deposits shown above are including of Accrued Interest thereon.

**NOTE – K**  
**RESTATED STATEMENT OF INVENTORIES**

(Rs. in Lakhs)

Particulars	As at		
	31-03-2023	31-03-2022	31-03-2021
<b>Stock of Raw Material and Stock in Trade</b>			
Raw Materials	492.40	368.64	127.74

Work in Progress	520.42	67.25	46.95
Finished Goods			
(a) Grey Fabrics	395.55	136.57	142.69
(b) Finished Fabrics	477.10	116.36	3.97
<b>Total</b>	<b>1885.47</b>	<b>688.82</b>	<b>321.34</b>

**NOTE – L**  
**RESTATED STATEMENT OF SHORT-TERM LOANS AND ADVANCES**

(Rs. in Lakhs)

Particulars	As at		
	31-03-2023	31-03-2022	31-03-2021
<b>Unsecured, Considered Good unless otherwise stated</b>			
Inverted IGST Claim Refund	6.03	5.95	65.73
State GST Refund Receivable (Phase 1)	755.86	177.66	197.58
State Power Subsidy Receivable	.00	.00	77.55
State Interest Subsidy Receivable	.00	26.04	163.98
Tuff Capital Subsidy Receivable A/c (Phase 1)	56.96	56.96	56.96
Tuff Capital Subsidy Receivable A/c (Phase 2)	229.05	229.05	229.05
GST receivable	109.54	101.78	358.24
TDS / TCS Receivable	44.29	40.54	18.31
Advance for purchase of commercial property	251.35	.00	.00
Receivable for rate difference & quality claims	144.00	32.03	18.24
Others	31.52	1.06	2.01
Prepaid Expenses	5.99	6.37	7.81
<b>Total</b>	<b>1634.59</b>	<b>677.44</b>	<b>1195.46</b>

1. The figures disclosed above are based on the restated summary statement of assets and liabilities of the Company.

**NOTE – M**  
**RESTATED STATEMENT OF OTHER CURRENT ASSETS**

(Rs. in Lakhs)

Particulars	As at		
	31-03-2023	31-03-2022	31-03-2021
Security Deposits			
Gujarat Pollution Control Board	.50	.50	.50
UGVCL (Refer note no.15.1)	90.07	90.07	90.07
Vat Deposit	.20	.20	.20
Deposits with Bank	17.65	25.35	16.46
Income Receivable for WindMill Power Generation	32.38	.00	.00
Accrued Interest Receivable	.00	.00	.33
<b>Total</b>	<b>140.80</b>	<b>116.12</b>	<b>107.56</b>

Note No. 15.1 The company has made security deposit amounting to ₹ 38,79,800/- during Financial Year 2016-17 & of ₹ 51,27,365/- during Financial Year 2017-18 totalling to ₹ 90,07,165/- which had been capitalised under the head Electrical Cabling & Other Electrification in respective years and depreciation at applicable rate were provided till 31-03-22. During the year the same has been rectified by reversing depreciation amounting to ₹ 46,46,984/- to the balance of statement of Profit & Loss A/c. and debiting to UGVCL Deposits as on 01-04-2022. The UGCVL Deposit now stands as on 01-04-22 ₹ 90,07,165/-.

**NOTE – N**  
**RESTATED STATEMENT OF REVENUE FROM OPERATIONS**

(Rs. in Lakhs)

Particulars	For the Year ended		
	31-03-2023	31-03-2022	31-03-2021
Sale of products	37033.22	25490.94	11280.07
<b>Total Sales</b>	<b>37033.22</b>	<b>25490.94</b>	<b>11280.07</b>

**NOTE – O**  
**RESTATED STATEMENT OF OTHER INCOME**

(Rs. in Lakhs)

Particulars	For the Year ended		
	31-03-2023	31-03-2022	31-03-2021
Interest Income	3.83	5.05	5.29

Interest on Fixed Deposit	1.42	.03	.00
Interest Income on I.T. Refund	.59	.00	.62
Scrap & Wastage Sales	7.52	1.09	2.20
Comission	.00	1.27	.00
Rebate	.44	.03	.14
Vatav Kasar	.17	.05	.53
Discount Received	9.53	1.51	4.88
Bad Debts Recovered	.00	9.72	.00
Creditors w/off	2.16	10.31	.00
Unclaimed Salary of earlier years written back	8.44	5.37	.00
Rounding Off	.00	.00	.00
Acturial Gain of Gratuity Valuation	3.95	1.13	
<b>Sub Total</b>	<b>38.05</b>	<b>35.57</b>	<b>13.66</b>
<b>Total</b>	<b>38.05</b>	<b>35.57</b>	<b>13.66</b>

**NOTE – P**  
**RESTATED STATEMENT OF Raw Material Consumption**

(Rs. in Lakhs)

Particulars	For the Year ended		
	31-03-2023	31-03-2022	31-03-2021
<b>MATERIALS CONSUMED:</b>			
Opening Stock	368.64	127.74	119.02
<b>Add:</b>			
Purchase (raw material)	33412.84	22567.33	8202.03
<b>Total Purchases</b>	<b>33412.84</b>	<b>22567.33</b>	<b>8202.03</b>
<b>Less: Closing stock</b>	<b>492.40</b>	<b>368.64</b>	<b>127.74</b>
<b>Total</b>	<b>33289.08</b>	<b>22326.42</b>	<b>8193.32</b>

**NOTE – Q**  
**RESTATED STATEMENT OF CHANGE IN INVENTORIES**

(Rs. in Lakhs)

Particulars	For the year ended		
	31-03-2023	31-03-2022	31-03-2021
Opening Balance of Stock			
(i) Finished Goods	252.93	146.65	341.66
(ii) Work-in-progress	67.25	46.95	16.57
(iii) Stock-in-trade	.00	.00	.00
<b>Total</b>	<b>320.18</b>	<b>193.61</b>	<b>358.22</b>
Less: Closing Balance of Stock			
(i) Finished Goods	872.65	252.93	146.65
(ii) Work-in-progress	520.42	67.25	46.95
(iii) Stock-in-trade	.00	.00	.00
<b>Total</b>	<b>1393.07</b>	<b>320.18</b>	<b>193.61</b>
<b>Increase/(Decrease) in Stock</b>	<b>-1072.89</b>	<b>-126.57</b>	<b>164.62</b>

**NOTE – R**  
**RESTATED STATEMENT OF EMPLOYEE BENEFITS EXPENSE**

(Rs. in Lakhs)

Particulars	For the year ended		
	31-03-2023	31-03-2022	31-03-2021
Managerial Remuneration	6.00	.00	.00
Salary & Wages	247.11	218.66	200.43
Contribution to Employee Deposit Linked Insurance Scheme	.06	.03	.00
Staff Welfare Expenses	1.65	.14	.32
<b>Total</b>	<b>254.82</b>	<b>218.83</b>	<b>200.75</b>

**NOTE – S**  
**RESTATED STATEMENT OF FINANCE COST**

(Rs. in Lakhs)

Particulars	For the year ended
-------------	--------------------

	31-03-2023	31-03-2022	31-03-2021
Interest on Wind Mill Loan	77.66	.00	.00
Interest on Car Loan	1.46	1.99	2.75
Interest on Term Loan	187.73	164.47	220.46
Interest on GECL Loan	69.37	68.35	28.17
Other Borrowing Costs (Bank charges)	1.06	3.23	.98
Interest on Late payment of GST	.00	2.49	.03
Interest on Late payment of TDS	.09	.08	.32
Interest to Depositors	.00	.00	13.43
Interest Expenses Others	.00	.00	.44
<b>Total</b>	<b>337.38</b>	<b>240.61</b>	<b>266.57</b>

**NOTE – T**  
**RESTATED STATEMENT OF DEPRECIATION & AMORTISATION**

(Rs. in Lakhs)

Particulars	For the year ended		
	31-03-2023	31-03-2022	31-03-2021
Depreciation and Amortisation Expenses	451.55	408.43	408.66
<b>Total</b>	<b>451.55</b>	<b>408.43</b>	<b>408.66</b>

**NOTE – U**  
**RESTATED STATEMENT OF OTHER EXPENSES**

(Rs. in Lakhs)

Particulars	For the year ended		
	31-03-2023	31-03-2022	31-03-2021
<b>Audit Fee</b>	1.00	1.18	1.18
Audit Fees -GST	.25	.25	.50
<b>Bank -Guarantee Commission</b>	1.17	1.31	1.42
<b>Canteen Expenses</b>	7.74	5.49	5.75
<b>Discount</b>			16.40
<b>Car Hire</b>	4.30	5.02	2.76
Car petrol Expenses	4.64	5.62	3.50
Claim			29.13
Conveyance Expenses	.69	.38	.29
Commission & Brokerage	1.06	5.55	14.79
Computer Repairing	.22	.65	.87
Consultancy & Professional Fess	5.61	1.88	1.33
Donation	.15	.00	.00
Excess income on Bank FD booked earlier W/off	.82	.00	.00
Housekeeping Expenses	13.01	12.22	13.04
Factory Licence Fees	.28	.28	.39
GST Expenses	1.54	.00	1.63
TCS Expenses (write off)	.02	.00	.04
Insurance Charges- Volvo Car	.94	.79	.77
Internet Broadband Expenses	.06	.00	.00
Internet Leased Line Expenses	.50	.50	.00
Late Fees GST	.00	.00	.03
<b>Lease Rent Expense</b>	.19	.04	1.08
Legal and Professional Fees	7.87	11.81	10.95
Medical Expenses	.00	.31	2.75
Mending Charges	.18	.00	.00
Mobile Expenses	.50	.53	.57
Office Expenses	.91	.17	.52
Other Expenses	.10	5.16	2.69
Outward Freight Expenses	6.24	.00	.00
Park Maintenance Expenses	5.46	5.50	3.90
Penalty	.74	.00	.00
Postage & Courier	.01	.00	1.56
Prior Period Expenses	2.99	.00	2.81
Printing & Stationery	2.23	1.88	1.50

Reed Repairing	.64	.71	.59
Repairs and Maintenance	.58	5.29	1.70
ROC Expenses	.36	.00	.00
Round Off	.00	.00	.00
Sales Promotion Expense	.25	.00	.00
Sampling	.00	.00	.00
Security Charges	4.43	6.51	4.10
Service Charges	.30	.00	.00
Shortage	.08	.00	.36
Sundry Debtors/ Creditors w/off	6.08	58.98	27.98
Tally Cloud User Fees	.09	.00	.00
Tally License Renewal Fees	.10	.00	.00
Travelling Expenses	1.80	3.68	2.31
Vehicle Repairing	8.71	2.68	2.99
Water Expenses	.35	.59	.62
			.12
<b>MANUFACTURING EXPENSES :</b>			
Drawing & Knotting Charges	29.48	20.18	20.57
Inspection Charges	12.15	10.25	10.03
Electricity Charges	705.80	498.06	391.41
Windmill Operating Expenses	29.24	.00	.00
Stiching Expenses	.00	.49	1.92
<b>OTHER DIRECT EXPENSES :</b>			
Loading & Unloading Expenses	18.40	15.35	7.88
Catch Code Yarn	5.46	.83	4.34
<b>Insurance Expenses</b>	14.93	13.16	8.92
<b>Rent, Rates &amp; Taxes</b>	.43	.00	.07
<b>Freight Expenses</b>	76.70	35.56	36.28
<b>Plant Expenses</b>	.68	.00	.00
<b>Plant Sundry Material</b>	.66	.63	.00
<b>Stores &amp; Spares</b>	69.58	32.12	42.61
<b>Rate Difference &amp; Quality Claim</b>	49.22	206.96	15.65
<b>Packing Expenses</b>	80.20	.00	.52
<b>Clearing &amp; Forwarding</b>	.65	.00	.00
Damages	8.21	.00	.04
Leno Yarn	.00	.00	.00
<b>Job Work Purchase ( raw material)</b>	1200.49	903.45	887.75
<b>Total</b>	<b>2397.45</b>	<b>1882.00</b>	<b>1590.94</b>

**NOTE – V**  
**RESTATED SUMMARY STATEMENT OF CONTINGENT LIABILITIES**

(Amount in Lakhs Rs.)

Particulars	For the year ended		
	31-03-2023	31-03-2022	31-03-2021
Contingent liabilities in respect of:			
Claims against the company not acknowledged as debts (Income tax Appeal (disputed demand) for A.Y. 2016-17 and TDS Defaults)	-	-	-
<u>Guarantees given on Behalf of the Company</u>			
(i) Export Obligation under "0" duty EPCG in favour of DGFT amounting to ₹ 19.30 cr	48.40	48.40	48.40
(ii) GEDCO against the transmission cahrges	31.20	31.20	
Other moneys for which the company is contingently liable	-	-	-
Commitments (to the extent not provided for)	-	-	-
Estimated amount of contracts remaining to be executed on capital account and not provided for	-	-	-
Uncalled liability on shares and other investments partly paid	-	-	-
Other commitments (Windmill Operations)	-	1,239.67	-
<b>Total</b>	<b>79.60</b>	<b>1,319.27</b>	<b>48.40</b>



**NOTE – W**  
**RESTATED STATEMENT OF RELATED PARTY TRANSACTIONS**

**A. List of Related Parties:**

Names of the related parties with whom transactions were carried out during the years and description of relationship

Sr. No.	Name of the Person / Entity	Nature of Relationship
1	Bharatbhushan Omprakash Agarwal	Key Management Personnel
2	Rikin Bharatbhushan Omprakash Agarwal	Key Management Personnel
3	Urmiladevi Agarwal	Relatives of KMP
4	Sparsh Fabrics Private Limited	Enterprise under Influence of Key Managerial Personnel
5	Rikin Fabrics Private Limited	Enterprise under Influence of Key Managerial Personnel
6	Deepika Rikin Agarwal	Relatives of KMP

**B. Related Party Transactions**

Sr. No.	Name of Party	Nature of Relationship	Nature of Transaction	As on 31st March, 2023 (In ₹)	As on 31st March, 2022 (In ₹)	As on 31st March, 2021 (In ₹)
1	Bharatbhushan Omprakash Agarwal	Director	Share Application Money Received	-	-	-
			Director Remuneration	-	-	-
			Loan Accepted	-	405.00	-
			Loan Repaid	17.66	-	-
			Interest Paid	-	-	-
2	Rikin Bharatbhushan Agarwal	Director	Share Application Money Received	-	-	-
			Director Remuneration	6.00	-	-
			Loan Accepted	-	-	-
			Loan Repaid	-	-	-
			Interest Paid	-	-	-
3	Urmiladevi Agarwal	Relatives of KMP	Share Application Money Received	-	-	-
			Director Remuneration	-	-	-
			Loan Accepted	-	-	-
			Loan Repaid	-	-	134.33
			Interest Paid	-	-	13.43
4	Sparsh Fabrics Private Limited	Enterprise under Influence of Key Managerial Personnel	Investment in Shares	-	-	-
			Sale of Goods	1303.58	137.34	57.12
			Sale of Capital Goods	-	-	-
			Purchase of Goods	247.16	139.57	121.13
			Loan Granted	-	-	-
			Loan Recovered	-	-	-
			Interest Income	-	-	-
5	Rikin Fabrics Private Limited	Enterprise under Influence of Key Managerial Personnel	Purchase of Goods	67.07	-	-
			Sale of Goods	-	-	-
			Sale of Capital Goods	-	-	-
			Loan Granted	-	65.00	-
			Loan Recovered	-	-	-
			Loan Accepted	-	-	-
			Loan Repaid	-	-	-
			Interest Paid	-	-	-
6	Deepika Rikin Agarwal	Relatives of KMP	Purchase of Goods	0.00	-	-
			Sale of Goods	-	-	-
			Sale of Capital Goods	-	-	-
			Loan Granted	-	50.00	-
			Loan Recovered	-	-	-
			Loan Accepted	-	-	-

		Loan Repaid	-	50.00	-
		Interest Paid	-	-	-

**Balance of Related Parties:-**

Sr. No.	Name of Party	Nature of Relationship	As on 31st March, 2023 (In ₹)	As on 31st March, 2022 (In ₹)	As on 31st March, 2021 (In ₹)
1	Bharat Bhushan Omprakash Agarwal	Director	387.34 (Cr. Balance)	405.00 (Cr. Balance)	-
2	Rikin Bharatbhushan Agarwal	Director	0.84 (Cr. Balance)	-	-
3	Urmiladevi Agarwal	Relative of KMP	-	-	-
4	Sparsh Fabrics Private Limited	Enterprise under Influence of Key Managerial Personnel	-	-	-
5	Rikin Fabrics Private Limited	Enterprise under Influence of Key Managerial Personnel	2.07 (Cr. balance)	65.00 (Dr. balance)	-
6	Deepika Rikin Agarwal	Relative of KMP	-	0.00	-

**NOTE – X  
RESTATED STATEMENT OF TAX SHELTER**

(Rs. In Lakhs)

Particulars	As at March 31,		
	2023	2022	2021
Restated profit before tax as per books (A)	1,413.88	576.80	468.89
Tax Rates			
Income Tax Rate (%)	25.16%	25.16%	25.16%
Adjustments :			
Income Considered Separately			
Disallowed	15.05	2.62	4.18
Timing Difference ©			
Book Depreciation	451.55	408.43	408.66
Income Tax Depreciation allowed	950.71	533.21	623.14
Total Timing Difference	(499.17)	(124.78)	(214.49)
Net Adjustment D= (B+C)	(484.12)	(122.16)	(210.30)
Tax Expenses		-	-
Income from Capital Gains (E)		-	-
Income from Other Sources	-	-	-
Bank Interest	-	-	-
Interest Received on I.Tax Refund	-	-	-
Deduction under chapter VI (H)	-		
Losses as per Income Tax Return (B/f)		(307.25)	(565.84)
Losses as per Income Tax return (Set off)		(307.25)	258.59
Losses as per Income Tax Return (C/f)		-	(307.25)
Taxable Income/(Loss) (A+D+E+G+H)	929.76	147.39	-
Income Tax on Above	233.93	37.08	-
Tax paid as per normal or MAT	Normal	Normal	Normal
Income tax expenses (including interest etc.)	260.84	37.08	-

**NOTE – Y**  
**CAPITALISATION STATEMENT**

(Amt. Rs. in Laacs)

Particulars	Pre Offer	Post Offer
<b>Borrowings</b>		
Short term debt (A)	1114.37	1114.37
Long Term Debt (B)	3063.29	3063.29
<b>Total debts (C)</b>	<b>4177.66</b>	<b>4177.66</b>
<b>Shareholders' funds</b>		
Equity share capital	710.00	*
Reserve and surplus - as restated	4,893.03	*
<b>Total shareholders' funds</b>	<b>5,603.93</b>	<b>*</b>
<b>Long term debt / shareholders funds (in Rs.)</b>	<b>0.55</b>	<b>*</b>
<b>Total debt / shareholders funds (in Rs.)</b>	<b>0.75</b>	<b>*</b>

(\*) The corresponding post Offer figures are not determinable at this stage pending the determination of Offer price and hence have not been furnished.

Notes:

The figures disclosed above are based on restated statement of Assets and Liabilities of the Company as at 31.03.2023.

**NOTE – Z**  
**RESTATED STATEMENT OF MANDATORY ACCOUNTING RATIOS**  
**(Rs. in Lakhs Except Per Share Data)**

Particulars	For the year ended		
	31-03-2023	31-03-2022	31-03-2021
Net Worth (A)	5,603.93	4,622.73	4,136.14
Adjusted Profit after Tax (B)	1,012.81	486.59	337.53
Number of Equity Share outstanding as on the End of Year (c)	71,00,000	71,00,000	71,00,000
Weighted average no of Equity shares at the time of end of the year (D)	1,42,00,000	1,42,00,000	1,42,00,000
Face Value per Share	10.00	10.00	10.00
Restated Basic and Diluted Earning Per Share (Rs.) (B/D)	7.13	3.43	2.38
Return on Net worth (%) (B/A)	18.07%	10.53%	8.16%
Net asset value per share (A/C) (Face Value of Rs. 10 Each) (Based on Actual Number of Shares)	78.93	65.11	58.26
Net asset value per share (A/C) (Face Value of Rs. 10 Each) (Based on Weighted Average Number of Shares)	39.46	32.55	29.13
EBITDA	2,164.76	1,190.27	1,130.45

Note:

"1) The ratios have been computed as below:

(a) Basic earnings per share (Rs.) -: Net profit after tax as restated for calculating basic EPS / Weighted average number of equity shares outstanding at the end of the period or year

(b) Diluted earnings per share (Rs.) -: Net profit after tax as restated for calculating diluted EPS / Weighted average number of equity shares outstanding at the end of the period or year for diluted EPS

(c) Return on net worth (%) -: Net profit after tax (as restated) / Net worth at the end of the period or year

(d) Net assets value per share -: Net Worth at the end of the period or year / Total number of equity shares outstanding at the end of the period or year

2) Weighted average number of equity shares is the number of equity shares outstanding at the beginning of the period/year adjusted by the number of equity shares issued during period/year multiplied by the time weighting factor. The time weighting factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the period/year.

3) Net worth for ratios mentioned in note 1(c) and 1(d) is = Equity share capital + Reserves and surplus (including, Securities Premium, General Reserve, Capital Reserve and surplus in statement of profit and loss).

4) The figures disclosed above are based on the restated summary statements of the Company.

5) EBITDA has been calculated as Profit before tax + Depreciation + Finance Cost - Other Income

6) While computing Weighted Average number of shares, the impact of bonus issue of shares allotted on August 02, 2023 in the ratio of 1:1 has been given, in all the years."

<b>Analytical Ratios for Financial Year 2022-23 and 2021-22</b>					
<b>Particulars</b>	<b>Numerator/Denominator</b>	<b>3/31/2023</b>	<b>3/31/2022</b>	<b>Change in %</b>	<b>Reasons for more than 25% Variance</b>
(a) Current Ratio	<u>Current Assets</u>	1.34	1.56	-13.97%	-
	Current Liabilities				
(b) Debt-Equity Ratio	<u>Total Debts</u>	0.75	1.05	-29.22%	Increase in accumulated reserves and surplus
	Net worth				
(c) Debt Service Coverage Ratio	<u>EBIT</u>	0.42	0.17	149.68%	Increase in EBIT
	Total borrowings				
(d) Return on Equity Ratio	<u>Profit after Tax</u>	0.20	0.11	78.27%	Increase in PAT
	Average Shareholder's Equity				
(e) Inventory turnover ratio	<u>Total Turnover</u>	28.77	50.47	-42.99%	Increase in inventories
	Average Inventories				
(f) Trade receivables turnover ratio	<u>Total Turnover</u>	6.17	5.68	8.59%	-
	Average Account Receivable				
(g) Trade payables turnover ratio	<u>Total Purchases</u>	6.66	7.19	-7.38%	-
	Average Account Payable				
(h) Net capital turnover ratio	<u>Total Turnover</u>	13.24	10.19	29.91%	Increase in turnover
	Net Working Capital				
(i) Net profit ratio	<u>Net Profit</u>	0.03	0.02	43.27%	Increase in PAT
	Total Turnover				
(j) Return on Capital employed	<u>Net Profit</u>	0.10	0.06	66.67%	Increase in PAT
	Capital Employed				
(k) Return on investment	<u>Return on Investment</u>	0.22	0.20	8.93%	-
	Total Investment				

<b>Analytical Ratios for Financial Year 2021-22 and 2020-21</b>					
<b>Particulars</b>	<b>Numerator/Denominator</b>	<b>3/31/2022</b>	<b>3/31/2021</b>	<b>Change in %</b>	<b>Reasons for more than 25% Variance</b>
(a) Current Ratio	<u>Current Assets</u>	1.56	1.58	-1.16%	-
	Current Liabilities				
(b) Debt-Equity Ratio	<u>Total Debts</u>	1.05	1.03	1.81%	-
	Equity				
(c) Debt Service Coverage Ratio	<u>Earning available for Debt Service</u>	0.62	0.55	12.20%	-
	Interest + Installments				
(d) Return on Equity Ratio	<u>Profit after Tax</u>	0.11	0.08	36.15%	Increase in PAT
	Average Shareholder's Equity				
(e) Inventory turnover ratio	<u>Total Trunover</u>	50.47	70.21	-28.11%	Increase in inventories
	Average Inventories				
(f) Trade receivables turnover ratio	<u>Total Turnover</u>	5.68	5.94	-4.32%	-
	Average Account Receivable				
(g) Trade payables turnover ratio	<u>Total Purchases</u>	7.19	5.74	25.17%	Incorease in total purchase
	Average Account Payable				
(h) Net capital turnover ratio	<u>Total Turnover</u>	10.19	5.12	99.16%	Increase in turnover
	Net Working Capital				
(i) Net profit ratio	<u>Net Profit</u>	0.02	0.03	-36.21%	Decline in PAT margin
	Total Turnover				
(j) Return on Capital employed	<u>Net Profit</u>	0.06	0.06	-2.58%	Decline in PAT margin
	Capital Employed				
(k) Return on investment	<u>Return on Investment</u>	0.20	0.32	-38.07%	Decrease in income on investments
	Total Investment				

**OTHER FINANCIAL INFORMATION**

The Audited Financial Statements of our Company as at and for the year ended March 31, 2023, March 31, 2022 and March 31, 2021 and their respective Audit reports thereon (Audited Financial Statements) are available at [www.shantisintex.com](http://www.shantisintex.com).

Our Company is providing a link to this website solely to comply with the requirements specified in the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirement) Regulations, 2018. The Audited Financial Statements do not constitute, (i) a part of this Draft Red Herring Prospectus; or (ii) Red Herring Prospectus; or (iii) prospectus, a statement in lieu of a prospectus, an advertisement, an offer or a solicitation of any offer or an offer document to purchase or sell any securities under the Companies Act, 2013, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirement) Regulations, 2018, or any other applicable law in India or elsewhere in the world. The Audited Financial Statements should not be considered as part of information that any investor should consider subscribing for or purchase any securities of our Company and should not be relied upon or used as a basis for any investment decision. Neither our Company, nor BRLM, nor any of their respective Employees, Directors, Affiliates, Agents or representatives accept any liability whatsoever for any loss, direct or indirect, arising from any information presented or contained in the Audited Financial Statements, or the opinions expressed therein.

The accounting ratios required under Clause 11 of Part A of Schedule VI of the SEBI (ICDR) Regulations are given below: -

*(All amounts in Indian Rupees in Lakhs, unless otherwise stated)*

Particulars	As at		
	31-03-2023	31-03-2022	31-03-2021
Net Worth (A)	5,603.93	4,622.73	4,136.14
Adjusted Profit after Tax (B)	1,012.81	486.59	337.53
Number of Equity Share outstanding as on the End of Year (c)	71,00,000	71,00,000	71,00,000
Weighted average no of Equity shares at the time of end of the year (D)	1,42,00,000	1,42,00,000	1,42,00,000
Face Value per Share	10.00	10.00	10.00
Restated Basic and Diluted Earning Per Share (Rs.) (B/D)	7.13	3.43	2.38
Return on Net worth (%) (B/A)	18.07%	10.53%	8.16%
Net asset value per share (A/C) (Face Value of Rs. 10 Each) (Based on Actual Number of Shares)	78.93	65.11	58.26
Net asset value per share (A/C) (Face Value of Rs. 10 Each) (Based on Weighted Average Number of Shares)	39.46	32.55	29.13
EBITDA	2,164.76	1,190.27	1,130.45

## STATEMENT OF FINANCIAL INDEBTEDNESS

To,  
**The Board of Directors**  
**SHANTI SPINTEX LIMITED**  
 Sub plot no 1 unit 1, survey no 297,  
 Dholi Integrated Spinning Park, Dholka,  
 Ahmedabad, Gujarat- 382240

**Dear Sir,**

Based on the independent examination of Books of Accounts, Audited Financial Statements and other documents of **Shanti Spintex Limited (CIN: U17120GJ2010PLC062084)** having registered office at above mentioned address and further explanations and information provided by the management of the Company, which we believe to be true and correct to the best of our information and belief, the sanction amount of financial indebtedness, principal terms of security for loan and other related details as on **30<sup>th</sup> June, 2023** are mentioned below.

**A. SECURED LOANS**

Name of Lender	Purpose	Loan type	Sanctioned Amount (In Lacs)	Rate of interest	Primary & Collateral Security	Re-Payment Schedule	Outstanding amount as on 30.06.2023 as per Books (In Lakhs)
State bank of India	Business	TERM LOAN I	2,325.00	11.65%	Refer "Note 1"	Repayable in Total 28 Quarterly installments commencing from March, 2018 and ending on February, 2025.	480.45
State bank of India	Business	TERM LOAN II	2,600.00	11.65%	Refer "Note 1"	Repayable in Total 83 Monthly installments commencing from February, 2019 and ending on June, 2026.	1,239.88
State bank of India	Business	GECL	718.00	9.25%	Refer "Note 1"	Repayable in Total 36 Monthly installments commencing from August, 2021 and ending on July, 2024 after a moratorium period of 12 months from the date of disbursement.	281.26
State bank of India	Business	GECL EXTENSION	350.00	9.25%	Refer "Note 1"	Repayable in Total 36 Monthly installments commencing from November, 2023 and	352.66

**Shanti Spintex Limited**

						ending on October, 2026 after a moratorium period of 24 months from the date of disbursement.	
State bank of India	WINDMILL OPERATIONS	TERM LOAN III	1,030.00	11.65%	Refer "Note 1"	Repayable in Total 90 Monthly installments commencing from April 2023 and ending on September 2030	931.97
State bank of India	BUSINESS	CAR LOAN	50.00	8.60%	Refer "Note 1D"	Repayable in Total 84 EMI starting after one month of disbursement	12.41
<b>TOTAL</b>							<b>3,298.63</b>

**Note  
No. 1**

**(A)(i) Primary Security with State Bank of India for all loans**

Hypothecation of Stock & Receivables and other current assets of the Company

Hypothecation of Plant & Machinery located at Weaving Unit 1, Survey No. 297, Dholi Integrated Spinning Park Ltd., Dholka, Ahmedabad-382240, Gujarat

Hypothecation of Wind Mill and related Plant & Machinery Purchased out of the Bank Finance located at 217/1, Taluka, Savar Kundla, Amreli

**(B) Collateral Security with Bank for Term Loan 1, Term Loan 2 and GECL and Term Loan 3(Wind Mill)**

- (i) Equitable Mortgage over immovable property at Plot No. 544 owned by M/s. Krishna Traders & 545 owned by M/s. Star Traders admeasuring 644sq. Yards each located at Survey No. 138, Vraj Garden, Nr. 200 Feet Ring Road and Shanti Asiatic School Road, Sanand, Ahmedabad -380058
- (ii) Equitable Mortgage over Factory Land and Building (admeasuring 8660.36 sqft. Meteres) at Weaving Unit 1, Survey No. 297, Dholi Integrated Spinning Park, Dholka, Ahmedabad -382240
- (iii) Equitable Mortgage over Immovable property (admeasuring 598 sq. mtrs.) at Flat No./ Plot No.: Unit no. 330, Survey No. / House No. Block No. 161, Vraj Garden, Akshat C.J. Society Ltd., behind Applewoods Scheme, Near Sahara City, Ahmedabad -380058  
Owned by Vedprakash Chiripal
- (iv) Pledge of units 741048 of SBI corporate bond fund amounting to Rs. 200,00,000/-

**(C) Guarantee**

Personal Guarantee

- (i) Shri Bharatbhushan Agarwal
- (ii) Shri Rikin Agarwal
- (iii) Shri Vedprakash Chiripal

Others Guarantee

- (i) M/s. Krishna Traders (Proprietary Firm of Savitridevi V. Chiripal)
- (ii) M/s. Star Traders (Proprietary Firm of Urmiladevi J. Chiripal)

**(D) Primary Security with Bank for Car Loan**

Hypothecation of vehicle purchased out of Bank Finance. It is a multi Utility Vehicle.

24.89% margin with personal gurantee of Directors Bharat Bhushan Agarwal & Rikin Bharat Bhushan Agarwal

Name of Lender	Purpose	Rate of Interest	Re-Payment Schedule	6/30/2023
NTPL EXPORTS PVT. LTD.	<b>Business Loan</b>	NIL	-	215.00
FROM DIRECTORS:-				
BHARATBHUSHAN OMPRAKASH AGARWAL	<b>Business Loan</b>	NIL	-	232.33
<b>TOTAL</b>				447.33

**FOR, ANIL S. SHAH & CO.  
CHARTERED ACCOUNTANTS  
FRN: 10047W**

SD/-

**CA ANIL S SHAH  
(PARTNER)  
M NO. 016613  
UDIN: 23016613BGZEYK8436  
PLACE: AHMEDABAD  
DATE: 09/09/2023**



## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

You should read the following discussion in conjunction with our restated financial statements attached in the chapter titled "Financial Information of the Company" beginning on page 128. You should also read the section titled "Risk Factors" on page 23 and the section titled "Forward Looking Statements" on page 17 of this Draft Red Herring Prospectus, which discusses a number of factors and contingencies that could affect our financial condition and results of operations. The following discussion relates to us, and, unless otherwise stated or the context requires otherwise, is based on our Restated financial Statements.

Our financial statements have been prepared in accordance with Indian GAAP, the Companies Act and the SEBI (ICDR) Regulations and restated as described in the report of our auditor March 23, 2023 which is included in this Draft Red Herring Prospectus under "Financial Statements". The Restated Financial Information has been prepared on a basis that differs in certain material respects from generally accepted accounting principles in other jurisdictions, including US GAAP and IFRS. Our financial year ends on March 31 of each year, and all references to a particular financial year are to the twelve-month period ended March 31 of that year.

### OVERVIEW

Incorporated in 2010, our Company is primarily engaged in manufacturing and selling of denim fabrics. We began our business as a fabrics trading concern in the F.Y. 2014-15. In 2016, our Company established its fabric weaving unit at Dholi - Integrated Spinning Park, Dholka, Ahmedabad on plot area measuring to 8660 sq. mtrs. As on date of this Draft Red Herring Prospectus, our Company has 96 airjet looms installed at Dholi unit which has an annual installed capacity of weaving 1,92,72,000 mtrs. of denim fabrics. Weaving is the process of converting yarn into fabrics wherein two distinct sets of yarns or threads are interlaced at right angles to form a fabric. The airjet looms installed by us utilize a technique where a jet of compressed air is used to insert the weft (crosswise) yarn into the warp (lengthwise) yarn to create the raw fabrics also known grey fabrics.

We manufacture various type of denim fabrics such as power stretch spandex denim, knit denim, light weight denim, rigid denim, over dyed denim and flat finish 3/1 denim. Our production facility has capability to produce grey fabrics in various designs such as twill weave, knit dobby weave, structure dobby weave, broken twill weave and satin weave. We offer denim fabrics in diverse spectrum of shades such as indigo blue, IBST, sulphur black, sulphur grey, halogen blue and ecru colour which has weights ranging from 4.50 Oz./sq. yd to 14.50 Oz./sq. yd. and widths spanning from 62" (157cm) to 78" (198 cm).

Our operations encompass utilization of diverse type of yarns such as cotton yarn, ring yarn, viscose yarn, slub yarn, cotton spandex, polyester spandex, tencel, lyocell etc. which are procured by us from domestic market. In addition to yarn, we also directly procure grey fabrics from the market, which are subsequently sent for finishing, and is then sold to customers. We outsource the yarn dyeing and grey fabrics finishing process to third parties.

We have a strong track record of revenue growth and profitability. The following table sets forth certain key performance indicators for the years indicated:

### Key Performance Indicators of our Company

(₹ In Lakhs except percentages and ratios)

Key Financial Performance	FY 2022-23	FY 2021-22	FY 2020-21
Revenue from operations <sup>(1)</sup>	37033.22	25490.94	11280.07
EBITDA <sup>(2)</sup>	2,164.76	1,190.27	1,130.45
EBITDA Margin <sup>(3)</sup>	5.84%	4.67%	10.02%
PAT <sup>(4)</sup>	1012.81	486.59	337.53
PAT Margin <sup>(5)</sup>	2.73%	1.91%	2.99%
RoE(%) <sup>(6)</sup>	19.81%	11.11%	8.16%
RoCE (%) <sup>(7)</sup>	10.12%	6.03%	6.19%

#### Notes:

<sup>(1)</sup>Revenue from operation means revenue from sales, service and other operating revenues

<sup>(2)</sup>EBITDA is calculated as Profit before tax + Depreciation + Finance Cost - Other Income

<sup>(3)</sup>'EBITDA Margin' is calculated as EBITDA divided by Revenue from Operations

<sup>(4)</sup> PAT is calculated as Profit before tax – Tax Expenses

<sup>(5)</sup>'PAT Margin' is calculated as PAT for the period/year divided by revenue from operations.

<sup>(6)</sup> Return on Equity is ratio of Profit after Tax and Average Shareholder Equity

<sup>(7)</sup> Return on Capital Employed is calculated as EBIT divided by capital employed, which is defined as Share holders Fund + Long term borrowing + Short term borrowing+ Deferred Tax Liability.

### Explanation for KPI metrics

KPI	Explanations
Revenue from Operations	Revenue from Operations is used by our management to track the revenue profile of the business and in turn helps to assess the overall financial performance of our Company and volume of our business
EBITDA	EBITDA provides information regarding the operational efficiency of the business
EBITDA Margin (%)	EBITDA Margin (%) is an indicator of the operational profitability and financial performance of our business
PAT	Profit after tax provides information regarding the overall profitability of the business.
PAT Margin (%)	PAT Margin (%) is an indicator of the overall profitability and financial performance of our business.
RoE(%)	RoE provides how efficiently our Company generates profits from shareholders' funds.
RoCE (%)	RoCE provides how efficiently our Company generates earnings from the capital employed in the business.

### **STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

For details in respect of Statement of Significant Accounting Policies, please refer to “*Annexure IV of Restated Financial Statements*” beginning on page 128 of this Draft Red Herring Prospectus.

### **Factors Affecting our Results of Operations**

Our business is subjected to various risks and uncertainties, including those discussed in the section titled “*Risk Factors*” beginning on page 23 of this Draft Red Herring Prospectus. Our results of operations and financial conditions are affected by numerous factors including the following:

1. General economic and business conditions in the markets in which we operate and in the local, regional, national and international economies;
2. Changes in consumer demand;
3. Failure to successfully upgrade our product portfolio, from time to time;
4. Any change in government policies resulting in increases in taxes payable by us;
5. Our ability to retain our key managements persons and other employees;
6. Changes in laws and regulations that apply to the industries in which we operate.
7. Our failure to keep pace with rapid changes in technology;
8. Our ability to grow our business;
9. Our ability to make interest and principal payments on our existing debt obligations and satisfy the other covenants contained in our existing debt agreements;
10. general economic, political and other risks that are out of our control;
11. Inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices;
12. Company’s ability to successfully implement its growth strategy and expansion plans;
13. failure to comply with regulations prescribed by authorities of the jurisdictions in which we operate;
14. inability to successfully obtain registrations in a timely manner or at all;
15. occurrence of Environmental Problems & Uninsured Losses;
16. conflicts of interest with affiliated companies, the promoter group and other related parties;
17. any adverse outcome in the legal proceedings in which we are involved;
18. Concentration of ownership among our Promoter;
19. The performance of the financial markets in India and globally;
20. Global distress due to pandemic, war or by any other reason.

### **Discussion on Result of Operations**

The following discussion on results of operations should be read in conjunction with the Restated Financial Statements for the financial years ended on March 31, 2023, March 31, 2022 and March 31, 2021.

(₹ in lakhs)

Particulars	March 31, 2023	% of Total Income	March 31, 2022	% of Total Income	March 31, 2021	% of Total Income
Revenue from operations	37,033.22	99.90%	25,490.94	99.86%	11,280.07	99.88%
Other income	38.05	0.10%	35.57	0.14%	13.66	0.12%
<b>Total Income</b>	<b>37,071.27</b>	<b>100.00%</b>	<b>25,526.51</b>	<b>100.00%</b>	<b>11,293.73</b>	<b>100.00%</b>
<b>Expenses</b>						
Raw Material Consumption	33,289.08	89.80%	22,326.42	87.46%	8,193.32	72.55%
Change in inventories of finished goods, work in progress and stock in trade	(1,072.89)	-2.89%	(126.57)	-0.50%	164.62	1.46%

**Shanti Spintex Limited**

Employee Benefit Expenses	254.82	0.69%	218.83	0.86%	200.75	1.78%
Finance Costs	337.38	0.91%	240.61	0.94%	266.57	2.36%
Depreciation and Amortisation Expenses	451.55	1.22%	408.43	1.60%	408.66	3.62%
Other Expenses	2,397.45	6.47%	1,882.00	7.37%	1,590.94	14.09%
<b>Total expenses</b>	<b>35,657.39</b>	<b>96.19%</b>	<b>24,949.71</b>	<b>97.74%</b>	<b>10,824.84</b>	<b>95.85%</b>
<b>Profit/(Loss) Before Exceptional &amp; extraordinary items &amp; Tax</b>	<b>1,413.88</b>	<b>3.81%</b>	<b>576.80</b>	<b>2.26%</b>	<b>468.89</b>	<b>4.15%</b>
Exceptional and Extra-ordinary items						
<b>Profit/(Loss) Before Tax</b>	<b>1,413.88</b>	<b>3.81%</b>	<b>576.80</b>	<b>2.26%</b>	<b>468.89</b>	<b>4.15%</b>
<b>Tax Expense:</b>						
Tax Expense for Current Year	260.83	0.70%	37.08	0.15%	-	0.00%
Deferred Tax	140.24	0.38%	53.13	0.21%	131.36	1.16%
<b>Net Current Tax Expenses</b>	<b>401.07</b>	<b>1.08%</b>	<b>90.21</b>	<b>0.35%</b>	<b>131.36</b>	<b>1.16%</b>
<b>Profit/(Loss) for the Year</b>	<b>1,012.81</b>	<b>2.73%</b>	<b>486.59</b>	<b>1.91%</b>	<b>337.53</b>	<b>2.99%</b>

**Revenue from operations:**

Revenue from operations mainly consists of sale of denim fabrics, finishing of grey fabrics and sale of yarn.

**Other Income:**

Our other income primarily comprises of discount income, scrap, interest income and other miscellaneous income.

**Expenses:**

Company's expenses consist of raw material consumption, change in inventories of finished goods, work in progress and stock in trade, Employee benefits expense, Finance costs, Depreciation and amortization and other expenses.

**Raw material consumption:**

Our Raw Material consumption comprises primarily of yarn for manufacturing of denim fabrics.

**Change in inventories of finished goods, work in progress and stock in trade:**

Our changes in the inventory comprises of changes in the finished goods, work in progress and stock in trade.

**Employee benefits expense:**

Our employee benefits expense primarily comprises of Salary & Wages, Managerial Remuneration and Staff Welfare Expenses.

**Finance Costs:**

Our finance cost includes Interest expense and Other Borrowing cost.

**Depreciation and Amortization Expenses:**

Depreciation includes depreciation on Property, Plant & Equipments etc.

**Other Expenses:**

Our other expenses includes Manufacturing Expenses such as Electricity expenses, inspection charges, drawing & knotting charges, windmill operating expenses, job work expenses, packing expenses, rate difference, housekeeping expenses, canteen expenses, printing & stationery, security charges etc.

**Comparison of Financial Year 2023 with Financial Year 2022 (Based on Restated Financial Statements)****Total Income:**

Total income for the financial year 2022-23 stood at ₹ 37,071.27 Lakhs whereas in Financial Year 2021-22 the same stood at ₹ 25,526.51 Lakhs representing significant increase of 45.23%. The main reason of increase in total income was:

- Increase in revenue from finishing of grey fabrics from Rs. 6712.27 lakhs in FY 2021-22 to Rs. 18,343.08 lakhs in F.Y. 2022-23, representing an increase of 173.28% (y-o-y)
- Increase in revenue from sale of denim fabrics from Rs. 9267 lakhs in F.Y. 2021-22 to Rs. 12754.29 lakhs in F.Y. 2022-23, representing an increase of 37.63% (y-o-y)

**Revenue from Operations:**

Revenue from Operations for the F.Y. 2022-23 stood at ₹ 37,033.22 Lakhs whereas in F.Y. 2021-22 the same stood at ₹ 25,490.94 Lakhs representing an increase of 45.28%. The main reason for increase in revenue from operations were:

- Increase in revenue from finishing of grey fabrics from Rs. 6712.27 lakhs in FY 2021-22 to Rs. 18,343.08 lakhs in F.Y. 2022-23, representing an increase of 173.28% (y-o-y)
- Increase in revenue from sale of denim fabrics from Rs. 9267 lakhs in F.Y. 2021-22 to Rs. 12754.29 lakhs in F.Y. 2022-23, representing an increase of 37.63% (y-o-y)

**Other Income:**

For F.Y. 2022-23, other income has been increased to ₹ 38.05 Lakhs as against ₹ 35.57 Lakhs in the Financial Year 2021-22 representing an increase of 6.98% which is mainly due to increase in income from scrap and discount income.

**Total Expenses:**

For F.Y. 2022-23, total expenses has significantly increased to ₹ 35,657.39 Lakhs from ₹ 24,949.71 Lakhs in the financial year 2021-22 representing a significant increase of 42.92%. Such increase was due to increase in the volume of business operations of the Company.

**Raw material consumption:**

For F.Y. 2022-23, raw material consumption was increased to ₹ 33,289.08 lakhs from ₹ 22,326.42 lakhs in the F.Y. 2021-22 representing an increase of 49.10%. Such increase was due to increase in volume of business operations of the Company.

**Change in inventories of finished goods, work in progress and stock in trade:**

The Change in inventories of finished goods, work in progress and stock in trade for the financial year ended on March 31, 2023 stood at ₹ 1,072.89 Lakhs There is increase in the inventory of finished goods, work in progress and stock in trade for financial year 2022-23 as compared to the financial year 2021-22 of Rs. 126.57 Lakhs, due to increase in closing stock of finished goods, work in progress and stock in trade as on March 31, 2023.

**Employee benefits expense:**

Our Company has incurred employee benefits expenses of ₹ 254.82 Lakhs during the financial year 2022-23 as compared to ₹ 218.83 Lakhs in the financial year 2021-22, representing an increase of 16.45%. The said increase is due the increase in salaries and wages.

**Finance costs:**

Finance costs for the F.Y. 2022-23 has increased to ₹ 337.38 Lakhs as against ₹ 240.61 Lakhs during the financial year 2021-22, representing an increase of 40.22%, which is mainly due to the increase in Interest Expenses.

**Depreciation and Amortization Expenses:**

Depreciation for F.Y. 2022-23 stood at ₹ 451.55 Lakhs as against ₹ 408.43 Lakhs during the financial year 2021-22, representing an increase of 10.56% due to addition of windmill in F.Y. 2022-23.

**Other Expenses:**

For F.Y. 2022-23, other expenses were ₹ 2,397.45 Lakhs as against ₹ 1,882.00 Lakhs during the financial year 2021-22. The increase of 27.39% was mainly due to increase in job work charges, electricity charges and windmill operating expenses.

**Restated Profit/ (Loss) before tax:**

For financial year 2022-23, it has increased to ₹ 1,413.88 Lakhs as compared to ₹ 576.80 Lakhs in the financial year 2021-22, representing an increase of 145.13% majorly due to:-

- Total income of the company has increased from Rs. 25,526.51 lakhs in F.Y. 2021-22 to Rs. 37,071.27 lakhs in F.Y. 2022-23.
- EBITDA margin has increased from 4.67% in F.Y. 2021-22 to 5.20% in F.Y. 2022-23, since the total expenses has not increased in proportion in F.Y. 2022-23 as compared to F.Y. 2021-22.

**Restated Profit/ (Loss) after tax:**

The Company reported Restated Profit after tax for the financial year 2022-23 at ₹ 1,012.81 Lakhs in comparison to ₹ 486.59 Lakhs in the financial year 2021-22, representing an increase of 108.14% majorly due to:-

- Total income of the company has increased from Rs. 25,526.51 lakhs in F.Y. 2021-22 to Rs. 37,071.27 lakhs in F.Y. 2022-23.
- EBITDA margin has increased from 4.67% in F.Y. 2021-22 to 5.20% in F.Y. 2022-23, since the total expenses has not increased in proportion in F.Y. 2022-23 as compared to F.Y. 2021-22.

**Financial Year 2022 Compared to Financial Year 2021 (Based on Restated Financial Statements)**

**Total Income:**

Total income for the financial year 2021-22 stood at ₹ 25,526.51 Lakhs as compared to ₹ 11,293.73 Lakhs in Financial Year 2020-21 representing an increase of 126.02% which was on account of below reasons:-

- Increase in revenue from finishing of grey fabrics from Rs. 1267.34 lakhs in FY 2020-21 to Rs. 6712.27 lakhs in F.Y. 2022-23, representing an increase of 429.63% (y-o-y)
- Increase in revenue from sale of yarn from Rs. 637.7 lakhs in F.Y. 2020-21 to Rs. 9503.90 lakhs in F.Y. 2021-22, representing an increase of 1390.34% (y-o-y)

**Revenue from Operations:**

During the financial year 2021-22 the revenue from operation of our Company increased to ₹ 25,490.94 Lakhs as against ₹ 11,280.07 lakhs in the Financial Year 2020-21, representing increase of 125.98% which was on account of below reasons:-

- Increase in revenue from finishing of grey fabrics from Rs. 1267.34 lakhs in FY 2020-21 to Rs. 6712.27 lakhs in F.Y. 2022-23, representing an increase of 429.63% (y-o-y)
- Increase in revenue from sale of yarn from Rs. 637.7 lakhs in F.Y. 2020-21 to Rs. 9503.90 lakhs in F.Y. 2021-22, representing an increase of 1390.34% (y-o-y)

**Other Income:**

During the F.Y. 2021-22, the other income of our Company increased to ₹ 35.57 Lakhs as against ₹ 13.66 lakhs in the Financial Year 2020-21. The increase in the other income was mainly due to bad debts recovered and creditors written off.

**Total Expenses:**

The Total Expenses for the financial year 2021-22 increased to ₹ 24,949.71 Lakhs from ₹ 10,824.84 lakhs in the Financial Year 2020-21 representing increase of 130.49%. Such increase was due to increase in the volume of business operations of the Company.

**Raw material consumption:**

The Raw material consumption for the financial year 2021-22 stood ₹ 22,326.42 Lakhs against ₹ 8,193.32 Lakhs in the Financial Year 2020-21 representing an increase of 172.50%. Such increase was due to increase in business operations of the Company.

**Change in inventories of finished goods, work in progress and stock in trade:**

The Change in inventories of finished goods, work in progress and stock in trade for financial year 2021-22 has been decreased as compared to an increase in the financial year 2020-21 of 176.89% was due to increase in closing stock of finished goods, work in progress and stock in trade as on March 31, 2022.

**Employee benefits expense:**

Our Company has incurred ₹ 218.83 Lakhs as Employee benefits expense during the financial year 2021-22 as compared to ₹ 200.75 Lakhs in the financial year 2020-21 representing an increase of 9.01%, which was on account of increase in salary and wages.

**Finance costs:**

These costs were for the financial Year 2021-22 decreased to ₹ 240.61 Lakhs as against ₹ 266.57 Lakhs during the financial year 2020-21, representing a decrease of 9.74% which was due to decrease in interest on term loan.

**Depreciation and Amortization Expenses:**

Depreciation for the financial year 2021-22 stood at ₹ 408.43 Lakhs as against ₹ 408.66 Lakhs during the financial year 2020-21, representing a decrease of 0.06%.

**Other Expenses:**

Our Company has incurred ₹ 1,882.00 Lakhs during the Financial Year 2021-22 on other expenses as against ₹ 1590.94 Lakhs during the financial year 2020-21 representing increase of 18.29% due to increase in rate difference & quality claim and electricity charges.

**Restated Profit/ (Loss) before tax:**

Restated Profit before Tax for the financial year 2021-22 was ₹ 576.80 Lakhs as compared to Restated Profit before Tax of ₹ 468.89 Lakhs during the financial year 2020-21, representing an increase of 23.01%

**Restated Profit/ (Loss) after tax:**

The Restated Profit after tax for the financial year 2021-22 was ₹ 486.59 Lakhs as compared to Restated Profit after Tax of ₹ 337.53 lakhs during the financial year 2020-21, representing an increase of 44.16% on account of below reasons:

- Total income of the company has increased to Rs. 25,526.51 lakhs in F.Y. 2021-22 from Rs. 11,280.07 lakhs in F.Y. 2020-21.

**Information required as per Item (II) (C) (iv) of Part A of Schedule VI to the SEBI Regulations:**

**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 has not been any unusual trend on account of our business activity. Except as disclosed in this Draft Red Herring Prospectus, there are no unusual or infrequent events or transactions in our Company.

**2. Significant economic changes that materially affected or are likely to affect income from continuing operations.**

There are no significant economic changes that may materially affect or likely to affect income from continuing operations.

**3. Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations.**

Apart from the risks as disclosed under Section “**Risk Factors**” beginning on page 23 of the Draft Red Herring Prospectus, in our opinion there are no other known trends or uncertainties that have had or are expected to have a material adverse impact on revenue or income from continuing operations.

**4. Future changes in relationship between costs and revenues**

Other than as described in the sections “**Risk Factors**”, “**Our Business**” and “**Management’s Discussion and Analysis of Financial Condition and Results of Operations**” on pages 23, 90 and 166 respectively, to our knowledge, no future relationship between expenditure and income is expected to have a material adverse impact on our operations and finances.

**5. Total turnover of each major industry segment in which our Company operates**

Our business activity primarily falls within a single business and geographical segment, i.e. is engaged in the business of event management services, wedding planning services and adventure tourism, as disclosed in **“Restated Financial Statements”** on page 128, we do not follow any other segment reporting.

**6. Status of any publicly announced New Products or Business Segment**

Except as disclosed in the Chapter **“Our Business”** on page 90, our Company has not announced any new product or service.

**7. Seasonality of business**

Our business is not subject to seasonality. For further information, see **“Industry Overview”** and **“Our Business”** on pages 78 and 90, respectively.

**8. Dependence on single or few customers**

Substantial portion of our revenues has been dependent upon few customers, which are mainly our dealers. For instance, our top ten customers for the F.Y. ended March 31, 2023 and March 31, 2022 accounted for 96.04% and 92.58% of our revenue from operations for the respective year. Our reliance on a limited number of customers for our business exposes us to risks, that may include, but are not limited to, reductions, delays or cancellation of orders from our significant customers, a failure to negotiate favourable terms with our key customers or the loss of these customers, all of which would have a material adverse effect on the business, financial condition, results of operations, cash flows and future prospects of our Company. For further details, refer Risk Factor **“Substantial portion of our revenues has been dependent upon few customers, with which we do not have any firm commitments. The loss of any one or more of our major customer would have a material adverse effect on our business, cash flows, results of operations and financial condition”** on page 30 of this Draft Red Herring Prospectus.

**9. Competitive conditions**

Competitive conditions are as described under the Chapters **“Industry Overview”** and **“Our Business”** beginning on pages 78 and 90 respectively of this Draft Red Herring Prospectus.

**10. Details of material developments after the date of last balance sheet i.e. March 31, 2023.**

After the date of last Balance sheet i.e. March 31, 2023, the following material events have occurred after the last audited period:

1. Our company has allotted Bonus Shares to the existing shareholders of the company in the ratio of 1:1 i.e. One bonus shares to every 1 share held by shareholders on August 02, 2023.
2. A special resolution passed by the shareholders at the Extra Ordinary General Meeting held on July 31, 2023, the name of our Company was changed from “Shanti Spintex Private Limited” to “Shanti Spintex Limited” and a Certificate of Incorporation dated August 18, 2023 was issued by the Registrar of Companies, Ahmedabad, consequent upon conversion to public company.
3. We have appointed Mohini Singhal as Company Secretary and Compliance officer of the company with effect from the August 02, 2023 vide Board resolution dated August 02, 2023.
4. Sejal Ronak Agrawal and Kruti Vyas were appointed as Independent Directors of the company vide Extra Ordinary General Meeting held on August 31, 2023.
5. Bhavik Rameshbhai Talati was appointed as Non-Executive Director of the company vide Extra Ordinary General Meeting held on July 31, 2023.
6. We have re-designated Bharat Bhushan Omprakash Agarwal as Chairman & Whole Time Director of the Company for a term of 5 years with effect from August 31, 2023 by board in its meeting held on August 24, 2023 and confirmed by shareholders vide Extra Ordinary General Meeting held on August 31, 2023.
7. We have re-designated Rikin Bharatbhushan Agarwal as Managing Director of the Company for a term of 5 years with effect from August 31, 2023 by board in its meeting held on August 24, 2023 and confirmed by shareholders vide Extra Ordinary General Meeting held on August 31, 2023.
8. We have passed the Board Resolution in the meeting of Board of Directors dated August 24, 2023, authorizing the Board of Director to raise funds by making an Initial public offering.

9. We have passed the Special resolution in the Extra Ordinary General Meeting of Members held on August 31, 2023, authorizing the Board of Director to raise funds by making an Initial public offering.



**CAPITALISATION STATEMENT**

Particulars	(Amt. Rs. in Lacs)	
	Pre Offer	Post Offer
<b>Borrowings</b>		
Short term debt (A)	1114.37	1114.37
Long Term Debt (B)	3063.29	3063.29
<b>Total debts (C)</b>	<b>4177.66</b>	<b>4177.66</b>
<b>Shareholders' funds</b>		
Equity share capital	710.00	*
Reserve and surplus - as restated	4,893.93	*
<b>Total shareholders' funds</b>	<b>5,603.93</b>	<b>*</b>
<b>Long term debt/shareholders funds (in Rs.)</b>	<b>0.55</b>	<b>*</b>
<b>Total debt/shareholders funds (in Rs.)</b>	<b>0.75</b>	<b>*</b>

(\*) The corresponding post Offer figures are not determinable at this stage pending the determination of Offer price and hence have not been furnished.

Notes: The figures disclosed above are based on restated statement of Assets and Liabilities of the Company as at 31.03.2023.

**SECTION VII – LEGAL AND OTHER INFORMATION**

**OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS**

Except as stated in this section, there are no: (i) criminal proceedings; (ii) actions by statutory or regulatory authorities; (iii) claims relating to direct and indirect taxes; (iv) disciplinary actions including penalties imposed by SEBI or stock exchanges against the Promoter in the last five financial years, including outstanding action; or (v) Material Litigation (as defined below); involving our Company, its Directors and Promoters.

Our Board, in its meeting held on September 13, 2023, determined that outstanding legal proceedings involving the Company, its Directors and Promoter will be considered as material litigation (“Material Litigation”) if the aggregate amount involved in such individual litigation exceeds 1% of profit after tax of the Company, as per the last restated financial statements of the Company or such litigations outcome could have a material impact on the business, operations, prospects or reputations of the Company.

The Company has a policy for identification of Material Outstanding Dues to Creditors in terms of the SEBI (ICDR) Regulations, 2018 as amended for creditors where outstanding due to any one of them exceeds 5.00% of the Company’s trade payables as per the last restated financial statements.

**A. LITIGATION INVOLVING THE COMPANY**

**(a) Criminal proceedings against the Company**

As on the date of this Draft Red Herring Prospectus, there are no outstanding criminal proceedings initiated against the Company.

**(b) Criminal proceedings filed by the Company**

As on the date of this Draft Red Herring Prospectus, there are no outstanding criminal proceedings initiated by the Company.

**(c) Actions by statutory and regulatory authorities against the Company**

As on the date of this Draft Red Herring Prospectus, there are no outstanding actions by statutory or regulatory authorities initiated against the Company.

**(d) Tax Proceedings**

<b>Nature of Proceedings</b>	<b>Number of cases</b>	<b>Amount involved (₹ in lakhs)</b>
<b>Direct Tax</b>		
Income Tax	8*	0.95**
<b>Indirect Tax</b>	-	-
<b>Total</b>	8	0.95

\*Out of the aforementioned income tax matters, three of the matters relates to A.Y. 2019-20, where our Company has received notice dated March 30, 2023 under section 148 of the Income Tax Act, 1961 for the re-assessment of income, notice dated August 09, 2023 u/s 143(2) read with Section 147 of the Income Tax Act, 1961 regarding the scrutiny proceedings and notice dated August 26, 2023 issued u/s 142(1) of the Income Tax Act, 1961 seeking information and documents in respect of ongoing scrutiny proceedings. These scrutiny proceedings have been initiated pursuant to a search & seizure operation carried by the Income Tax Authorities on Chiripal Group and their key persons on 20.07.2022 in which our Company’s name has been mentioned in warrant.

\*\* Amount mentioned to the extent ascertainable.

**(e) Other pending material litigations against the Company**

As on the date of this Draft Red Herring Prospectus, there are no outstanding litigations initiated against the Company, which have been considered material by the Company in accordance with the Materiality Policy.

**(f) Other pending material litigations filed by the Company**

As on the date of this Draft Red Herring Prospectus, there are no outstanding litigations initiated by the company, which have been considered material by the Company in accordance with the Materiality Policy.

**B. LITIGATIONS INVOLVING THE PROMOTERS & DIRECTORS OF THE COMPANY**

**(a) Criminal proceedings against the Promoters & Directors of the company**

As on the date of this Draft Red Herring Prospectus, there are no outstanding criminal proceedings against the Promoters & Directors of the company.

**(b) Criminal proceedings filed by the Promoters & Directors of the company**

As on the date of this Draft Red Herring Prospectus, there are no outstanding criminal proceedings initiated by the Promoters and Directors of the company.

**(c) Actions by statutory and regulatory authorities against the Promoters & Directors of the company**

As on the date of this Draft Red Herring Prospectus, there are no outstanding actions by statutory or regulatory authorities initiated against the Promoters & Directors.

**(d) Tax Proceedings:**

Nature of Proceedings	Number of cases	Amount involved* (₹ in lakhs)
<b>Promoters and Directors:</b>		
<b>Bharat Bhushan Omprakash Agarwal</b>		
Income Tax	1	0.25
<b>Rikin Bharatbhushan Agarwal</b>		
Income Tax	3*	0.65
<b>Total</b>	<b>4</b>	<b>0.90</b>

\*Out of the aforementioned income tax matters, two of the matters relates to notices issued by Income Tax Authorities under section 21 of Prohibition of Benami Property Transactions Act, 1988 requiring Mr. Rikin Bharatbhushan Agarwal to furnish certain details relating to personal properties and assets. These notices has been issued on May 17, 2023 and May 25, 2023.

**(e) Other pending material litigations against the Promoters & Directors of the company**

As on the date of this Draft Red Herring Prospectus, there are no outstanding litigations initiated against the Directors, which have been considered material by the Company in accordance with the Materiality Policy.

**(f) Other pending material litigations filed by the Promoters & Directors of the company**

As on the date of this Draft Red Herring Prospectus, there are no outstanding litigations initiated by the Directors, which have been considered material by the Company in accordance with the Materiality Policy.

**C. LITIGATIONS INVOLVING THE GROUP COMPANIES WHICH CAN HAVE A MATERIAL IMPACT ON OUR COMPANY**

As on date of Draft Red Herring Prospectus, our Group Companies does not have any pending litigation which can have a material impact on our Company.

**D. AMOUNTS OWED TO SMALL SCALE UNDERTAKINGS AND OTHER CREDITORS:**

The Board of Directors of our Company considers dues exceeding 5% of our Company's total Trade payables as per Restated financial statements, to small scale undertakings and other creditors as material dues for our Company. Our Board of Directors considers dues owed by our Company to the creditors exceeding 5% of the Company's trade payables as per the last restated financial statements as material dues for the Company.

The trade payables for the financial year ended on March 31, 2023 were ₹ 6686.33 lakhs. Accordingly, a creditor has been considered 'material' if the amount due to such creditor exceeds ₹ 334.32 lakhs. This materiality threshold has been approved by our Board of Directors pursuant to the resolution passed on September 13, 2023. As on March 31, 2023, there are 2 creditors to each of whom our Company owes amounts exceeding 5% of our Company's Trade Payables and the aggregate outstanding dues to them being approximately ₹ 4472.95 lakhs. The details pertaining to amounts due towards material creditors are available on the website of our Company. Further, our Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure in relation to amount unpaid together with interest payable have not been furnished. As on March 31, 2023, our Company owes amounts aggregating to ₹ 6686.33 lakhs approximately towards 77 trade creditors, which may or may not include small scale undertakings. There are no disputes with such entities in relation to payments to be made to them.

**MATERIAL DEVELOPMENTS OCCURRING AFTER LAST BALANCE SHEET DATE:**

Except as disclosed in Chapter titled “*Management’s Discussion & Analysis of Financial Conditions & Results of Operations*” beginning on page 166 of this Draft Red Herring Prospectus, there have been no material developments that have occurred after the Last Balance Sheet date.

**GOVERNMENT AND OTHER STATUTORY APPROVALS**

Except as mentioned below, our Company has received the necessary consents, licenses, permissions, registrations and approvals from the Central and State Governments and other government agencies/ regulatory authorities/ certification bodies required to undertake the Offer or continue our business activities and no further approvals are required for carrying on our present or proposed business activities. It must, however, be distinctly understood that in granting the above approvals, the Government of India and other authorities do not take any responsibility for the financial soundness of our Company or for the correctness of any of the statements or any commitments made or opinions expressed in this behalf. Unless otherwise stated, these approvals are all valid as of the date of this Draft Red Herring Prospectus.

For details in connection with the regulatory and legal framework within which we operate, see the section titled “**Key Industrial Regulations and Policies**” at page 97 of this Draft Red Herring Prospectus. The main objects clause of the Memorandum of Association of our Company and the objects incidental, enable our Company to carry out its activities.

The Company has got following licenses/ registrations/ approvals/ consents/ permissions from the Government and various other Government agencies required for its present business.

**I. APPROVALS FOR THE OFFER**

The following approvals have been obtained in connection with the Offer:

**Corporate Approvals:**

- a) The Board of Directors have, pursuant to Section 62(1)(c) of the Companies Act, 2013, by a resolution passed at its meeting held on August 24, 2023 authorized the Offer, subject to the approval of the shareholders and such other authorities as may be necessary.
- b) The shareholders of our Company have, pursuant to Section 62(1)(c) of the Companies Act, 2013, by a Special Resolution passed in the Extra Ordinary General Meeting held on August 31, 2023 authorized the Offer.
- c) Our Board approved the Draft Red Herring Prospectus pursuant to its resolution dated September 15, 2023.

**Approval from the Stock Exchange:**

- d) In-principle approval dated [●] from BSE for using the name of the Exchange in the offer documents for listing of the Equity Shares on SME Platform of BSE, issued by our Company pursuant to the Offer.

**Agreements with NSDL and CDSL:**

- e) The company has entered into an agreement dated August 24, 2023 with the Central Depository Services (India) Limited (“CDSL”) and the Registrar and Transfer Agent, who in this case is, KFin Technologies Limited for the dematerialization of its shares.
- f) Similarly, the Company has also entered into an agreement dated August 25, 2023 with the National Securities Depository Limited (“NSDL”) and the Registrar and Transfer Agent, who in this case is KFin Technologies Limited for the dematerialization of its shares.
- g) The International Securities Identification Number (ISIN) of our Company is INE0QZQ01019.

**II. APPROVALS PERTAINING TO INCORPORATION, NAME AND CONSTITUTION OF OUR COMPANY**

S. No.	Nature of Registration	CIN	Applicable Laws	Issuing Authority	Date of Issue	Date of Expiry
1.	Certificate of Incorporation	U17120GJ2010PTC062084	Companies Act, 1956	Registrar of Companies, Gujarat, Dadra & Nagar Haveli	August 23, 2010	Valid till cancelled
2.	Certificate of Incorporation consequent upon conversion to public company	U17120GJ2010PLC062084	Companies Act, 2013	Registrar of Companies, Ahmedabad, Gujarat	August 18, 2023	Valid till cancelled

**III. GENERAL APPROVALS**

We require various approvals and/ or licenses under various rules and regulations to conduct our business. Some of the material approvals required by us to undertake our business activities are set out below:

**A. TAX RELATED APPROVALS:**

Sr. No	Description	Applicable laws	Authority	Registration number	Date of Certificate	Date of Expiry
1.	Permanent Account Number (PAN)	Income Tax Act, 1961	Income Tax Department, Government of India	AAOCS8908E	November 01, 2010	Valid until cancelled
2.	TAN (Tax Deduction Account Number)	Income Tax Act, 1961	Commissioner of Income Tax	AHMS23188E	-	Valid till cancelled
3.	Goods & Service Tax Registration Certificate (Gujarat)	Central Goods and Services Tax Act, 2017	Government of India	24AAOCS8908E1Z3	Valid from July 01, 2017 and Date of Issue of certificate July 13, 2022	Valid till cancelled


**B. INDUSTRIAL AND LABOUR LAW RELATED APPROVALS:**

Sr. No	Description	Applicable laws	Authority	Registration number	Date of Certificate	Date of Expiry
1.	Factory License	Factories Act, 1948	Deputy Director, Industrial Safety and Health, Gujarat State	License No. 38036	February 04, 2021	December 31, 2025
2.	Importer-Exporter Code number (IEC)	The Foreign trade (Development and Regulation) Act, 1992	Directorate General of Foreign Trade	3415005755	January 08, 2016	Valid till cancelled
3.	Udyam Registration as Small Unit in manufacturing	MSME Development Act, 2006	Ministry of Small, Micro and medium enterprises	UDYAM-GJ-01-0055447	March 13, 2021	Valid till cancelled
4.	Registration under Employees' Provident Funds	Employees' Provident Fund and Miscellaneous Provisions Act, 1952	Employees' Provident Fund Organisation	GJAHD243569600	August 06, 2021	Valid till cancelled
5.	Legal Entity Identifier (LEI)	-	-	9845004E44A0F77A3D40	July 31, 2020	July 31, 2024

**C. ENVIRONMENTAL LAW RELATED APPROVALS:**

Sr. No	Description	Applicable law	Authority	Registration number	Date of Certificate	Date of Expiry
1.	Consolidated Consent Authorization &	Water (Prevention and Control Pollution) Act-1974 and Air (Prevention and Control of Pollution) Act, 1981, Hazardous and Other Wastes (Management and Transboundary Movement) Rules 2016 and Environmental (Protection) Act, 1986	Gujarat Pollution Control Board	WH-83767	January 24, 2017	January 01, 2024

**D. INTELLECTUAL PROPERTY RELATED APPROVALS:**

Sr. No.	Brand Name/ Logo/ Trademark	Class	TM Category	Owner*	Application No./ Registration Certificate No.	Date of Registration	Current Status
1.	 Shanti SPINTEX	24	Trade Mark	Shanti Spintex Private Limited	Application No. 6045277	July 31, 2023	Applied; Formality Check Pass

**IV. Approvals or Licenses pending to be applied:**

1. Change in name of all the licenses and approvals which are in the name of “Shanti Spintex Private Limited”, the same are required to be updated/ changed with various government/ semi government authorities and various organization consequent to the conversion of the Company to Public Company i.e. Shanti Spintex Limited.

**V. Approvals or Licenses applied but not received:**

1. We have made application dated July 31, 2023 for same is 6045277. Current status for this  as trademark in class 24. Application number for the application is “Not registered (Formalities check pass)”

**OUR GROUP COMPANIES**

As per the SEBI (ICDR) Regulations, 2018, for the purpose of identification of Group Companies, our Company has considered those companies as our Group companies with which there were related party transactions as per the Restated Financial Statements of our Company in any of the last three financial years and other Companies as considered material by our Board. Further, pursuant to a resolution of our Board dated September 13, 2023 for the purpose of disclosure in relation to Group companies in connection with the Offer, a company shall be considered material and disclosed as a Group company if such company fulfills both the below mentioned conditions:

- i. our Company and/or our Promoters hold 10% or more of the equity share capital of such company; and
- ii. our Company has entered into one or more transactions with such company during the last completed fiscal year, which individually or cumulatively in value exceeds 5% of the total income of our Company for the last completed fiscal year as per the Restated Financial Information.

Based on the above, the following Companies are identified as our Group Companies:

1. Rikin Fabrics Private Limited
2. Sparsh Fabrics Private Limited

**Details of our Group Companies:**

**1. Rikin Fabrics Private Limited**

Rikin Fabrics Private Limited was incorporated on September 22, 2004 as a private limited company under the Companies Act, 1956 with name “Rikin Fabrics Private Limited” pursuant to a certificate of incorporation issued by the Registrar of Companies, Gujarat, Dadra and Nagar Havelli. The Company has not earned any revenue from operations in last three years.

<b>CIN</b>	U17111GJ2004PTC44780
<b>PAN</b>	AACCR8466Q
<b>Registered Office</b>	Sub Plot No 9/B, Sector-1, The Spinning Park, Village Dholi, Taluka Dholka, Ahmedabad-382240 Gujarat

**2. Sparsh Fabrics Private Limited**

Sparsh Fabrics Private Limited was incorporated on February 21, 2014 as a private limited company under the Companies Act, 2013 with name “Sparsh Fabrics Private Limited” pursuant to a certificate of incorporation issued by the Registrar of Companies, Gujarat, Dadra and Nagar Havelli. The Company is mainly engaged in manufacturing of denim fabrics.

<b>CIN</b>	U17200GJ2014PTCO78849
<b>PAN</b>	AAUCS2837A
<b>Registered Office</b>	301, Swaminarayan plaza -1, Narol, Narol s.o, Ahmedabad city, Ahmedabad, Gujarat-382405

**Financial Information**

In accordance with the SEBI ICDR Regulations, details of reserves (excluding revaluation reserves), sales, profit after tax, basic earnings per share, diluted earnings per share and Net Asset Value, derived from the latest audited financial statements available on a standalone basis of our group companies are available on the website of our Company at [www.shantispintex.com](http://www.shantispintex.com).

It is clarified that such details available on our group companies’ websites do not form a part of this Draft Red Herring Prospectus. Anyone placing reliance on any other source of information, including our Group Companies’ website, as mentioned above, would be doing so at their own risk.

**Litigations**

Our Group Companies does not have any pending litigation which can have a material impact on our Company.

**Common pursuits among Group Companies**

Sparsh Fabrics Private Limited is engaged in the business of manufacturing of denim fabrics, which is of similar line of business as of our Company. Our Company will ensure necessary procedures and practices as permitted by laws and regulatory guidelines to address situations of conflict of interest as and when they arise. For further details, see “**Risk Factor**” on page 23.



**Nature and Extent of Interest of Group Companies**

a) **In the promotion of our Company:**

Our Group Companies does not have any interest in the promotion of our Company.

b) **In the properties acquired or proposed to be acquired by our Company in the past two years before filing the DraftRed Herring Prospectus with stock exchange:**

Our Group Companies does not have any interest in the properties acquired or proposed to be acquired by our Company in the past two years before filing the DraftRed Herring Prospectus with Stock Exchange.

c) **In transactions for acquisition of land, construction of building and supply of machinery:**

Our Group Companies does not have any interest in any transactions for the acquisition of land, construction of building or supply of machinery

**Related business transactions and their significance on the financial performance of our Company**

Other than the transactions disclosed in the section “*Restated Financial Statements-Related Party Transactions*” on page 128 , there are no related business transactions between the Group Companies and our Company.

**Business interest of our Group Companies in our Company**

Except as disclosed in the section “*Other Financial Information-Related Party Transactions*” and “*History and certain Corporate Structure*” on page 158 and page 107 our Group Companies have no business interests in our Company.

**Confirmations**

- a) None of the above-mentioned Group Companies has made any public and/ or rights issue of securities in the preceding three years.

**Undertaking/ Confirmations by our Group Companies**

None of our Promoters or Promoter Group or Group companies or person in control of our Company has been:

- i. Prohibited from accessing or operating in the capital market or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other authority; or
- ii. Refused listing of any of the securities issued by such entity by any stock exchange, in India or abroad.

None of our Promoters, person in control of our Company have ever been a Promoters, Director or person in control of any other Company which is debarred from accessing the capital markets under any order or direction passed by the SEBI or any other authority.

Further, neither our Promoters, the relatives of our individual Promoters (as defined under the Companies Act) nor our Group companies/ Promoter Group entities have been declared as a willful defaulter or economic offender by the RBI or any other government authority and there are no violations of securities laws committed by them or any entities they are connected with in the past and no proceedings for violation of securities laws are pending against them.

The information as required by the SEBI ICDR Regulations with regards to the Group companies, are also available on the website of our company i.e. shantispintex.com

**OTHER REGULATORY AND STATUTORY DISCLOSURES**

**Authority for the Offer**

**Corporate Approvals**

The Board of Directors, pursuant to a resolution passed at their meeting held on August 24, 2023 authorized the Offer, subject to the approval of the shareholders of our Company under Section 62(1)(c) of the Companies Act, 2013, and such other authorities as may be necessary. The shareholders of our Company have, pursuant to a special resolution passed under Section 62(1)(c) of the Companies Act, 2013 at an Extra-Ordinary General Meeting held on August 31, 2023 authorized the Offer.

**Offer for Sale**

Approval from the selling shareholders

The Offer for Sale has been authorised by a resolution of the Board of Directors of the Company passed at their meeting held on August 24, 2023 and by shareholders of our Company at an Extra Ordinary General Meeting held on August 31, 2023.

Each of the selling shareholders have, severally and not jointly, confirmed and authorised the transfer of its respective proportion of the Offered Shares pursuant to the Offer for Sale, as set out below:

<b>Name of the Selling Shareholders</b>	<b>Date of Authorization Letter</b>	<b>No of Equity Shares offered</b>	<b>% of the pre-Offer paid-up Equity Share capital of our Company</b>
Vineeta V. Chiripal	September 08, 2023	10,84,000	7.63%
Chiripal Exim LLP	September 08, 2023	6,92,000	4.87%

Each of the Selling Shareholders, severally and not jointly, confirm that it is in compliance with Regulation 8 of the SEBI (ICDR) Regulations, 2018 and it has held its respective portion of the Offered Shares for a period of at least one year prior to the date of filing of the Draft Red Herring Prospectus.

**In-principal Approval**

Our Company has obtained in-principal approval from the SME Platform of BSE (BSE SME) for using its name in this Draft Red Herring Prospectus/ Prospectus pursuant to an approval letter dated [●] BSE which is the Designated Stock Exchange.

**Prohibition by SEBI, RBI or governmental authorities**

As on date of this Draft Red Herring Prospectus, we confirm that our Company, our Promoters, our Promoter Group, our Directors, person(s) in control of the promoter, our Group Companies or the natural person(s) in control of our Company are not prohibited from accessing the capital market or debarred from buying, selling or dealing in securities under any order or direction passed by the Board or any securities market regulator in any other jurisdiction or any other authority/court.

The companies, with which our Directors are or were associated as promoter, directors or persons in control are not prohibited or debarred from accessing capital markets under any order or direction passed by SEBI or any other regulatory authority.

None of our Directors or the entities that our Directors are associated with as promoter or directors is in any manner associated with the securities market and there has been no action taken by the SEBI against our Directors or any entity in which our Directors are associated with as promoter or directors.

**Prohibition with respect to willful defaulter or a fraudulent borrower**

Neither our Company, our Promoter, our Directors, Group Companies, relatives (as per Companies Act, 2013) of Promoter or the person(s) in control of our Company have been identified as willful defaulter or a fraudulent borrower as defined by the SEBI ICDR Regulations, 2018.

**Compliance with the Companies (Significant Beneficial Ownership) Rules, 2018**

Our Company, Promoters and Promoter Group are in compliance with the Companies (Significant Beneficial Ownership) Rules, 2018 to the extent applicable to each of them as on the date of the Draft Red Herring Prospectus.

## **Eligibility for the Offer**

Our Company is eligible in terms of Regulations 230 of SEBI (ICDR) Regulations for this offer.

Our Company is an “Unlisted Issuer” in terms of the SEBI (ICDR) Regulations; and this Offer is an Initial Public Offer in terms of the SEBI (ICDR) Regulations.

Our Company is eligible for the Offer in accordance with Regulation 229(2) and other provisions of Chapter IX of the SEBI (ICDR) Regulations, as we are an Issuer whose post Offer paid up capital is more than ten crore rupees and we may hence Offer Equity Shares to the public and propose to list the same on the Small and Medium Enterprise Exchange [in this case being the “SME Platform of BSE (BSE SME)”].

### **We confirm that:**

1. In accordance with Regulation 260 of the SEBI (ICDR) Regulations, this Offer will be 100% underwritten and that the BRLM to the Offer shall underwrite minimum 15% of the Total Offer Size. For further details pertaining to said underwriting please refer to section titled “*General Information – Underwriting*” beginning on page 43 of this Draft Red Herring Prospectus.
2. In accordance with Regulation 268 of the SEBI (ICDR) Regulations, we shall ensure that the total number of proposed allottees in the Offer shall be greater than or Equal to fifty (50), otherwise, the entire application money will be unblocked forthwith. If such money is not repaid within eight (8) Working Days from the date our Company becomes liable to repay it, then our Company and every officer in default shall, on and from expiry of eight (8) Working Days, be liable to repay such application money, with an interest at the rate as prescribed under the Companies Act, 2013.
3. In terms of Regulation 246(5) of the SEBI (ICDR) Regulations, we shall ensure that our Book Running Lead Manager submits a copy of the Prospectus along with a Due Diligence Certificate including additional confirmations as required to SEBI at the time of filing the Prospectus with Stock Exchange and the Registrar of Companies. Further, in terms of Regulation 246(2), SEBI shall not Offer observation on the Draft Red Herring Prospectus/ Prospectus.
4. In accordance with Regulation 261(1) of the SEBI (ICDR) Regulations, we hereby confirm that we will enter into an agreement with the Book Running Lead Manager and with Market Maker to ensure compulsory Market Making for a minimum period of three (3) years from the date of listing of Equity Shares on the SME Platform of BSE (BSE SME). For further details of the arrangement of market making please refer to section titled “*General Information- Details of the Market Making Arrangements for this Offer*” beginning on page 43 of this Draft Red Herring Prospectus.
5. In accordance with Regulation 228(c) of the SEBI (ICDR) Regulations, Neither the issuer nor any of its promoters or directors is a wilful defaulter or a fraudulent borrower.
6. In accordance with Regulation 228(d) of the SEBI (ICDR) Regulations, None of the Issuer’s promoters or directors is a fugitive economic offender.
7. In accordance with Regulation 230(1)(a) of the SEBI (ICDR) Regulations, Application is being made to SME Platform of BSE and BSE Ltd. is the Designated Stock Exchange.
8. In accordance with Regulation 230(1)(b) of the SEBI (ICDR) Regulations, our Company has entered into agreement with depositories for dematerialisation of specified securities already issued and proposed to be issued.
9. In accordance with Regulation 230(1)(c) of the SEBI (ICDR) Regulations, all the present Equity share Capital is fully Paid-up.
10. In accordance with Regulation 230(1)(d) of the SEBI (ICDR) Regulations, all the specified securities held by the promoters are already in dematerialised form.
11. Our Company shall mandatorily facilitate trading in Demat securities for which we have entered into an agreement with the Central Depository Services Limited (CDSL) dated August 24, 2023 and National Securities Depository Limited (NSDL) dated August 25, 2023 for establishing connectivity.
12. Our Company has a website i.e. [www.shantispintex.com](http://www.shantispintex.com).
13. There has been no change in the promoters of the Company in the preceding one year from date of filing application to SME Platform of BSE.

We further confirm that we shall be complying with all the other requirements as laid down for such an Offer under Chapter IX of SEBI (ICDR) Regulations, as amended from time to time and subsequent circulars and guidelines issued by SEBI and the Stock Exchange.

We confirm that we comply with all the below requirements / conditions so as to be eligible to be listed on the SME Platform of BSE:-

- 1) Our Company was originally incorporated as a private limited Company under the name of “Shanti Spintex Private Limited” on August 23, 2010 under the provisions of the Companies Act, 1956 with the Registrar of Companies, Ahmedabad, Gujarat bearing registration number as 062084. Thereafter, our Company was converted from private limited to public limited, pursuant to special resolution passed by the shareholders of the Company at the Extraordinary general meeting held on July 31, 2023 and the name of our Company was changed from “Shanti Spintex Private Limited” to “Shanti Spintex Limited” vide fresh certificate of incorporation dated August 11, 2023 issued by the Registrar of Companies, Ahmedabad, Gujarat. The Corporate identification number of our Company is U17120GJ2010PLC062084.
- 2) The post Offer paid up capital of the company will be upto 1,68,88,000 shares of face value of ₹ 10/- aggregating up to ₹ 16.88 Crores which is less than ₹ 25 Crores.
- 3) The Company has a track record of at least 3 years as on the date of filing Draft Red Herring Prospectus.
- 4) As on March 31, 2023 the Company has net tangible assets of ₹ 17,588.33 Lakhs.
- 5) The Company confirms that it has operating profits (earnings before interest, depreciation and tax) from operations for at least 2 financial years out of preceding three financial years and its net-worth as on March 31, 2023, March 31, 2022 and March 31, 2021 is positive.

Particulars	(₹ Lakhs)		
	March 31, 2023	March 31, 2022	March 31, 2021
EBITDA	2,164.76	1,190.27	1,130.45
Net-worth	5603.93	4622.73	4136.14
Net tangible assets	17588.33	13631.33	11926.82

- 6) Our Company confirms that there is no material regulatory or disciplinary action by a stock exchange or regulatory authority in the past one year in respect of promoter, Group Companies, companies promoted by the promoter of the Company;
- 7) Our Company has not been referred to the Board for Industrial and Financial Reconstruction (BIFR);
- 8) There is no winding up petition against our Company that has been admitted by the Court or a liquidator has not been appointed of competent Jurisdiction against the Company.
- 9) No material regulatory or disciplinary action by a stock exchange or regulatory authority in the past three years against the company
- 10) The directors of the issuer are not associated with the securities market in any manner, and there is no outstanding action against them initiated by the Board in the past five years

#### **DISCLAIMER CLAUSE OF SEBI**

**IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF DRAFT OFFER DOCUMENT/ OFFER DOCUMENT TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE OFFER IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT OFFER DOCUMENT/ OFFER DOCUMENT. THE BOOK RUNNING LEAD MANAGER, HEM SECURITIES LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT OFFER DOCUMENT/ OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED OFFER.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE**

**DRAFT OFFER DOCUMENT/ OFFER DOCUMENT, THE BOOK RUNNING LEAD MANAGER, HEM SECURITIES LIMITED IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGER, HEM SECURITIES LIMITED, HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED SEPTEMBER 15, 2023 IN THE FORMAT PRESCRIBED UNDER SCHEDULE V(A) OF THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018.**

**THE FILING OF THIS DRAFT OFFER DOCUMENT/ OFFER DOCUMENT DOES NOT, HOWEVER, ABSOLVE OUR COMPANY FROM ANY LIABILITIES UNDER THE COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND/ OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED OFFER. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE BOOK RUNNING LEAD MANAGER ANY IRREGULARITIES OR LAPSES IN THE DRAFT OFFER DOCUMENT/ OFFER DOCUMENT.**

All legal requirements pertaining to the Offer will be complied with at the time of registration of the Red Herring Prospectus with the Registrar of Companies, Ahmedabad in terms of sections 26 and 33 of the Companies Act, 2013.

**Statement on Price Information of Past Issues handled by Hem Securities Limited:**

Sr. No.	Issue name	Issue size (₹ in Cr.)	Issue Price (₹)	Listing date	Opening Price on listing date	+/- % change in closing price, [+/- % change in closing benchmark]- 30 <sup>th</sup> calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90 <sup>th</sup> calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180 <sup>th</sup> calendar days from listing
1.	Earthstahl & Alloys Limited	12.96	40.00	February 08, 2023	55.00	22.50% [1.41%]	45.83% [1.81%]	54.18% [8.72%]
2.	Macfos Limited	23.75	102.00	March 01, 2023	184.00	69.61% [0.71%]	174.41% [5.99%]	264.71% [9.40%]
3.	Systango Technologies Limited	34.82	90.00	March 15, 2023	98.00	110.56% [5.00%]	132.56% [10.28%]	206.22% [17.82%]
4.	Labelkraft Technologies Limited	4.75	55.00	March 23, 2023	56.00	0.27% [3.68%]	24.55% [9.66%]	N.A.
5.	Vasa Denticity Limited	54.06	128.00	June 02, 2023	211.00	156.13% [3.53%]	295.12% [3.88%]	N.A.
6.	Hemant Surgical Industries Limited	24.84	90.00	June 05, 2023	171.00	34.30% [4.23%]	40.41% [4.52%]	N.A.
7.	Greenchef Appliances Limited	53.62	87.00	July 06, 2023	104.00	28.91% [0.51%]	N.A.	N.A.
8.	Kaka Industries Limited	21.23	58.00	July 19, 2023	110.20	170.78% [-3.20%]	N.A.	N.A.
9.	Asarfi Hospital Limited	26.94	52.00	July 26, 2023	98.80	154.04% [-2.73%]	N.A.	N.A.
10.	Kahan Packaging Limited	5.76	80.00	September 15, 2023	152.00	N.A.	N.A.	N.A.

Source: Price Information [www.bseindia.com](http://www.bseindia.com) & [www.nseindia.com](http://www.nseindia.com), Issue Information from respective Prospectus.

1. The scrip of Labelkraft Technologies Limited, Vasa Denticity Limited and Hemant Surgical Industries Limited has not completed its 180<sup>th</sup> days from the date of listing; Greenchef Appliances Limited, Kaka Industries Limited and Asarfi Hospital Limited has not completed its 90<sup>th</sup> day from the date of listing.

**Summary statement of Disclosure:**

Financial Year	Total no. of IPOs	Total amount of funds raised (₹ Cr.)	No. of IPOs trading at discount- 30 <sup>th</sup> calendar days from listing			No. of IPOs trading at Premium- 30 <sup>th</sup> calendar days from listing			No. of IPOs trading at discount- 180 <sup>th</sup> calendar days from listing			No. of IPOs trading at Premium- 180 <sup>th</sup> calendar days from listing		
			Over 50 %	Between 25- 50 %	Less than 25 %	Over 50 %	Between 25- 50 %	Less than 25 %	Over 50 %	Between 25- 50 %	Less than 25 %	Over 50 %	Between 25- 50 %	Less than 25 %
2021-22	6 <sup>(1)</sup>	130.40	-	-	-	4	-	2	-	-	-	6	-	-
2022-23	15 <sup>(2)</sup>	220.57	-	-	-	6	5	3	-	-	-	11	-	3
2023-24	6 <sup>(3)</sup>	186.45	-	-	-	3	2	-	-	-	-	-	-	-

- 1) The scrip of EKI Energy Services Limited, DU Digital Technologies Limited, Prevest Denpro Limited, Jainam Ferro Alloys (I) Limited, Shri Venkatesh Refineries Ltd. and KN Agri Resources Limited was listed on April 7, 2021, August 26, 2021, September 27, 2021, October 08, 2021, October 11, 2021 and March 28, 2022 respectively;
- 2) The scrip of Krishna Defence and Allied Industries Limited was listed on April 6, 2022; Eighty Jewellers Limited was listed on April 13, 2022; Kesar India Limited was listed on July 12, 2022; Silicon Rental Solutions Limited was listed on October 10, 2022; Cargosol Logistics Limited was listed on October 10, 2022; Cargotrans Maritime Limited was listed on October 10, 2022; Concord Control Systems Limited was listed on October 10, 2022; Lloyds Luxuries Limited was listed on October 11, 2022; Vedant Asset Limited was listed on October 12, 2022; Baheti Recycling Industries Limited was listed on December 08, 2022; Chaman Metallics Limited was listed on January 16, 2023; Earthstahl & Alloys Limited was listed on February 08, 2023; Macfos Limited was listed on March 01, 2023; Systango Technologies Limited was listed on March 15, 2023 and Labelkraft Technologies Limited was listed on March 23, 2023;
- 3) The scrip of Vasa Denticity Limited was listed on June 02, 2023; Hemant Surgical Industries Limited was listed on June 05, 2023; Greenchef Appliances Limited was listed on July 06, 2023; Kaka Industries Limited was listed on July 19, 2023; Asarfi Hospital Limited was listed on July 26, 2023 and Kahan Packaging Limited was listed on September 15, 2023.

**Note:**

- a) Based on date of listing.
- b) BSE SENSEX and CNX NIFTY have been considered as the benchmark index.
- c) Prices on BSE/NSE are considered for all of the above calculations.
- d) In case 30<sup>th</sup> /90<sup>th</sup> /180<sup>th</sup> day is not a trading day, closing price on BSE/NSE of the next trading day has been considered.
- e) In case 30<sup>th</sup> /90<sup>th</sup> /180<sup>th</sup> day, scrips are not traded then last trading price has been considered.
- f) N.A. – Period not completed.
- g) As per SEBI Circular No. CIR/CFD/DIL/7/2015 dated October 30, 2015, the above table should reflect max. 10 issues (initial public offerings) managed by the Book Running Lead Manager. Hence, disclosures pertaining to recent 10 issues handled by Book Running Lead Manager are provided.

**Track Record of past issues handled by Hem Securities Limited**

For details regarding track record of BRLM to the Offer as specified in the Circular reference no. CIR/MIRSD/1/2012 dated January 10, 2012 issued by the SEBI, please refer the website of the BRLM at [www.hemsecurities.com](http://www.hemsecurities.com).

**Disclaimer from our Company and the Book Running Lead Manager**

Our Company, the Directors and the Book Running Lead Manager accept no responsibility for statements made otherwise than those contained in this Draft Red Herring Prospectus or, in case of the Company, in the advertisements or any other material issued by or at the instance of the Company and anyone placing reliance on any other source of information would be doing so at their own risk.

The BRLM accept no responsibility, save to the limited extent as provided in the Agreement entered between the BRLM (Hem Securities Limited), and our Company on September 13, 2023 and the Underwriting Agreement dated September 13, 2023 entered into between the Underwriter, and our Company and the Market Making Agreement dated September 13, 2023 entered into among the Market Maker and our Company.

All information shall be made available by our Company, and the Book Running Lead Manager to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports, at collection centres or elsewhere.

The Book Running Lead Manager and their respective associates and affiliates may engage in transactions with, and perform services for, our Company, our Promoter Group, Group Companies, or our affiliates or associates in the ordinary course of business and have engaged, or may in future engage, in commercial banking and investment banking transactions with our Company, our Promoter Group, Group Companies, and our affiliates or associates for which they have received and may in future receive compensation.

**Note:**

Investors who apply in the Offer will be required to confirm and will be deemed to have represented to our Company, and the Underwriter and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company and will not offer, sell, pledge or transfer the Equity Shares of our Company to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company. Our Company, the Underwriter and their respective Directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares in the Offer.

**Disclaimer in Respect of Jurisdiction**

This Offer is being made in India to persons resident in India (including Indian nationals resident in India who are majors, HUFs, companies, corporate bodies and societies registered under applicable laws in India and authorized to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, cooperative banks (subject to RBI permission), or trusts under applicable trust law and who are authorized under their constitution to hold and invest in shares, public financial institutions as specified in Section 2(72) of the Companies Act, 2013, VCFs, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with a minimum corpus of ₹ 2,500.00 Lakhs and pension funds with a minimum corpus of ₹ 2,500.00 Lakhs, and permitted non-residents including FIIs, Eligible NRIs, multilateral and bilateral development financial institutions, FVCIs and eligible foreign investors, insurance funds set up and managed by army, navy or air force of the Union of India and insurance funds set up and managed by the Department of Posts, India provided that they are eligible under all applicable laws and regulations to hold Equity Shares of our Company. This Draft Red Herring Prospectus does not, however, constitute an offer to sell or an invitation to subscribe for Equity Shares offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Offer will be subject to jurisdiction of the competent court(s) in Ahmedabad, Gujarat, India only.

No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose. Accordingly, the Equity Shares represented hereby may not be offered or sold, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

**Disclaimer Clause of the SME Platform of BSE**

As required, a copy of this Offer Document has been submitted to BSE Limited (hereinafter referred to as BSE). BSE has given vide its letter [●] permission to the Issuer to use the Exchange's name in this Offer Document as one of the stock exchanges on which this Issuer's securities are proposed to be listed. The Exchange has scrutinized draft offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by BSE should not in any way be deemed or construed that the offer document has been cleared or approved by BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its Promoter, its management or any scheme or project of this Issuer. Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

**Disclaimer Clause under Rule 144A of the U.S. Securities Act**

The Equity Shares have not been, and will not be, registered under the U.S. Securities Act 1933, as amended (the "Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulations under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares will be offered and sold outside the United States in compliance with Regulations of the Securities Act and the applicable laws of the

jurisdiction where those offers and sales occur. The Equity Shares have not been, and will not be, registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Further, each Applicant where required agrees that such Applicant will not sell or transfer any Equity Shares or create any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with applicable laws and legislations in each jurisdiction, including India.

### **Filing**

The Draft Red Herring Prospectus is being filed with BSE Ltd., Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001 Maharashtra, India.

Pursuant to Regulation 246(5) of SEBI (ICDR) Regulations, 2018, the copy of the Draft Red Herring Prospectus shall also be furnished to the SEBI in a soft copy. However, SEBI will not issue any observation on the Draft Red Herring Prospectus in terms of Regulation 246(2) of the SEBI (ICDR) Regulations, 2018. Pursuant to SEBI Circular No. SEBI/HO/CFD/DIL1/CIR/P/2018/011 dated January 19, 2018, a copy of the Draft Red Herring Prospectus and Prospectus will be filed online through SEBI Intermediary portal at <https://siportal.sebi.gov.in>.

A copy of the Prospectus, along with the documents required to be filed, will be delivered for registration to the ROC in accordance with Section 32 of the Companies Act, 2013, and a copy of the Prospectus, required to be filed under Section 26 of the Companies Act, 2013 would be delivered for registration to the Registrar of Companies, Ahmedabad, ROC Bhavan, Opp Rupal Park Society, Behind Ankur Bus Stop, Naranpura, Ahmedabad – 380 013, Gujarat.

### **Listing**

The Equity Shares of our Company are proposed to be listed on BSE SME. Our Company has obtained in-principle approval from BSE Limited by way of its letter dated [●] for listing of equity shares on SME Platform of BSE (BSE SME).

BSE will be the Designated Stock Exchange, with which the Basis of Allotment will be finalized for the Offer. If the permission to deal in and for an official quotation of the Equity Shares on the BSE SME is not granted by BSE, our Company shall forthwith repay, all moneys received from the applicants in pursuance of the Draft Red Herring Prospectus. If such money is not repaid within the prescribed time, then our Company becomes liable to repay it, then our Company and every officer in default shall, shall be liable to repay such application 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 the BSE SME mentioned above are taken within Six (6) Working Days of the Offer Closing Date. If Equity Shares are not Allotted pursuant to the Offer within Six (6) Working Days from the Offer Closing Date or within such timeline as prescribed by the SEBI, our Company shall repay with interest all monies received from applicants, failing which interest shall be due to be paid to the applicants at the rate of 15% per annum for the delayed period.

### **Impersonation**

Attention of the Applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

Any person who-

- i. Makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or
- ii. 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
- iii. Otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,

Shall be liable to action under section 447 of the Companies, Act 2013

### **Consents**

Consents in writing of Our Directors, Our Promoter, Our Company Secretary & Compliance Officer, Chief Financial Officer, Our Statutory Auditor, Our Banker to the Company, Book Running Lead Manager, Registrar to the Offer, Legal Advisor to the Offer, Banker to the Offer/ Sponsor Bank\*, Underwriter to the Offer\* and Market Maker to the Offer\* to act in their respective



capacities have been obtained as required under section 26 and 32 of the Companies Act, 2013 and shall be filed along with a copy of the Prospectus with the RoC, as required under Sections 32 of the Companies Act, 2013 and such consents will not be withdrawn up to the time of delivery of the Prospectus for registration with the RoC.

*\*The aforesaid will be appointed prior to filing of Prospectus with RoC and their consents as above would be obtained prior to the filing of the Prospectus with RoC.*

In accordance with the Companies Act and the SEBI (ICDR) Regulations, 2018, M/s. Anil S. Shah & Co., Chartered Accountants, Statutory Auditors of the Company has agreed to provide their written consent to the inclusion of their respective reports on Statement of Possible Tax Benefits relating to the possible tax benefits and restated financial statements as included in this Draft Red Herring Prospectus/ Prospectus in the form and context in which they appear therein and such consent and reports will not be withdrawn up to the time of delivery of the Prospectus for registration with the RoC.

### **Experts Opinion**

Except for the reports in the section titled “**Financial Statements**” and “**Statement of Special Tax Benefits**” on page 128 and 76 respectively of this Draft Red Herring Prospectus from the Statutory Auditor, our Company has not obtained any expert opinions. However, the term “expert” shall not be construed to mean an “expert” as defined under the U.S. Securities Act 1933.

### **Fees, Brokerage and Selling Commission payable**

The total fees payable to the Book Running Lead Manager will be as per the (i) Agreement dated September 13, 2023 with the Book Running Lead Manager, (ii) the Underwriting Agreement dated September 13, 2023 with the Underwriter and (iii) the Market Making Agreement September 13, 2023 with the Market Maker, a copy of which is available for inspection at our Corporate Office from 10.00 AM to 5.00 PM on Working Days from the date of the Draft Red Herring Prospectus until the Offer Closing Date.

### **Fees Payable to the Registrar to the Offer**

The fees payable to the Registrar to the Offer for processing of applications, data entry, printing of CAN, tape and printing of bulk mailing register will be as per the agreement between our Company, and the Registrar to the Offer dated September 13, 2023, a copy of which is available for inspection at our Company’s Registered Office.

The Registrar to the Offer will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty, and communication expenses. Adequate funds will be provided to the Registrar to the Offer to enable it to send allotment advice by registered post/speed post.

### **Particulars regarding Public or Rights Issues during the last five (5) years**

Our Company has not made any previous public or rights issue in India or Abroad the five (5) years preceding the date of this Draft Red Herring Prospectus.

### **Previous issues of Equity Shares otherwise than for cash**

For detailed description please refer to the section titled “**Capital Structure**” beginning on page 52 of this Draft Red Herring Prospectus.

### **Underwriting Commission, brokerage and selling commission on Previous Issues**

Since this is the initial public offering of our Company’s Equity Shares, no sum has been paid or has been payable as commission or brokerage for subscribing for or procuring or agreeing to procure subscription for any of the Equity Shares since our incorporation.

### **Previous capital issue during the last three years by listed Group Companies of our Company**

We do 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 Offer is an “Initial Public Offering” in terms of the SEBI (ICDR) Regulations. Therefore, data regarding promise versus performance is not applicable to us.

### **Outstanding Debentures or Bond Issues or Redeemable Preference Shares**

As on the date of this Draft Red Herring Prospectus, our Company has no outstanding debentures, bonds or redeemable preference shares.

### **Partly Paid-Up Shares**

As on the date of this Draft Red Herring Prospectus, there are no partly paid-up Equity Shares of our Company.

### **Outstanding Convertible Instruments**

Our Company does not have any outstanding convertible instruments as on the date of filing this Draft Red Herring Prospectus.

### **Option to Subscribe**

- a. Investors will get the allotment of specified securities in dematerialization form only.
- b. The equity shares, on allotment, shall be traded on stock exchange in Demat segment only.

### **Stock Market Data for our Equity Shares**

Our Company is an “Unlisted Issuer” in terms of the SEBI (ICDR) Regulations, and this Offer 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.

### **Investor Grievances and Redressal System**

The agreement between the Registrar to the Offer, our Company provides for retention of records with the Registrar to the Offer for a period of at least three (3) years from the last date of dispatch of the letters of allotment and Demat credit to enable the investors to approach the Registrar to the Offer for redressal of their grievances.

We hereby confirm that there are no investors complaints received during the three years preceding the filing of this Draft Red Herring Prospectus. Since there are no investors complaints received, none are pending as on the date of filing of this Draft Red Herring Prospectus.

Investors may contact the BRLM for any complaint pertaining to the Offer. All grievances, may be addressed to the Registrar to the Offer, with a copy to the relevant Designated Intermediary, where the Application Form was submitted, quoting the full name of the sole or first Applicant, Application Form number, Applicants’ DP ID, Client ID, PAN, address of the Applicant, number of Equity Shares applied for, date of Application Form, name and address of the relevant Designated Intermediary, where the Bid was submitted and ASBA Account number in which the amount equivalent to the Bid Amount was blocked. Further, the Applicant shall enclose the Acknowledgement Slip or provide the acknowledgement number received from the Designated Intermediaries in addition to the documents/information mentioned hereinabove. Our Company, BRLM and the Registrar accept no responsibility for errors, omissions, commission of any acts of the Designated Intermediaries, including any defaults in complying with its obligations under the SEBI ICDR Regulations.

### **Disposal of Investor Grievances by our Company**

Our Company estimates that the average time required by our Company or the Registrar to the Offer for the redressal of routine investor grievances shall be within 15 Working Days from the date of receipt of the complaint. In case of complaints that are not routine or where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

Our Company has appointed Mohini Singhal, as the Company Secretary and Compliance Officer to redress complaints, if any, of the investors participating in the Offer. Contact details for our Company Secretary and Compliance Officer are as follows:

Mohini Singhal

Company Secretary and Compliance Officer

**Shanti Spintex Limited**

**Address:** Sub Plot 1, Unit 1, Survey No. 297,

Dholi - Integrated Spinning Park Limited,

Dholi, Dholka, Ahmedabad – 382 240, Gujarat, India

**Tel. No.:** +91-84473-86773

**Email:** cs@shantispintex.com

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

Investors can contact the Compliance Officer or the Registrar in case of any pre-offer or post-offer related problems such as non-receipt of letters of allocation, credit of allotted Equity Shares in the respective beneficiary account etc.

Pursuant to the press release no. PR. No. 85/2011 dated June 8, 2011, SEBI has launched a centralized web-based complaints redress system "SCORES". This would enable investors to lodge and follow up their complaints and track the status of redressal of such complaints from anywhere. For more details, investors are requested to visit the website [www.scores.gov.in](http://www.scores.gov.in).

Our Board by a resolution on September 13, 2023 constituted a Stakeholders Relationship Committee. For further details, please refer to section titled "***Our Management***" beginning on page 110 of this Draft Red Herring Prospectus.

#### **Status of Investor Complaints**

We confirm that we have not received any investor complaint during the three years preceding the date of this Draft Red Herring Prospectus and hence there are no pending investor complaints as on the date of this Draft Red Herring Prospectus.

#### **Disposal of investor grievances by listed companies under the same management as our Company**

We do not have any listed company under the same management.

#### **Tax Implications**

Investors who are allotted Equity Shares in the Offer will be subject to capital gains tax on any resale of the Equity Shares at applicable rates, depending on the duration for which the investors have held the Equity Shares prior to such resale and whether the Equity Shares are sold on the Stock Exchanges. For details, please refer the section titled "***Statement of Special Tax Benefits***" beginning on page 76 of this Draft Red Herring Prospectus.

#### **Purchase of Property**

Other than as disclosed in Section "***Our Business***" beginning on page 90 of this Draft Red Herring Prospectus there is no property which has been purchased or acquired or is proposed to be purchased or acquired which is to be paid for wholly or partly from the proceeds of the present Offer or the purchase or acquisition of which has not been completed on the date of this Draft Red Herring Prospectus.

Except as stated elsewhere in this Draft Red Herring Prospectus, our Company has not purchased any property in which the Promoters and/or Directors have any direct or indirect interest in any payment made there under.

#### **Capitalization of Reserves or Profits**

Save and except as stated in "***Capital Structure***" on page 52 of this Draft Red Herring Prospectus, our Company has not capitalized its reserves or profits at any time since inception.

#### **Revaluation of assets**

There has not been any revaluation of assets since incorporation of the Company.

#### **Servicing Behavior**

There has been no default in payment of statutory dues or of interest or principal in respect of our borrowings or deposits.

#### **Payment or benefit to officers of Our Company**

Except statutory benefits upon termination of their employment in our Company or superannuation, no officer of our Company is entitled to any benefit upon termination of his employment in our Company or superannuation.

Except as disclosed under chapter titled "***Our Management***" beginning on page 110 and chapter "***Financial Information***" beginning on page 128 of this Draft Red Herring Prospectus none of the beneficiaries of loans and advances and sundry debtors are related to the Directors of our Company.

#### **Exemption from complying with any provisions of securities laws, if any**

As on date of the Draft Red Herring Prospectus, our Company has not availed any exemption from complying with any provisions of securities laws granted by SEBI.

**SECTION VIII: OFFER RELATED INFORMATION**  
**TERMS OF THE OFFER**

The Equity Shares being Issued are subject to the provisions of the Companies Act, SCRA, SCRR, SEBI (ICDR) Regulations, the SEBI Listing Regulations, our Memorandum and Articles of Association, the terms of the Draft Red Herring Prospectus, Prospectus, Application Form, any Confirmation of Allocation Note (“CAN”), the Revision Form, Allotment advices, 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 Offer. The Equity Shares shall also be subject to all applicable laws, guidelines, rules, notifications and regulations relating to the Offer of capital and listing and trading of securities issued from time to time by SEBI, the GoI, the Stock Exchange, the RoC, the RBI and/or other authorities, as in force on the date of the Offer and to the extent applicable or such other conditions as may be prescribed by SEBI, RBI, the GoI, the Stock Exchange, the RoC and/or any other authorities while granting its approval for the Offer.

Please note that, in terms of SEBI Circular No. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 and the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, all the investors applying in a public Offer shall use only Application Supported by Blocked Amount (ASBA) process for application providing details of the bank account which will be blocked by the Self Certified Syndicate Banks (SCSBs) for the same. Further, SEBI through its circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018 read with its circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, circular (SEBI/HO/CFD/DIL2/CIR/P/2019/85) dated July 26, 2019 and circular (SEBI/HO/CFD/DCR2/CIR/P/2019/133) dated November 8, 2019, the circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020 and any subsequent circulars issued by SEBI in this regard, SEBI has introduced an alternate payment mechanism using Unified Payments Interface (UPI) and consequent reduction in timelines for listing in a phased manner. From January 1, 2019, the UPI Mechanism for RIIs applying through Designated Intermediaries was made effective along with the existing process and existing timeline of T+6 days. (“UPI Phase I”). The UPI Phase I was effective till June 30, 2019. With effect from July 1, 2019, with respect to Application by retail individual investors through Designated Intermediaries (other than SCSBs), the existing process of physical movement of forms from such Designated Intermediaries to SCSBs for blocking of funds has been discontinued and only the UPI Mechanism for such Applicants with existing timeline of T+6 days will continue for a period of three months or launch of five main board public issues, whichever is later (“UPI Phase II”). Subsequently, the final reduced timeline will be made effective using the UPI Mechanism for applications by retail individual investors (“UPI Phase III”), as may be prescribed by SEBI.

Further vide the said circular Registrar to the offer and Depository Participants have been also authorized to collect the Application forms. Investor may visit the official website of the concerned for any information on operationalization of this facility of form collection by the Registrar to the offer and Depository Participants as and when the same is made available.

**Authority for the offer**

The present Public Offer of upto 44,64,000 Equity Shares includes a fresh issue of 26,88,000 equity shares and an offer for sale by the selling shareholder of 17,76,000 equity shares which have been authorized by a resolution of the Board of Directors of our Company at their meeting held on August 24, 2023 and was approved by the Shareholders of the Company by passing Special Resolution at the Extra Ordinary General Meeting held on August 31, 2023 in accordance with the provisions of Section 23(1)(c), 62(1)(c) and other applicable provisions, if any, of the Companies Act, 2013.

The Offer for Sale has been authorized by the Selling Shareholder by their respective consent letters dated September 08, 2023.

Name of the Selling Shareholders	Type	No. of Equity shares offered
Chiripal Exim LLP	Public	6,92,000
Vineeta V Chiripal	Public	10,84,000
<b>Total</b>		<b>17,76,000</b>

**Ranking of Equity Shares**

The Equity Shares being issued shall be subject to the provisions of the Companies Act, 2013 and our MOA and AOA and shall rank pari-passu in all respects with the existing Equity Shares of our Company including rights in respect of dividend. The Allottees, upon Allotment of Equity Shares under this Offer, will be entitled to receive dividends and other corporate benefits, if any, declared by our Company after the date of Allotment. For further details, please refer to section titled, ‘Main Provisions of Article of Association’, beginning on page 233 of this Draft Red Herring Prospectus.

### **Mode of Payment of Dividend**

The declaration and payment of dividend will be as per the provisions of Companies Act, the Articles of Association, the provision of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any other rules, regulations or guidelines as may be issued by the Government of India in connection thereto and as per the recommendation by the Board of Directors and the Shareholders at their discretion and will depend on a number of factors, including but not limited to earnings, capital requirements and overall financial condition of our Company. We shall pay dividends in cash and as per provisions of the Companies Act and our Articles of Association. Further Interim Dividend (if any declared) will be approved by the Board of Directors. For further details, please refer to section titled "*Dividend Policy*" and "*Main Provisions of Article of Association*" beginning on page 127 and 233 respectively of this Draft Red Herring Prospectus.

### **Face Value and Offer Price**

The face value of each Equity Share is ₹ 10.00 and the Offer Price at the lower end of the Price Band is ₹ [●] per Equity Share ("Floor Price") and at the higher end of the Price Band is ₹ [●] per Equity Share ("Cap Price"). The Anchor Investor Offer Price is ₹ [●] per Equity Share.

The Price Band and the minimum Bid Lot size will be decided by our Company and the Selling Shareholders in consultation with the BRLM, and will be advertised, at least two Working Days prior to the Bid/ Offer Opening Date, in all editions of [●], an English national daily newspaper and all editions of [●], a Hindi national daily newspaper and Ahmedabad edition of [●], a regional newspaper each with wide circulation and shall be made available to the Stock Exchange for the purpose of uploading on its website. The Price Band, along with the relevant financial ratios calculated at the Floor Price and at the Cap Price, shall be pre filled in the Bid cum Application Forms available on the website of the Stock Exchange. The Offer Price shall be determined by our Company and in consultation with the BRLM, after the Bid/ Offer Closing Date, on the basis of assessment of market demand for the Equity Shares offered by way of Book Building Process. At any given point of time there shall be only one denomination of the Equity Shares of our Company, subject to applicable laws.

### **The Offer**

The Offer comprises a Fresh issue by our Company and an Offer for Sale by the Selling Shareholders. Expenses for the Offer shall be shared amongst our Company and each of the Selling Shareholders in the manner specified in "*Objects of the Offer*" on page 63 of Draft Red Herring Prospectus.

### **Compliance with SEBI ICDR Regulations, 2018**

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.

#### **Compliance with Disclosure and Accounting Norms**

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:

- a) Right to receive dividend, if declared;
- b) Right to receive Annual Reports and notices to members;
- c) Right to attend general meetings and exercise voting rights, unless prohibited by law;
- d) Right to vote on a poll either in person or by proxy;
- e) Right to receive offer for rights shares and be allotted bonus shares, if announced;
- f) Right to receive surplus on liquidation; subject to any statutory or preferential claims being satisfied;
- g) Right of free transferability of the Equity Shares; and
- h) Such other rights, as may be available to a shareholder of a listed Public Limited Company under the Companies Act, terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Memorandum and Articles of Association of our Company.

For a detailed description of the main provision of the Articles of Association of our Company relating to voting rights, dividend, forfeiture and lien, transfer, transmission and/ or consolidation/ splitting, etc., please refer to section titled "*Main Provisions of the Articles of Association*" beginning on page 233 of this Draft Red Herring Prospectus.

### **Allotment only in Dematerialized Form**

As per the provisions of the Depositories Act, 1996 and the regulations made under and Section 29(1) of the Companies Act, 2013 the Equity Shares to be allotted must be in Dematerialized form i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through electronic mode. Hence, the Equity Shares being offered can be applied for in the dematerialized form only.

In this context, two agreements have been signed among our Company, the respective Depositories and the Registrar to the Offer:

- Tripartite Agreement dated August 25, 2023 between NSDL, our Company and Registrar to the Offer; and
- Tripartite Agreement dated August 24, 2023 between CDSL, our Company and Registrar to the Offer.

### **Market Lot and Trading Lot**

The trading of the Equity Shares will happen in the minimum contract size of [●] Equity Shares and the same may be modified by the BSE SME (SME platform of BSE) from time to time by giving prior notice to investors at large.

Allocation and allotment of Equity Shares through this Offer will be done in multiples of [●] Equity Shares is subject to a minimum allotment of [●] Equity Shares to the successful applicants in terms of the SEBI circular No. CIR/MRD/DSA/06/2012 dated February 21, 2012.

### **Minimum Number of Allottees**

In accordance with Regulation 268 of SEBI (ICDR) Regulations, 2018 the minimum number of allottees in the Offer shall be 50 shareholders. In case the minimum number of prospective allottees is less than 50, no allotment will be made pursuant to this Offer and the monies collected shall be unblocked forthwith.

### **Jurisdiction**

Exclusive jurisdiction for the purpose of this Offer is with the competent courts / authorities in Jaipur, Rajasthan.

The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States, and may not be offered or sold within the United States, except pursuant to an exemption from or in a transaction not subject to, registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered or sold outside the United States in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdictions where those offers and sales occur.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

### **Joint Holders**

Where 2 (two) or more persons are registered as the holders of any Equity Shares, they will be deemed to hold such Equity Shares as joint-holders with benefits of survivorship.

### **Nomination Facility to Investor**

In accordance with Section 72 of the Companies Act, 2013 the sole or first applicant, along with other joint applicant, may nominate any one person in whom, in the event of the death of sole applicant or in case of joint applicant, death of all the applicants, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 72 of the Companies Act, 2013 be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office of our Company or to the Registrar and Transfer Agents of our Company.

In accordance with Section 72 of the Companies Act, 2013 any Person who becomes a nominee by virtue of 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 90 (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 is in dematerialized form, there is no need to make a separate nomination with us. Nominations registered with the respective depository participant of the applicant would prevail. If the investors require changing the nomination, they are requested to inform their respective depository participant.

**Withdrawal of the Offer**

Our Company and the Selling Shareholder in consultation with the Book Running Lead Manager, reserve the right to not to proceed with the Offer after the Offer Opening Date but before the Allotment. In such an event, our Company would Offer a public notice in the newspapers in which the pre-Offer advertisements were published, within two (2) days of the Offer Closing Date or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Offer. The Book Running Lead Manager through, the Registrar to the Offer, shall notify the SCSBs or the Sponsor Bank to unblock the bank accounts of the ASBA Bidders within one (1) working day from the date of receipt of such notification. Our Company shall also inform the same to the Stock Exchange on which Equity Shares are proposed to be listed. If the Offer is withdrawn after the designated Date, amounts that have been credited to the Public Offer Account shall be transferred to the Refund Account.

Notwithstanding the foregoing, the Offer is also subject to obtaining the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment and within six Working Days of the Offer Closing Date or such other time period as prescribed under Applicable Law and also inform the Bankers to the Offer to process refunds to the Anchor Investors, as the case may be. If our Company withdraws the Offer after the Offer Closing Date and thereafter determines that it will proceed with an Offer or offer for sale of the Equity Shares, our Company shall file a fresh Draft Red Herring Prospectus with the Stock Exchanges. The notice of withdrawal will be issued in the same newspapers where the pre-Offer advertisements have appeared, and the Stock Exchanges will also be informed promptly.

**Period of Subscription List of Public Offer**

Event	Indicative Date
Bid/Offer Opening Date	[●]
Bid/Offer Closing Date	[●]
Finalization of Basis of Allotment with the Designated Stock Exchange	On or about [●]
Initiation of Allotment / Refunds / Unblocking of Funds from ASBA Account or UPI Id Linked Bank Account*	On or about [●]
Credit of Equity Shares to Demat Accounts of Allottees	On or about [●]
Commencement of Trading of The Equity Shares on the Stock Exchange	On or about [●]

Note <sup>1</sup>Our Company and the Selling Shareholders in consultation with the Book Running Lead Manager, may consider participation by Anchor Investors in accordance with the SEBI ICDR Regulations. The Anchor Investor Bid/Offer Period shall be one Working Day prior to the Bid/Offer Opening Date in accordance with the SEBI ICDR Regulations.

<sup>2</sup>Our Company and the Selling Shareholders in consultation with the BRLM, consider closing the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date in accordance with the SEBI ICDR Regulations.

\*In case of any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) exceeding four Working Days from the Bid/Offer Closing Date for cancelled / withdrawn / deleted ASBA Forms, the Bidder shall be compensated in accordance with applicable law by the intermediary responsible for causing such delay in unblocking, which period shall start from the day following the receipt of a complaint from the Bidder. The BRLM shall, in their sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking. The Bidder shall be compensated in the manner specified in the SEBI circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021 and SEBI circular no SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, as amended pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022 and SEBI Circular No: SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2022/76 dated May 30, 2022 shall be deemed to be incorporated in the deemed agreement of the Bank with the SCSBs to the extent applicable, in case of delays in resolving investor grievances in relation to blocking/unblocking of funds, which for the avoidance of doubt, shall be deemed to be incorporated in the deemed agreement of our Company with the SCSBs, to the extent applicable.

The processing fees for applications made by UPI Bidders using the UPI Mechanism may be released to the remitter banks (SCSBs) only after such banks provide a written confirmation on compliance with SEBI circular no.

SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 read with SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 and SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022 and SEBI Circular No: SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2022/76 dated May 30, 2022.

The above timetable is indicative and does not constitute any obligation on our Company or the Book Running Lead Manager. Whilst our Company shall ensure that all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Equity Shares on the Stock Exchange are taken within 6 Working Days of the Bid/ Offer Closing Date, the timetable may change due to various factors, such as extension of the Bid/ Offer Period by our Company, revision of the Price Band or any delays in receiving the final listing and trading approval from the Stock Exchange. The Commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchange and in accordance with the applicable laws.

Bid-Cum- Application Forms and any revisions to the same will be accepted only between 10.00 A.M. to 5.00 P.M. (IST) during the Offer Period (except for the Bid/ Offer Closing Date). On the Bid/ Offer Closing Date, the Bid-Cum- Application Forms will be accepted only between 10.00 A.M. to 3.00 P.M. (IST) for retail and non-retail Bidders. The time for applying for Retail Individual Bidders on Bid/ Offer Closing Date maybe extended in consultation with the BRLM, RTA and BSE Emerge taking into account the total number of applications received up to the closure of timings.

On the Bid/ Offer Closing Date, the Bids shall be uploaded until:

- (i) 4.00 p.m. IST in case of Bids by QIBs and Non-Institutional Bidders, and
- (ii) until 5.00 p.m. IST or such extended time as permitted by the Stock Exchange, in case of Bids by Retail Individual Bidders.

On the Bid/ Offer Closing Date, extension of time will be granted by the Stock Exchange only for uploading Bids received from Retail Individual Bidders after taking into account the total number of Bids received and as reported by the BRLM to the Stock Exchange.

The Registrar to the Offer shall submit the details of cancelled/ withdrawn/ deleted applications to the SCSBs on a daily basis within 60 minutes of the Bid closure time from the Bid/ Offer Opening Date till the Bid/ Offer Closing Date by obtaining the same from the Stock Exchanges. The SCSBs shall unblock such applications by the closing hours of the Working Day and submit the confirmation to the BRLM and the RTA on a daily basis.

To avoid duplication, the facility of re-initiation provided to Syndicate Members, if any shall preferably be allowed only once per Bid/batch and as deemed fit by the Stock Exchange, after closure of the time for uploading Bids.

It is clarified that Bids not uploaded on the electronic bidding system or in respect of which the full Bid Amount is not blocked by SCSBs or not blocked under the UPI Mechanism in the relevant ASBA Account, as the case may be, would be rejected.

Due to the limitation of time available for uploading the Bid-Cum-Application Forms on the Bid/ Offer Closing Date, Bidders are advised to submit their applications one (1) day prior to the Bid/ Offer Closing Date and, in any case, not later than 3.00 P.M. (IST) on the Bid/ Offer Closing Date. Any time mentioned in this Draft Red Herring Prospectus is IST. Bidders are cautioned that, in the event a large number of Bid-Cum- Application Forms are received on the Bid/ Offer Closing Date, as is typically experienced in public Offer, some Bid-Cum- Application Forms may not get uploaded due to the lack of sufficient time. Such Bid-Cum- Application Forms that cannot be uploaded will not be considered for allocation under this Offer. Applications will be accepted only on Working Days, i.e., Monday to Friday (excluding any public holidays). Neither our Company nor the BRLM is liable for any failure in uploading the Bid-Cum- Application Forms due to faults in any software/hardware system or otherwise.

In accordance with SEBI (ICDR) Regulations, QIBs and Non-Institutional Bidders are not allowed to withdraw or lower the size of their Application (in terms of the quantity of the Equity Shares or the Application amount) at any stage. Retail Individual Bidders can revise or withdraw their Bid-Cum- Application Forms prior to the Bid/ Offer Closing Date. Allocation to Retail Individual Bidders, in this Offer will be on a proportionate basis.

In case of discrepancy in the data entered in the electronic book vis-à-vis the data contained in the physical Bid-Cum- Application Form, for a particular Bidder, the details as per the file received from Stock Exchange 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 Offer shall ask the relevant SCSBs / RTAs / DPs / stock brokers, as the case may be, for the rectified data.

Our Company in consultation with the BRLM, reserves the right to revise the Price Band during the Bid/ Offer Period. The revision in the Price Band shall not exceed 20% on 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. The Floor Price shall not be less than the face value of the Equity Shares.

In case of any revision to the Price Band, the Bid/ Offer Period will be extended by at least three additional Working Days



following such revision of the Price Band, subject to the Bid/ Offer Period not exceeding a total of 10 Working Days. In cases of force majeure, banking strike or similar circumstances, our Company in consultation with the BRLM, for reasons to be recorded in writing, extend the Bid/ Offer Period for a minimum of three Working Days, subject to the Bid/ Offer Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/ Offer Period, if applicable, will be widely disseminated by notification to the Stock Exchange, by issuing a public notice, and also by indicating the change on the respective websites of the BRLM and the terminals of the Syndicate Members, if any and by intimation to SCSBs, other Designated Intermediaries and the Sponsor Bank, as applicable. In case of revision of Price Band, the Bid Lot shall remain the same.

### **Minimum Subscription and Underwriting**

This Offer is not restricted to any minimum subscription level. This Offer is 100% underwritten. If the Issuer does not receive the subscription of 100% of the Offer through this offer document including devolvement of Underwriter within sixty days from the date of closure of the Offer, the Issuer shall forthwith refund the entire subscription amount received within the time limit as prescribed under the SEBI (ICDR) Regulations and Companies Act, 2013.

In terms of Regulation 272(2) of SEBI ICDR Regulations, in case the Company fails to obtain listing or trading permission from the stock exchanges where the specified securities are proposed to be listed, it shall refund through verifiable means the entire monies received within four days of receipt of intimation from stock exchange(s) rejecting the application for listing of specified securities, and if any such money is not repaid within four days after the issuer becomes liable to repay it, the issuer and every director of the company who is an officer in default shall, on and from the expiry of the fourth day, be jointly and severally liable to repay that money with interest at the rate of fifteen per cent per annum.

In terms of Regulation 260 of the SEBI (ICDR) Regulations, 2018, the Offer is 100% underwritten. For details of underwriting arrangement, kindly refer the chapter titled "**General Information - Underwriting**" on page 43 of this Draft Red Herring Prospectus.

Further, in accordance with Regulation 267 of the SEBI (ICDR) Regulations, 2018, the minimum application size in terms of number of specified securities shall not be less than Rupees One Lakh per application.

### **Migration to Main Board**

As per the provisions of the Chapter IX of the SEBI (ICDR) Regulation, 2018, our Company may migrate to the main board of BSE from the SME Exchange on a later date subject to the following:

If the Paid-up Capital of the company is likely to increase above Rs. 25 crores by virtue of any further issue of capital by way of rights, preferential issue, bonus issue etc. (which has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the promoter in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal and for which the company has obtained in-principal approval from the main board), we shall have to apply to BSE for listing our shares on its Main Board subject to the fulfillment of the eligibility criteria for listing of specified securities laid down by the Main Board.

If the Paid-up Capital of the company is more than Rs. 10 crores but below Rs. 25 crores, we may still apply for migration to the main board if the same has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the promoter in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal.

### **Market Making**

The shares offered through this Offer are proposed to be listed on the SME Platform of BSE (BSE SME), wherein the Book Running Lead Manager to this Offer shall ensure compulsory Market Making through the registered Market Makers of the SME Exchange for a minimum period of 3 (three) years from the date of listing on the SME platform of BSE.

For further details of the agreement entered into between the Company, the Book Running Lead Manager and the Market Maker please refer to section titled "**General Information - Details of the Market Making Arrangements for this Offer**" on page 43 of this Draft Red Herring Prospectus.

### **Arrangements for disposal of odd lots**

The trading of the Equity Shares will happen in the minimum contract size of [●] shares in terms of the SEBI circular No. CIR/MRD/DSA/06/2012 dated February 21, 2012. However, the Market Maker shall buy the entire shareholding of a shareholder in one lot, where value of such shareholding is less than the minimum contract size allowed for trading on the SME platform of BSE Limited.

**As per the extent Guideline of the Government of India, OCBs cannot participate in this Offer.**

The current provisions of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, provides a general permission for the NRIs, FPIs and foreign venture capital investors registered with SEBI to invest in shares of Indian companies by way of subscription in an IPO. However, such investments would be subject to other investment restrictions under the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, RBI and/or SEBI regulations as may be applicable to such investors.

The Allotment of the Equity Shares to Non-Residents shall be subject to the conditions, if any, as may be prescribed by the Government of India/RBI while granting such approvals.

**Allotment of Equity Shares in Dematerialized Form**

Pursuant to Section 29 of the Companies Act, 2013, the Equity Shares in the Offer shall be allotted only in dematerialized form. Further, as per the SEBI ICDR Regulations, the trading of the Equity Shares shall only be in dematerialized form on the Stock Exchange.

**New Financial Instruments**

There are no new financial instruments such as deep discounted bonds, debenture, warrants, secured premium notes, etc. issued by our Company through this Offer.

**Application by Eligible NRI's, FPI's, VCF's, AIF's registered with SEBI**

It is to be understood that there is no reservation for Eligible NRIs, FPIs or VCF registered with SEBI. Such Eligible NRIs, FPIs or VCF registered with SEBI will be treated on the same basis with other categories for the purpose of Allocation.

**Restrictions on transfer and transmission of shares or debentures and on their consolidation or splitting**

Except for lock-in of the Pre- Offer Equity Shares and Promoters minimum contribution in the Offer as detailed under section titled "*Capital Structure*" beginning on page 52 of this Draft Red Herring Prospectus, and except as provided in the Articles of Association of our Company, there are no restrictions on transfers of Equity Shares. There are no restrictions on transfer and transmission of shares/ debentures and on their consolidation/ splitting except as provided in the Articles of Association. For further details, please refer to section titled "*Main Provisions of the Articles of Association*" beginning on page 233 of this Draft Red Herring Prospectus.

**Pre-Offer Advertisement**

Subject to Section 30 of the Companies Act, 2013 our Company shall, after registering the Prospectus with the RoC publish a pre-Offer advertisement, in the form prescribed by the SEBI (ICDR) Regulations, in one widely circulated English language national daily newspaper; one widely circulated Hindi language national daily newspaper and one regional newspaper with wide circulation where the Registered Office of our Company is situated.

*The above information is given for the benefit of the Applicants. The Applicants are advised to make their own enquiries about the limits applicable to them. Our Company and the Book Running Lead Manager do not accept any responsibility for the completeness and accuracy of the information stated hereinabove. Our Company and the Book Running Lead Manager are not liable to inform the investors of any amendments or modifications or changes in applicable laws and regulations, which may occur after the date of this Draft Red Herring Prospectus. Applicants are advised to make their independent investigations and ensure that the number of Equity Shares applied for do not exceed the applicable limits under laws and regulations.*

**OFFER STRUCTURE**

This Offer is being made in terms of Regulation 229 (2) of Chapter IX of SEBI (ICDR) Regulations, 2018, as amended from time to time, whereby, an issuer whose post Offer paid up capital is more than or equal to ten Crore rupees but less than twenty five crore rupees, shall Offer shares to the public and propose to list the same on the Small and Medium Enterprise Exchange ("**SME Exchange**", in this case being the BSE SME i.e. SME platform of BSE). For further details regarding the salient features and terms of such an Offer please refer chapter titled "**Terms of the Offer**" and "**Offer Procedure**" on page 193 and 204 of this Draft Red Herring Prospectus.

**Offer Structure:**

The present offer is of upto 44,64,000 Equity Shares of face value of ₹10.00/- each ("Equity Shares") for cash at a price of ₹ [●] per equity share including a share premium of ₹. [●] per equity share (the "Offer Price") aggregating to ₹. [●] Lakhs ("the Offer") by the issuer Company (the "Company") comprising of a fresh issue of upto 26,88,000 equity shares aggregating to ₹ [●] Lakhs (the "Fresh Issue") and an Offer for Sale of upto 17,76,000 equity shares by the selling shareholders ("Offer for Sale") aggregating to ₹. [●] Lakhs of which upto 2,24,000 equity shares of face value of ₹10.00/- each for cash at a price of ₹ [●] per equity share including a share premium of ₹ [●] per equity share aggregating to ₹ [●] Lakhs will be reserved for subscription by Market Maker to The Offer (the "Market Maker Reservation Portion").

The Offer less the Market Maker Reservation Portion i.e., Net offer of 42,40,000 equity shares of face value of ₹. 10.00/- each at a price of ₹ [●] per equity share including a share premium of ₹ [●] per equity share aggregating to ₹. [●] lakhs (the "Net Offer"). The Offer and the Net Offer will constitute 26.43% and 25.11% respectively of the post offer paid up equity share capital of our company. The Offer is being made through the Book Building Process. For further details, please refer chapter titled "**Terms of the Offer**" on page 193 of this Draft Red Herring Prospectus.

Particulars of the Offer <sup>(2)</sup>	Market Maker Reservation Portion	QIBs <sup>(1)</sup>	Non-Institutional Investors	Retail Individual Investors
<b>Number of Equity Shares available for allocation</b>	Upto 2,24,000 Equity Shares	Not more than [●] Equity Shares	Not less than [●] Equity Shares	Not less than [●] Equity Shares
<b>Percentage of Offer Size available for allocation</b>	[●] of the Offer Size	Not more than 50% of the Net Offer being available for allocation to QIB Bidders. However, up to 5% of the Net 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 QIB Portion. The unsubscribed portion in the Mutual Fund Portion will be added to the Net QIB Portion	Not less than 15% of the Net Offer	Not less than 35% of the Net Offer
<b>Basis of Allotment<sup>(3)</sup></b>	Firm Allotment	Proportionate as follows (excluding the Anchor Investor Portion): (a) Up to [●] Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds only; and (b) Up to [●] Equity Shares shall be available for allocation on a proportionate basis to all QIBs, including Mutual	Proportionate basis subject to minimum allotment of [●] Equity Shares and further allotment in multiples of [●] Equity Shares.	Proportionate basis subject to minimum allotment of [●] Equity Shares

Particulars of the Offer <sup>(2)</sup>	Market Maker Reservation Portion	QIBs <sup>(1)</sup>	Non-Institutional Investors	Retail Individual Investors
		Funds receiving allocation as per (a) above.  Up to 60% of the QIB Portion (of up to [●] Equity Shares may be allocated on a discretionary basis to Anchor Investors of which one-third shall be available for allocation to Mutual Funds only, subject to valid Bid received from Mutual Funds at or above the Anchor Investor Allocation Price		
<b>Mode of Allotment</b>	Compulsorily in dematerialized form.			
<b>Minimum Bid Size</b>	[●] Equity Shares	Such number of Equity Shares and in multiples of [●] Equity Shares that the Bid Amount exceeds ₹200,000	Such number of Equity Shares and in multiples of [●] Equity Shares that the Bid Amount exceeds ₹200,000	[●] Equity Shares
<b>Maximum Bid Size</b>	[●] Equity Shares	Such number of Equity Shares in multiples of [●] Equity Shares not exceeding the size of the Net Offer, subject to applicable limits	Such number of Equity Shares in multiples of [●] Equity Shares not exceeding the size of the Net Offer (excluding the QIB portion), subject to applicable limits	[●] Equity Shares
<b>Trading Lot</b>	[●] Equity Shares, However the Market Maker may accept odd lots if any in the market as required under the SEBI (ICDR) Regulations, 2018.	[●] Equity Shares and in multiples thereof	[●] Equity Shares and in multiples thereof	[●] Equity Shares and in multiples thereof
<b>Terms of Payment</b>	Full Bid Amount shall be blocked by the SCSBs in the bank account of the ASBA Bidder (other than Anchor Investors) or by the Sponsor Bank through the UPI Mechanism, that is specified in the ASBA Form at the time of submission of the ASBA Form. In case of Anchor Investors: Full Bid Amount shall be payable by the Anchor Investors at the time of submission of their Bids <sup>(4)</sup>			
<b>Mode of Bid</b>	Only through the ASBA process.	Only through the ASBA process. (Except for Anchor investors)	Only through the ASBA process	Through ASBA Process via Banks or by using UPI ID for payment

\* Subject to finalization of basis of allotment.

This Offer is being made in terms of Chapter IX of the SEBI (ICDR) Regulations, 2018, as amended from time to time.

(1) Our Company may, in consultation with the Book Running Lead Managers, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price Anchor Investor Allocation Price.

(2) In terms of Rule 19(2) of the SCRR read with Regulation 252 of the SEBI (ICDR) Regulations, 2018 this is an Offer for at least 25% of the post Offer paid-up Equity share capital of the Company. This Offer is being made through Book Building Process, wherein allocation to the public shall be as per Regulation 252 of the SEBI (ICDR) Regulations.

(3) Subject to valid Bids being received at or above the Offer Price, under subscription, if any, in any category, except in the QIB Portion, would be allowed to be met with spill-over from any other category or combination of categories of Bidders at the discretion of our Company in consultation with the Book Running Lead Managers and the Designated Stock Exchange, subject to applicable laws.

(4) Full Bid Amount shall be payable by the Anchor Investors at the time of submission of the Anchor Investor Bid cum Application Forms provided that any difference between the Anchor Investor Allocation Price and the Anchor Investor Offer Price shall be payable by the Anchor Investor Pay-In Date as indicated in the CAN.

The Bids by FPIs with certain structures as described under “Offer Procedure - Bids by FPIs” on pages 204 and having same PAN may be collated and identified as a single Bid in the Bidding process. The Equity Shares Allocated and Allotted to such successful Bidders (with same PAN) may be proportionately distributed.

If the Bid is submitted in joint names, 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 depository account held in joint names. The signature of only the 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 will be required to confirm and will be deemed to have represented to our Company, the Underwriters, their respective directors, officers, agents, affiliates and representatives that they are eligible under applicable law, rules, regulations, guidelines and approvals to acquire the Equity Shares.

In accordance with SEBI (ICDR) Regulations, the Company, in consultation with the Book Running Lead Manager, reserves the right not to proceed with the Offer at any time before the Bid/Offer Opening Date, without assigning any reason thereof.

In case, the Company wishes to withdraw the Offer after Bid/Offer Opening but before allotment, the Company will give public notice giving reasons for withdrawal of Offer. The public notice will appear in two widely circulated national newspapers (one each in English and Hindi) and one in regional newspaper.

The Book Running Lead Manager, through the Registrar to the Offer, will instruct the SCSBs, to unblock the ASBA Accounts within one Working Day from the day of receipt of such instruction. The notice of withdrawal will be issued in the same newspapers where the pre-Offer advertisements have appeared and the Stock Exchange will also be informed promptly.

If our Company withdraws the Offer after the Bid/Offer Closing Date and subsequently decides to undertake a public offering of Equity Shares, our Company will file a fresh Draft Red Herring Prospectus with the stock exchange where the Equity Shares may be proposed to be listed.

Notwithstanding the foregoing, the Offer is subject to obtaining (i) the final listing and trading approvals of the Stock Exchange, which our Company will apply for only after Allotment; and (ii) filing of the Red Herring Prospectus/ Prospectus with ROC.

### **Offer Program**

<b>Event</b>	<b>Indicative Dates</b>
Bid/ Offer Opening Date	[●] <sup>1</sup>
Bid/ Offer Closing Date	[●] <sup>2</sup>
Finalization of Basis of Allotment with the Designated Stock Exchange	[●]
Initiation of Allotment/ Refunds/ Unblocking of Funds from ASBA Account or UPI ID linked bank account	[●]
Credit of Equity Shares to Demat accounts of Allottees	[●]
Commencement of trading of the Equity Shares on the Stock Exchange	[●]

Note <sup>1</sup>Our Company in consultation with the Book Running Lead Manager, may consider participation by Anchor Investors in accordance with the SEBI ICDR Regulations. The Anchor Investor Bid/Offer Period shall be one Working Day prior to the Bid/Offer Opening Date in accordance with the SEBI ICDR Regulations

<sup>2</sup>Our Company in consultation with the BRLM, consider closing the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date in accordance with the SEBI ICDR Regulations.

Applications and any revisions to the same will be accepted only between 10.00 A.M. to 5.00 P.M. (Indian Standard Time) during the Offer Period at the Application Centers mentioned in the Bid-Cum Application Form.

Standardization of cut-off time for uploading of applications on the Bid/ Offer Closing Date:

- A standard cut-off time of 3.00 P.M. for acceptance of applications.
- A standard cut-off time of 4.00 P.M. for uploading of applications received from other than retail individual applicants.

- c) A standard cut-off time of 5.00 P.M. for uploading of applications received from only retail individual applicants, which may be extended up to such time as deemed fit by BSE after taking into account the total number of applications received up to the closure of timings and reported by BRLM to BSE within half an hour of such closure.

It is clarified that Applications not uploaded would be rejected. In case of discrepancy in the data entered in the electronic form vis-à-vis the data contained in the physical Bid-Cum Application form, for a particular applicant, the details as per physical Bid-Cum application form of that Applicant may be taken as the final data for the purpose of allotment.

Bids will be accepted only on Working Days, i.e., Monday to Friday (excluding bank holidays).

**OFFER PROCEDURE**

All Bidders should review the General Information Document for Investing in Public Issues prepared and issued in accordance with the circular (SEBI/HO/CFD/DIL1/CIR/P/2020/37) dated March 17, 2020 notified by SEBI and updated pursuant to the circular (CIR/CFD/POLICYCELL/11/2015) dated November 10, 2015 as amended and modified by the circular (SEBI/HO/CFD/DIL1/CIR/P/2016/26) dated January 21, 2016, and SEBI Circular bearing number (SEBI/HO/CFD/DIL2/CIR/P/2018/22) dated February 15, 2018 and Circular (SEBI/HO/CFD/DIL2/CIR/P/2018/138) dated November 01, 2018, notified by SEBI (“General Information Document”) and SEBI Circular No. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 08, 2019, included below under Section “PART B – General Information Document”, which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 and the ICDR Regulations. The General Information Document is available on the websites of the Stock Exchanges and the Book Running Lead Manager. Please refer to the relevant portions of the General Information Document which are applicable to this Offer.

All Designated Intermediaries in relation to the Offer should ensure compliance with the SEBI circular (CIR/CFD/POLICYCELL/11/2015) dated November 10, 2015, as amended and modified by the SEBI circular (SEBI/HO/CFD/DIL1/CIR/P/2016/26) dated January 21, 2016 and SEBI circular (SEBI/HO/CFD/DIL2/CIR/P/2018/22) dated February 15, 2018 and (SEBI/HO/CFD/DIL2/CIR/P/2018/138) dated November 1, 2018, in relation to clarifications on streamlining the process of public Offer of equity shares and convertibles as amended and modified by the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019 circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 June 28, 2019, circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 and circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 08, 2019.

Additionally, all Bidders may refer to the General Information Document for information, in addition to what is stated herein, in relation to (i) category of Bidders eligible to participate in the Offer; (ii) maximum and minimum Application size; (iii) price discovery and allocation; (iv) payment instructions for Bidders applying through ASBA process and Retail Individual Investors applying through the United Payments Interface channel; (v) issuance of Confirmation of Allocation Note (“CAN”) and Allotment in the Offer; (vi) general instructions (limited to instructions for completing the Bid Cum Application Form); (vii) Designated Date; (viii) disposal of Applications; (ix) submission of Bid Cum Application Form; (x) other instructions (limited to joint Applications in cases of individual, multiple Applications and instances when an Application would be rejected on technical grounds); (xi) applicable provisions of Companies Act, 2013 relating to punishment for fictitious Applications; (xii) mode of making refunds; and (xiii) interest in case of delay in Allotment or refund.

With effect from July 1, 2019, with respect to Applications by RIIs through Designated Intermediaries (other than SCSBs), the existing process of physical movement of forms from such Designated Intermediaries to SCSBs for blocking of funds has been discontinued and only the UPI Mechanism for such Applications with existing timeline of T+6 days will continue for a period of three months or launch of five main board public issues, whichever is later (“UPI Phase II”), Further pursuant to SEBI Circular SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019 UPI Phase II was extended till March 31, 2020. Subsequently, the final reduced timeline will be made effective using the UPI Mechanism for applications by RIBs (“UPI Phase III”), as may be prescribed by SEBI

Please note that the information stated/covered in this section may not be complete and/or accurate and as such would be subject to modification/change. Our Company and Book Running Lead Manager do not accept any responsibility for the completeness and accuracy of the information stated in this section and the General Information Document. Our Company and Book Running Lead Manager would not be able to include any amendment, modification or change in applicable law, which may occur after the date of the Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that their Application do not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or as specified in this Draft Red Herring Prospectus and the Draft Red Herring Prospectus.

This section applies to all the Bidders, please note that all the Bidders are required to make payment of the Full Application Amount along with the Bid Cum Application Form.

**Phased implementation of Unified Payments Interface**

SEBI has issued a circular bearing number SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018 and circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019 circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 June 28, 2019, circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 and circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 08, 2019 (collectively the “UPI Circulars”) in relation to streamlining the process of public Offer of equity shares and convertibles. Pursuant to the UPI Circulars, UPI will be introduced in a phased manner as a payment mechanism (in addition to mechanism of blocking funds in the account maintained with SCSBs under the ASBA) for applications by RIBs through intermediaries with the objective to reduce the time duration from public Offer closure to listing from six working days to up to three working days. Considering the time required for making necessary changes to the systems and to ensure complete and

smooth transition to the UPI Mechanism, the UPI Circular proposes to introduce and implement the UPI Mechanism in three phases in the following manner:

**Phase I:** This phase has become applicable from January 1, 2019 until March 31, 2019 or floating of five main board public issues, whichever is later. Subsequently, the timeline for implementation of Phase I was extended till June 30, 2019. Under this phase, a Retail Individual Applicant had the option to submit the Application Form with any of the intermediary and use his / her UPI ID for the purpose of blocking of funds. The time duration from public Offer closure to listing continued to be six Working Days.

**Phase II:** This phase has become applicable from July 1, 2019 and was to initially continue for a period of three months or floating of five main board public issues, whichever is later. Subsequently, it was decided to extend the timeline for implementation of Phase II until March 31, 2020. Further, as per SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020, the current Phase II of Unified Payments Interface with Application Supported by Blocked Amount is continued till further notice. Under this phase, submission of the ASBA Form by RIIs through Designated Intermediaries (other than SCSBs) to SCSBs for blocking of funds will be discontinued and will be replaced by the UPI payment mechanism. However, the time duration from public Offer closure to listing continues to be six Working Days during this phase.

**Phase III:** The commencement period of Phase III is yet to be notified. In this phase, the time duration from public Offer closure to listing is proposed to be reduced to three Working Days.

All SCSBs offering facility of making application in public issues shall also provide facility to make application using the UPI Mechanism. The Issuers will be required to appoint one of the SCSBs as a sponsor bank to act as a conduit between the Stock Exchanges and NPCI in order to facilitate collection of requests and / or payment instructions of the Retail Individual Applicants into the UPI mechanism.

For further details, refer to the General Information Document available on the websites of the Stock Exchanges and the Book Running Lead Manager.

## **PART A**

### **Book Building Procedure**

In terms of Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended (the "SCRR") read with Regulation 252 of SEBI ICDR Regulations, 2018, the Offer is being made for at least 25% of the post-Offer paid-up Equity Share capital of our Company. The Offer is being made under Regulation 229(2) of Chapter IX of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 via book building process wherein not more than 50% of the Offer shall be allocated on a proportionate basis to QIBs, provided that our Company and may, in consultation with the BRLM, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations, of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription, or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the QIB Portion. Further, 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis only to Mutual Funds, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not less than 15% of the Offer shall be available for allocation on a proportionate basis to Non Institutional Investors and not less than 35% of the Offer shall be available for allocation to Retail Individual Investors in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price.

Subject to valid Bids being received at or above the Offer Price, undersubscription, if any, in any category, except the QIB Portion, would be allowed to be met with spill-over from any other category or a combination of categories at the discretion of our Company in consultation with the BRLM, and the Designated Stock Exchange. However, under-subscription, if any, in the QIB Portion will not be allowed to be met with spillover from other categories or a combination of categories.

The Equity Shares, on Allotment, shall be traded only in the dematerialised segment of the Stock Exchanges.

*Investors should note that the Equity Shares will be Allotted to all successful Bidders only in dematerialized form. The Bid cum Application Forms which do not have the details of the Bidders' depository account, including DP ID, Client ID, PAN and UPI ID, as applicable, shall be treated as incomplete and will be rejected. Bidders will not have the option of being Allotted Equity Shares in physical form. However, they may get the Equity Shares rematerialized subsequent to Allotment of the Equity Shares in the Offer, subject to applicable laws.*

### **Bid cum Application Form**



Copies of the Bid cum Application Form (other than for Anchor Investors) and the abridged prospectus will be available at the offices of the BRLM, the Designated Intermediaries at Bidding Centres, and Registered Office of our Company. An electronic copy of the Bid cum Application Form will also be available for download on the websites of the BSE, at least one day prior to the Bid/Offer Opening Date.

Copies of the Anchor Investor Application Form will be available at the offices of the BRLM.

All Bidders (other than Anchor Investors) shall mandatorily participate in the Offer only through the ASBA process. ASBA Bidders must provide either (i) the bank account details and authorisation to block funds in the ASBA Form, or (ii) the UPI ID, as applicable, in the relevant space provided in the ASBA Form. The ASBA Forms that do not contain such details are liable to be rejected. Applications made by the RIIs using third party bank account or using third party linked bank account UPI ID are liable for rejection. Anchor Investors are not permitted to participate in the Offer through the ASBA process. ASBA Bidders shall ensure that the Bids are made on ASBA Forms bearing the stamp of the relevant Designated Intermediary, submitted at the relevant Bidding Centres only (except in case of electronic ASBA Forms) and the ASBA Forms not bearing such specified stamp are liable to be rejected. Since the Offer is made under Phase II of the UPI Circulars, ASBA Bidders may submit the ASBA Form in the manner below:

- i. RIIs (other than the RIIs using UPI Mechanism) may submit their ASBA Forms with SCSBs (physically or online, as applicable), or online using the facility of linked online trading, demat and bank account (3 in 1 type accounts), provided by certain brokers.
- ii. RIIs using the UPI Mechanism, may submit their ASBA Forms with the Syndicate, sub-syndicate members, Registered Brokers, RTAs or CDPs, or online using the facility of linked online trading, demat and bank account (3 in 1 type accounts), provided by certain brokers.
- iii. QIBs and NIBs may submit their ASBA Forms with SCSBs, Syndicate, sub-syndicate members, Registered Brokers, RTAs or CDPs.

**Anchor Investors are not permitted to participate in the Offer through the ASBA process.**

For Anchor Investors, the Anchor Investor Application Form will be available at the office of the BRLM. ASBA Bidders are also required to ensure that the ASBA Account has sufficient credit balance as an amount equivalent to the full Bid Amount which can be blocked by the SCSB.

The prescribed colour of the Bid cum Application Form for various categories is as follows:

Category	Colour*
Anchor Investor**	[•]
Indian Public / eligible NRI's applying on a non-repatriation basis (ASBA)	[•]
Non-Residents including eligible NRI's, FPI's, FIIs, FVCIs, etc. applying on a repatriation basis (ASBA)	[•]

\*Excluding Electronic Bid cum Application Form

\*\* Bid cum application for Anchor Investor shall be made available at the Office of the BRLM.

Designated Intermediaries (other than SCSBs) after accepting Bid Cum Application Form submitted by RIIs (without using UPI for payment), NIIs and QIBs shall capture and upload the relevant details in the electronic bidding system of stock exchange(s) and shall submit/deliver the Bid Cum Application Forms to respective SCSBs where the Bidders has a bank account and shall not submit it to any non-SCSB Bank.

Further, for applications submitted to designated intermediaries (other than SCSBs), with use of UPI for payment, after accepting the Bid Cum Application Form, respective intermediary shall capture and upload the relevant application details, including UPI ID, in the electronic bidding system of stock exchange(s).

Bidders shall only use the specified Bid Cum Application Form for making an Application in terms of the Draft Red Herring Prospectus.

The Bid Cum Application Form shall contain information about the Bidder and the price and the number of Equity Shares that the Bidders wish to apply for. Bid Cum Application Forms downloaded and printed from the websites of the Stock Exchange shall bear a system generated unique application number. Bidders are required to ensure that the ASBA Account has sufficient credit balance as an amount equivalent to the full Application Amount can be blocked by the SCSB or Sponsor Bank at the time of submitting the Application.

An Investor, intending to subscribe to this Offer, shall submit a completed Bid Cum Application Form to any of the following intermediaries (Collectively called – Designated Intermediaries”)

Sr. No.	Designated Intermediaries
1.	An SCSB, with whom the bank account to be blocked, is maintained
2.	A syndicate member (or sub-syndicate member)
3.	A stock broker registered with a recognized stock exchange (and whose name is mentioned on the website of the stock exchange as eligible for this activity) ('broker')
4.	A depository participant ('DP') (whose name is mentioned on the website of the stock exchange as eligible for this activity)
5.	A registrar to an Offer and share transfer agent ('RTA') (whose name is mentioned on the website of the stock exchange as eligible for this activity)

Retails investors submitting application with any of the entities at (ii) to (v) above (hereinafter referred as “Intermediaries”), and intending to use UPI, shall also enter their UPI ID in the Bid Cum Application Form.

The aforesaid intermediary shall, at the time of receipt of application, give an acknowledgement to investor, by giving the counter foil or specifying the application number to the investor, as a proof of having accepted the Bid Cum Application Form, in physical or electronic mode, respectively.

The upload of the details in the electronic bidding system of stock exchange will be done by:

<b>For Applications submitted by Investors to SCSB</b>	After accepting the form, SCSB shall capture and upload the relevant details in the electronic bidding system as specified by the stock exchange and may begin blocking funds available in the bank account specified in the form, to the extent of the application money specified.
<b>For applications submitted by investors to intermediaries other than SCSBs</b>	After accepting the Bid Cum Application Form, respective Intermediary shall capture and upload the relevant details in the electronic bidding system of the stock exchange. Post uploading, they shall forward a schedule as per prescribed format along with the Bid Cum Application Forms to designated branches of the respective SCSBs for blocking of funds within one day of closure of Offer.
<b>For applications submitted by investors to intermediaries other than SCSBs with use of UPI for payment</b>	After accepting the Bid Cum Application Form, respective intermediary shall capture and upload the relevant application details, including UPI ID, in the electronic bidding system of stock exchange. Stock exchange shall share application details including the UPI ID with sponsor bank on a continuous basis, to enable sponsor bank to initiate mandate request on investors for blocking of funds. Sponsor bank shall initiate request for blocking of funds through NPCI to investor. Investor to accept mandate request for blocking of funds, on his/her mobile application, associated with UPI ID linked bank account.

Stock exchange shall validate the electronic bid details with depository’s records for DP ID/Client ID and PAN, on a real-time basis and bring the inconsistencies to the notice of intermediaries concerned, for rectification and re-submission within the time specified by stock exchange.

Stock exchange shall allow modification of selected fields viz. DP ID/Client ID or Pan ID (Either DP ID/Client ID or Pan ID can be modified but not BOTH), Bank code and Location code, in the bid details already uploaded.

Upon completion and submission of the Bid Cum Application Form to Application Collecting intermediaries, the Bidders are deemed to have authorized our Company to make the necessary changes in the Draft Red Herring Prospectus, without prior or subsequent notice of such changes to the Bidders.

#### **Availability of Draft Red Herring Prospectus and Bid Cum Application Forms**

Copies of the Bid cum Application Form and the abridged prospectus will be available at the offices of the BRLM, the Designated Intermediaries at Bidding Centres, and Registered Office of our Company. An electronic copy of the Bid cum Application Form will also be available for download on the websites of SCSBs (via Internet Banking) and BSE ([www.bseindia.com](http://www.bseindia.com)) at least one day prior to the Bid/Offer Opening Date.

Bid cum application for Anchor Investor shall be made available at the Office of the BRLM.

#### **Who can Bid?**

Each Bidder should check whether it is eligible to apply under applicable law, rules, regulations, guidelines and policies. Furthermore, certain categories of Bidders, such as NRIs, FPIs and FVCIs may not be allowed to apply in the Offer or to hold

Equity Shares, in excess of certain limits specified under applicable law. Bidders are requested to refer to the DRHP for more details.

Subject to the above, an illustrative list of Bidders is as follows:

- a) Indian nationals' resident in India who are not incompetent to contract under the Indian Contract Act, 1872, as amended, in single or as a joint application and minors having valid Demat account as per Demographic Details provided by the Depositories. Furthermore, based on the information provided by the Depositories, our Company shall have the right to accept the Applications belonging to an account for the benefit of minor (under guardianship);
- b) Hindu Undivided Families or HUFs, in the individual name of the Karta. The Bidder should specify that the application is being made in the name of the HUF in the Bid Cum Application Form as follows: -Name of Sole or First Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta. Applications by HUFs would be considered at par with those from individuals;
- c) Companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in the Equity Shares under their respective constitutional and charter documents;
- d) Mutual Funds registered with SEBI;
- e) Eligible NRIs on a repatriation basis or on a non-repatriation basis, subject to applicable laws. NRIs other than Eligible NRIs are not eligible to participate in this Offer;
- f) Indian Financial Institutions, scheduled commercial banks, regional rural banks, co-operative banks (subject to RBI permission, and the SEBI Regulations and other laws, as applicable);
- g) FPIs other than Category III FPI; VCFs and FVCIs registered with SEBI;
- h) Limited Liability Partnerships (LLPs) registered in India and authorized to invest in equity shares;
- i) Sub-accounts of FIIs registered with SEBI, which are foreign corporate or foreign individuals only under the Non-Institutional Bidder 's category;
- j) Venture Capital Funds and Alternative Investment Fund (I) registered with SEBI; State Industrial Development Corporations;
- k) Foreign Venture Capital Investors registered with the SEBI;
- l) Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts and who are authorized under their constitution to hold and invest in equity shares;
- m) Scientific and/or Industrial Research Organizations authorized to invest in equity shares;
- n) Insurance Companies registered with Insurance Regulatory and Development Authority, India;
- o) Provident Funds with minimum corpus of ₹ 25 Crores and who are authorized under their constitution to hold and invest in equity shares;
- p) Pension Funds and Pension Funds with minimum corpus of ₹ 25 Crores and who are authorized under their constitution to hold and invest in equity shares;
- q) National Investment Fund set up by Resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of Government of India published in the Gazette of India;
- r) Multilateral and bilateral development financial institution;
- s) Eligible QFIs;
- t) Insurance funds set up and managed by army, navy or air force of the Union of India;
- u) Insurance funds set up and managed by the Department of Posts, India;
- v) Any other person eligible to apply in this Offer, under the laws, rules, regulations, guidelines and policies applicable to them.

**Applications not to be made by:**

1. Minors (except through their Guardians)
2. Partnership firms or their nominations
3. Foreign Nationals (except NRIs)
4. Overseas Corporate Bodies

As per the existing regulations, OCBs are not eligible to participate in this Offer. The RBI has however clarified in its circular, A.P. (DIR Series) Circular No. 44, dated December 8, 2003 that OCBs which are incorporated and are not under the adverse notice of the RBI are permitted to undertake fresh investments as 138 incorporated non-resident entities in terms of Regulation 5(1) of RBI Notification No.20/2000-RB dated May 3, 2000 under FDI Scheme with the prior approval of Government if the investment is through Government Route and with the prior approval of RBI if the investment is through Automatic Route on case by case basis. OCBs may invest in this Offer provided it obtains a prior approval from the RBI. On submission of such approval along with the Bid Cum Application Form, the OCB shall be eligible to be considered for share allocation.

**MAXIMUM AND MINIMUM APPLICATION SIZE**

**1. For Retail Individual Bidders**

The Application must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter, so as to ensure that the Application Price payable by the Bidder does not exceed ₹ 2,00,000. In case of revision of Applications, the Retail Individual Bidders have to ensure that the Application Price does not exceed ₹ 2,00,000.

## **2. For Other than Retail Individual Bidders (Non-Institutional Applicants and QIBs):**

The Application must be for a minimum of such number of Equity Shares that the Application Amount exceeds ₹ 2,00,000 and in multiples of [●] Equity Shares thereafter. An Application cannot be submitted for more than the Net Offer Size. However, the maximum Application by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. Under existing SEBI Regulations, a QIB Bidder cannot withdraw its Application after the Offer Closing Date and is required to pay 100% QIB Margin upon submission of Application.

In case of revision in Applications, the Non-Institutional Bidders, who are individuals, have to ensure that the Application Amount is greater than ₹ 2,00,000 for being considered for allocation in the Non-Institutional Portion.

**Bidders are advised to ensure that any single Application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Draft Red Herring Prospectus.**

**The above information is given for the benefit of the Bidders. The Company and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares applied for do not exceed the applicable limits under laws or regulations.**

## **METHOD OF BIDDING PROCESS**

Our Company in consultation with the BRLM will decide the Price Band and the minimum Bid lot size for the Offer and the same shall be advertised in all editions of the English national newspaper [●], all editions of Hindi national newspaper [●] and Ahmedabad Edition of Regional newspaper [●] where the registered office of the company is situated, each with wide circulation at least two Working Days prior to the Bid/ Offer Opening Date. The BRLM and the SCSBs shall accept Bids from the Bidders during the Bid/ Offer Period.

- a) The Bid / Offer Period shall be for a minimum of three Working Days and shall not exceed 10 Working Days. The Bid/ Offer Period maybe extended, if required, by an additional three Working Days, subject to the total Bid/ Offer Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/ Offer Period, if applicable, will be published in all editions of the English national newspaper [●], all editions of Hindi national newspaper [●] and Ahmedabad Edition of Regional newspaper [●] where the registered office of the company is situated, each with wide circulation and also by indicating the change on the websites of the Book Running Lead Manager.
- b) During the Bid/ Offer Period, Retail Individual Bidders, should approach the BRLM or their authorized agents to register their Bids. The BRLM shall accept Bids from Anchor Investors and ASBA Bidders in Specified Cities and it shall have the right to vet the Bids during the Bid/ Offer Period in accordance with the terms of the Red Herring Prospectus. ASBA Bidders should approach the Designated Branches or the BRLM (for the Bids to be submitted in the Specified Cities) to register their Bids.
- c) 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 Offer Price, the maximum number of Equity Shares Bid for by a Bidder/Applicant at or above the Offer Price will be considered for allocation/Allotment and the rest of the Bid(s), irrespective of the Bid Amount, will become automatically invalid.
- d) The Bidder/ Applicant cannot Bid through another Bid cum Application Form after Bids through one Bid cum Application Form have been submitted to a BRLM or the SCSBs. Submission of a second Bid cum Application Form to either the same or to another BRLM or SCSB will be treated as multiple Bid 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 allocation or Allotment of Equity Shares in this Offer. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph “Buildup of the Book and Revision of Bids”.

- e) Except in relation to the Bids received from the Anchor Investors, the BRLM/the SCSBs 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
- f) The BRLM shall accept the Bids from the Anchor Investors during the Anchor Investor Bid/ Offer Period i.e. one working day prior to the Bid/ Offer Opening Date. Bids by QIBs under the Anchor Investor Portion and the QIB Portion shall not be considered as multiple Bids.
- g) Along with the Bid cum Application Form, Anchor Investors will make payment in the manner described in “Escrow Mechanism - Terms of payment and payment into the Escrow Accounts” in the section “**Offer Procedure**” beginning on page 204 of this Draft Red Herring Prospectus
- h) Upon receipt of the Bid cum Application Form, submitted whether in physical or electronic mode, the Designated Branch of the SCSB 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 Exchange.
- i) 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 Exchange.
- j) 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.
- k) 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 Offer Account, or until withdrawal/failure of the Offer or until withdrawal/rejection of the Bid cum Application Form, as the case may be. Once the Basis of Allotment is finalized, the Registrar to the Offer shall send an appropriate request to the SCSB for unblocking the relevant ASBA Accounts and for transferring the amount allocable to the successful Bidders to the Public Offer Account. In case of withdrawal/failure of the Offer, the blocked amount shall be unblocked on receipt of such information from the Registrar to the Offer.

#### **BIDS AT DIFFERENT PRICE LEVELS AND REVISION OF BIDS**

- a. Our Company in consultation with the BRLM, and without the prior approval of, or intimation, to the Bidders, reserves the right to revise the Price Band during the Bid/ Offer Period, provided that the Cap Price shall be less than or equal to 120% of the Floor Price and the Floor Price shall not be less than the face value of the Equity Shares. The revision in Price Band shall not exceed 20% on the either side i.e. the floor price can move up or down to the extent of 20% of the floor price disclosed. If the revised price band decided, falls within two different price bands than the minimum application lot size shall be decided based on the price band in which the higher price falls into.
- b. Our Company in consultation with the BRLM, will finalize the Offer 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 the Cut-off Price is prohibited for QIB and Non-Institutional Bidders and such Bids from QIB and Non-Institutional Bidders shall be rejected.
- d. Retail Individual Bidders, who Bid at Cut-off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders shall submit the Bid cum Application Form along with a cheque/demand draft for the Bid Amount based on the Cap Price with the Syndicate. In case of ASBA Bidders (excluding Non-Institutional Bidders and QIB Bidders) bidding at Cut-off Price, the ASBA Bidders shall instruct the SCSBs to block an amount based on the Cap Price.
- e. The price of the specified securities offered to an anchor investor shall not be lower than the price offered to other applicants.

#### **Participation by Associates /Affiliates of BRLM and the Syndicate Members**

The BRLM and the Syndicate Members, if any, shall not be allowed to purchase in this Offer in any manner, except towards fulfilling their underwriting obligations. However, the associates and affiliates of the BRLM and the Syndicate Members, if any,

may subscribe the Equity Shares in the Offer, either in the QIB Category or in the Non-Institutional Category as may be applicable to such Bidders, where the allocation is on a proportionate basis and such subscription may be on their own account or on behalf of their clients.

Neither the BRLM nor any persons related to the BRLM (other than Mutual Funds sponsored by entities related to the BRLM), Promoters and Promoter Group can apply in the Offer under the Anchor Investor Portion.

**Option to Subscribe in the Offer**

- a. As per Section 29(1) of the Companies Act 2013, allotment of Equity Shares shall be made in dematerialized form only. Investors will not have the option of getting allotment of specified securities in physical form.
- b. The Equity Shares, on allotment, shall be traded on the Stock Exchange in demat segment only.
- c. A single application from any investor shall not exceed the investment limit/minimum number of Equity Shares that can be held by him/her/it under the relevant regulations/statutory guidelines and applicable law.

**Information for the Bidders**

1. Our Company and the Book Running Lead Manager shall declare the Bid/ Offer Opening Date and Bid/ Offer Closing Date in the Draft Red Herring Prospectus to be registered with the RoC and also publish the same in two national newspapers (one each in English and Hindi) and in a regional newspaper with wide circulation. This advertisement shall be in prescribed format.
2. Our Company will file the Draft Red Herring Prospectus with the RoC at least 3 (three) days before the Bid/ Offer Opening Date.
3. Copies of the Bid Cum Application Form along with Abridge Prospectus and copies of the Draft Red Herring Prospectus will be available with the, the Book Running Lead Manager, the Registrar to the Offer, and at the Registered Office of our Company. Electronic Bid Cum Application Forms will also be available on the websites of the Stock Exchange.
4. Any Bidder who would like to obtain the Draft Red Herring Prospectus and/ or the Bid Cum Application Form can obtain the same from our Registered Office.
5. Bidders who are interested in subscribing for the Equity Shares should approach Designated Intermediaries to register their applications.
6. Bid Cum Application Forms submitted directly to the SCSBs should bear the stamp of the SCSBs and/or the Designated Branch, or the respective Designated Intermediaries. Bid Cum Application Form submitted by Applicants whose beneficiary account is inactive shall be rejected.
7. The Bid Cum Application Form can be submitted either in physical or electronic mode, to the SCSBs with whom the ASBA Account is maintained, or other Designated Intermediaries (Other than SCSBs). SCSBs may provide the electronic mode of collecting either through an internet enabled collecting and banking facility or such other secured, electronically enabled mechanism for applying and blocking funds in the ASBA Account. The Retail Individual Applicants has to apply only through UPI Channel, they have to provide the UPI ID and validate the blocking of the funds and such Bid Cum Application Forms that do not contain such details are liable to be rejected.
8. Bidders applying directly through the SCSBs should ensure that the Bid Cum Application Form is submitted to a Designated Branch of SCSB, where the ASBA Account is maintained. Applications submitted directly to the SCSB's or other Designated Intermediaries (Other than SCSBs), the relevant SCSB, shall block an amount in the ASBA Account equal to the Application Amount specified in the Bid Cum Application Form, before entering the ASBA application into the electronic system.
9. Except for applications by or on behalf of the Central or State Government and the Officials appointed by the courts and by investors residing in the State of Sikkim, the Bidders, or in the case of application in joint names, the first Bidder (the first name under which the beneficiary account is held), should mention his/her PAN allotted under the Income Tax Act. In accordance with the SEBI Regulations, the PAN would be the sole identification number for participating transacting in the securities market, irrespective of the amount of transaction. Any Bid Cum Application Form without PAN is liable to be rejected. The demat accounts of Bidders for whom PAN details have not been verified, excluding person resident in the State of Sikkim or persons who may be exempted from specifying their PAN for transacting in the securities market, shall be "suspended for credit" and no credit of Equity Shares pursuant to the Offer will be made into the accounts of such Bidders.

10. The Bidders may note that in case the PAN, the DP ID and Client ID mentioned in the Bid Cum Application Form and entered into the electronic collecting system of the Stock Exchange Designated Intermediaries do not match with PAN, the DP ID and Client ID available in the Depository database, the Bid Cum Application Form is liable to be rejected.

**BIDS BY ANCHOR INVESTORS:**

Our Company in consultation with the BRLM, may consider participation by Anchor Investors in the Offer for up to 60% of the QIB Portion in accordance with the SEBI Regulations. Only QIBs as defined in Regulation 2(1)(ss) of the SEBI Regulations and not otherwise excluded pursuant to Schedule XIII of the SEBI Regulations are eligible to invest. The QIB Portion will be reduced in proportion to allocation under the Anchor Investor Portion. In the event of undersubscription in the Anchor Investor Portion, the balance Equity Shares will be added to the QIB Portion. In accordance with the SEBI Regulations, the key terms for participation in the Anchor Investor Portion are provided below.

- 1) Anchor Investor Bid cum Application Forms will be made available for the Anchor Investors at the offices of the BRLM.
- 2) The Bid must be for a minimum of such number of Equity Shares so that the Bid Amount is at least ₹ 200.00 lakhs. A Bid cannot be submitted for over 60% of the QIB Portion. In case of a Mutual Fund, separate Bids by individual schemes of a Mutual Fund will be aggregated to determine the minimum application size of ₹ 200.00 lakhs
- 3) One-third of the Anchor Investor Portion will be reserved for allocation to domestic Mutual Funds.
- 4) Bidding for Anchor Investors will open one Working Day before the Bid/ Offer Opening Date and be completed on the same day.
- 5) Our Company in consultation with the BRLM, will finalize allocation to the Anchor Investors on a discretionary basis, provided that the minimum and maximum number of Allottees in the Anchor Investor Portion will be, as mentioned below:
  - where allocation in the Anchor Investor Portion is up to ₹ 200.00 Lakhs, maximum of 2 (two) Anchor Investors.
  - where the allocation under the Anchor Investor Portion is more than ₹ 200.00 Lakhs but upto ₹ 2500.00 Lakhs, minimum of 2 (two) and maximum of 15 (fifteen) Anchor Investors, subject to a minimum Allotment of ₹ 100.00 Lakhs per Anchor Investor; and
  - where the allocation under the Anchor Investor portion is more than ₹ 2500.00 Lakhs:(i)minimum of 5 (five) and maximum of 15 (fifteen) Anchor Investors for allocation upto ₹ 2500.00 Lakhs; and (ii) an additional 10 Anchor Investors for every additional allocation of ₹ 2500.00 Lakhs or part thereof in the Anchor Investor Portion; subject to a minimum Allotment of ₹ 100.00 Lakhs per Anchor Investor.
- 6) Allocation to Anchor Investors will be completed on the Anchor Investor Bid/ Offer Period. The number of Equity Shares allocated to Anchor Investors and the price at which the allocation is made will be made available in the public domain by the BRLM before the Bid/Offer Opening Date, through intimation to the Stock Exchange.
- 7) Anchor Investors cannot withdraw or lower the size of their Bids at any stage after submission of the Bid.
- 8) If the Offer Price is greater than the Anchor Investor Allocation Price, the additional amount being the difference between the Offer Price and the Anchor Investor Allocation Price will be payable by the Anchor Investors within 2 (two) Working Days from the Bid/ Offer Closing Date. If the Offer Price is lower than the Anchor Investor Allocation Price, Allotment to successful Anchor Investors will be at the higher price, i.e., the Anchor Investor Offer Price.
- 9) At the end of each day of the bidding period, the demand including allocation made to anchor investors, shall be shown graphically on the bidding terminals of syndicate members and website of stock exchange offering electronically linked transparent bidding facility, for information of public.
- 10) 50% of the Equity Shares Allotted to Anchor Investors in the Anchor Investor Portion shall be locked in for a period of 90 days from the date of Allotment, while the remaining 50% of the Equity Shares Allotted to Anchor Investors in the Anchor Investor Portion shall be locked in for a period of 30 days from the date of Allotment.
- 11) The BRLM, our Promoters, Promoter Group or any person related to them (except for Mutual Funds sponsored by entities related to the BRLM) will not participate in the Anchor Investor Portion. The parameters for selection of Anchor Investors will be clearly identified by the BRLM and made available as part of the records of the BRLM for inspection by SEBI.
- 12) Bids made by QIBs under both the Anchor Investor Portion and the QIB Portion will not be considered multiple Bids.

13) Anchor Investors are not permitted to Bid in the Offer through the ASBA process.

**BIDS BY ELIGIBLE NRI'S:**

Eligible NRIs may obtain copies of Bid cum Application Form from the offices of the BRLM and the Designated Intermediaries. Eligible NRI Bidders bidding on a repatriation basis by using the Non- Resident Forms should authorize their SCSB to block their Non-Resident External ("NRE") accounts, or Foreign Currency Non-Resident ("FCNR") ASBA Accounts, and eligible NRI Bidders bidding on a non-repatriation basis by using Resident Forms should authorize their SCSB to block their Non- Resident Ordinary ("NRO") accounts for the full Bid Amount, at the time of the submission of the Bid cum Application Form.

Eligible NRIs bidding on non-repatriation basis are advised to use the Bid cum Application Form for residents (white in colour).

Eligible NRIs bidding on a repatriation basis are advised to use the Bid cum Application Form meant for Non-Residents (blue in colour).

**BIDS BY FPI INCLUDING FII'S:**

In terms of the SEBI FPI Regulations, any qualified foreign investor or FII who holds a valid certificate of registration from SEBI shall be deemed to be an FPI until the expiry of the block of three years for which fees have been paid as per the SEBI FII Regulations. An FII or a sub-account may participate in this Offer, in accordance with Schedule 2 of the FEMA Regulations, until the expiry of its registration with SEBI as an FII or a sub-account. An FII shall not be eligible to invest as an FII after registering as an FPI under the SEBI FPI Regulations.

In case of Bids made by FPIs, a certified copy of the certificate of registration issued by the designated depository participant under the FPI Regulations is required to be attached to the Bid cum Application Form, failing which our Company reserves the right to reject any Bid without assigning any reason. An FII or subaccount may, subject to payment of conversion fees under the SEBI FPI Regulations, participate in the Offer, until the expiry of its registration as a FII or sub-account, or until it obtains a certificate of registration as FPI, whichever is earlier. Further, in case of Bids made by SEBI-registered FIIs or sub-accounts, which are not registered as FPIs, a certified copy of the certificate of registration as an FII issued by SEBI is required to be attached to the Bid cum Application Form, failing which our Company reserves the right to reject any Bid without assigning any reason.

In terms of the SEBI FPI Regulations, the Offer of Equity Shares to a single FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) must be below 10% of our post-Offer 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 sectorial cap by way of a resolution passed by the Board of Directors followed by a special resolution passed by the Shareholders of our Company and subject to prior intimation to RBI. In terms of the FEMA Regulations, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs as well as holding of FIIs (being deemed FPIs) shall be included. The existing individual and aggregate investment limits an FII or sub account in our Company is 10% and 24% of the total paid-up Equity Share capital of our Company, respectively.

FPIs are permitted to participate in the Offer 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 Offer or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by an FPI against securities held by it that are listed or proposed to be listed on any recognized stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with know your client norms. An FPI is also required to ensure that no further Offer or transfer of any offshore derivative instrument is made by or on behalf of it to any persons that are not regulated by an appropriate foreign regulatory authority.

FPIs who wish to participate in the Offer are advised to use the Bid cum Application Form for Non- Residents (blue in colour).

**BIDS BY SEBI REGISTERED VCF'S, AIF'S AND FVCI'S:**

The SEBI FVCI Regulations and the SEBI AIF Regulations inter-alia prescribe the investment restrictions on the VCFs, FVCIs and AIFs registered with SEBI. Further, the SEBI AIF Regulations prescribe, among others, the investment restrictions on AIF's.



The holding by any individual VCF registered with SEBI in one venture capital undertaking should not exceed 25% of the corpus of the VCF. Further, VCFs and FVCIs can invest only up to 33.33% of the investible funds by way of subscription to an initial public offering.

The category I and II AIFs cannot invest more than 25% of the corpus in one Investee Company. A category III AIF cannot invest more than 10% of the corpus in one Investee Company. A venture capital fund registered as a category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than 1/3rd of its corpus by way of subscription to an initial public offering of a venture capital undertaking. Additionally, the VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the VCF Regulation until the existing fund or scheme managed by the fund is wound up and such funds shall not launch any new scheme after the notification of the SEBI AIF Regulations.

All FIIs and FVCIs should note that refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of Bank charges and commission.

Our Company or the BRLM will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

There is no reservation for Eligible NRIs, FPIs and FVCIs and all Bidders will be treated on the same basis with other categories for the purpose of allocation.

#### **BIDS BY HUFs:**

Hindu Undivided Families or HUFs, in the individual name of the Karta. The Bidder should specify that the Application is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of sole or first Applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Bid cum Applications by HUFs may be considered at par with Bid cum Applications from individuals.

#### **BIDS BY MUTUAL FUNDS:**

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid cum Application in whole or in part, in either case, without assigning any reason thereof.

In case of a mutual fund, a separate Bid cum Application can be made in respect of each scheme of the mutual fund registered with SEBI and such Applications in respect of more than one scheme of the mutual fund will not be treated as multiple applications provided that the Bids clearly indicate the scheme concerned for which the Bids has been made.

The Bids made by the asset management companies or custodians of Mutual Funds shall specifically state the names of the concerned schemes for which the Applications are made.

#### **BIDS BY SYSTEMATICALLY IMPORTANT NON BANKING FINANCIAL COMPANIES:**

In case of Applications made by Systemically Important Non-Banking Financial Companies, a certified copy of the certificate of registration issued by the RBI, a certified copy of its last audited financial statements on a standalone basis and a net worth certificate from its statutory auditor(s), must be attached to the Bid cum Application Form. Failing this, our Company reserve the right to reject any Application, without assigning any reason thereof. Systemically Important Non-Banking Financial Companies participating in the Offer shall comply with all applicable legislations, regulations, directions, guidelines and circulars issued by RBI from time to time.

#### **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 Offer only through the ASBA process.

#### **BIDS BY INSURANCE COMPANIES:**

In case of Bids made by insurance companies registered with the IRDA, a certified copy of certificate of registration issued by IRDA must be attached to the Bid cum Application Form. Failing this, our Company reserves the right to reject any Bid by Insurance Companies without assigning any reason thereof. The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2000, as amended, are broadly set forth below:

- 1) equity shares of a company: the least of 10% 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: not more than 15% of the respective fund in case of a life insurer or 15% of investment assets in case of a general insurer or reinsurer or 15% of the investment assets in all companies belonging to the group, whichever is lower; and
- 3) the industry sector in which the investee company belong to: not more than 15% of the fund of a life insurer or a general insurer or a reinsurer or 15% of the investment asset, whichever is lower.

The maximum exposure limit, in the case of an investment in equity shares, cannot exceed the lower of an amount of 10% of the investment assets of a life insurer or general insurer and the amount calculated under (1), (2) and (3) above, as the case may be. Insurance companies participating in this Offer shall comply with all applicable regulations, guidelines and circulars issued by IRDAI from time to time.

**BIDS UNDER POWER OF ATTORNEY:**

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, FIIs, Mutual Funds, insurance companies and provident funds with a minimum corpus of ₹ 2500 Lakhs (subject to applicable law) and pension funds with a minimum corpus of ₹2500 Lakhs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reasons thereof. In addition to the above, certain additional documents are required to be submitted by the following entities:

- a) With respect to Bids by FIIs and Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form.
- b) With respect to Bids by insurance companies registered with the Insurance Regulatory and Development Authority, in addition to the above, a certified copy of the certificate of registration issued by the Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form.
- c) With respect to Bids made by provident funds with a minimum corpus of ₹ 2500 Lakhs (subject to applicable law) and pension funds with a minimum corpus of ₹ 2500 Lakhs, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Bid cum Application Form.
- d) With respect to Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form
- e) Our Company in consultation with the BRLM in their absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application form, subject to such terms and conditions that our Company and the BRLM may deem fit.

The above information is given for the benefit of the Bidders. Our Company, the 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.

**BIDS BY PROVIDENT FUNDS / PENSION FUNDS:**

In case of Bids made by provident funds with minimum corpus of ₹ 25 Crore (subject to applicable law) and pension funds with minimum corpus of ₹ 25 Crore, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged along with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any bid in whole or in part, in either case, without assigning any reason thereof.

**BIDS BY BANKING COMPANY:**

In case of Bids made by banking companies registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, and (ii) the approval of such banking company's investment committee are required to be attached to the Bid cum Application Form, failing which our Company reserves the right to reject any Bid by a banking company without assigning any reason.

The investment limit for banking companies in non-financial services companies as per the Banking Regulation Act, 1949, as amended (the "Banking Regulation Act"), and the Reserve Bank of India (Financial Services provided by Banks) Directions, 2016, is 10% of the paid-up share capital of the investee company not being its subsidiary engaged in non-financial services or 10% of the banks' own paid-up share capital and reserves, whichever is lower. However, a banking company would be permitted to invest in excess of 10% but not exceeding 30% of the paid-up share capital of such investee company if (i) the investee company is engaged in non-financial activities permitted for banks in terms of Section 6(1) of the Banking Regulation Act, or (ii) the additional acquisition is through restructuring of debt / corporate debt restructuring / strategic debt restructuring, or to protect the banks' interest on loans / investments made to a company. The bank is required to submit a time bound action plan for disposal of such shares within a specified period to RBI. A banking company would require a prior approval of RBI to make (i) investment in a subsidiary and a financial services company that is not a subsidiary (with certain exception prescribed), and (ii) investment in a nonfinancial services company in excess of 10% of such investee company's paid up share capital as stated in 5(a)(v)(c)(i) of the Reserve Bank of India (Financial Services provided by Banks) Directions, 2016.

**BIDS BY SCSB'S:**

SCSBs participating in the Offer are required to comply with the terms of the SEBI circulars dated September 13, 2012 and January 2, 2013. Such SCSBs are required to ensure that for making Bid cum Applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs. Further, such account shall be used solely for the purpose of making Bid cum application in public issues and clear demarcated funds should be available in such account for such Bid cum applications.

**ISSUANCE OF A CONFIRMATION NOTE ("CAN") AND ALLOTMENT IN THE OFFER:**

1. Upon approval of the basis of allotment by the Designated Stock Exchange, the BRLM or Registrar to the Offer shall send to the SCSBs a list of their Bidders who have been allocated Equity Shares in the Offer.
2. The Registrar will then dispatch a CAN to their Bidders who have been allocated Equity Shares in the Offer. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder

**Offer Procedure for Application Supported by Blocked Account (ASBA) Bidders**

In accordance with the SEBI Circular No. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 all the Bidders have to compulsorily apply through the ASBA Process. Our Company and the Book Running Lead Manager are not liable for any amendments, modifications, or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. ASBA Bidders are advised to make their independent investigations and to ensure that the ASBA Bid Cum Application Form is correctly filled up, as described in this section.

The lists of banks that have been notified by SEBI to act as SCSB (Self Certified Syndicate Banks) for the ASBA Process are provided on <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes>. For details on designated branches of SCSB collecting the Bid Cum Application Form, please refer the above-mentioned SEBI link.

**Terms of payment**

The entire Offer price of ₹ [●] per share is payable on application. In case of allotment of lesser number of Equity Shares than the number applied, the Registrar shall instruct the SCSBs to unblock the excess amount paid on Application to the Bidders.

SCSBs will transfer the amount as per the instruction of the Registrar to the Public Offer Account, the balance amount after transfer will be unblocked by the SCSBs.

The Bidders should note that the arrangement with Bankers to the Offer or the Registrar is not prescribed by SEBI and has been established as an arrangement between our Company, Banker to the Offer and the Registrar to the Offer to facilitate collections from the Bidders.

**Payment mechanism**

The Bidders shall specify the bank account number in their Bid Cum Application Form and the SCSBs shall block an amount equivalent to the Application Amount in the bank account specified in the Bid Cum Application Form. The SCSB shall keep the Application Amount in the relevant bank account blocked until withdrawal/ rejection of the Application or receipt of instructions from the Registrar to unblock the Application Amount. However, Non-Retail Bidders shall neither withdraw nor lower the size of their applications at any stage. In the event of withdrawal or rejection of the Bid Cum Application Form or for unsuccessful Bid Cum Application Forms, the Registrar to the Offer shall give instructions to the SCSBs to unblock the application money in the relevant bank account within one day of receipt of such instruction. The Application Amount shall remain blocked in the ASBA Account until finalization of the Basis of Allotment in the Offer and consequent transfer of the Application Amount to the Public Offer Account, or until withdrawal/ failure of the Offer or until rejection of the Application by the ASBA Bidder, as the case may be.

Please note that, in terms of SEBI Circular No. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 and the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, all the investors applying in a public Offer shall use only Application Supported by Blocked Amount (ASBA) process for application providing details of the bank account which will be blocked by the Self-Certified Syndicate Banks (SCSBs) for the same. Further, pursuant to SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 01, 2018, Retail Individual Investors applying in public Offer have to use UPI as a payment mechanism with Application Supported by Blocked Amount for making application.

**Payment into Escrow Account for Anchor Investors**

All the investors other than Anchor Investors are required to bid through ASBA Mode. Anchor Investors are requested to note the following:

Our Company in consultation with the Book Running Lead Manager, in its absolute discretion, will decide the list of Anchor Investors to whom the CAN will be sent, pursuant to which the details of the Equity Shares allocated to them in their respective names will be notified to such Anchor Investors. For Anchor Investors, the payment instruments for payment into the Escrow Account should be drawn in favour of:

- a. In case of resident Anchor Investors: - “Shanti Spintex Limited IPO – Anchor Account- R”
- b. In case of Non-Resident Anchor Investors: - “Shanti Spintex Limited IPO – Anchor Account- NR”
- c. 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 Bank and the Registrar to the Offer to facilitate collections from the Anchor Investors.

**Electronic Registration of Applications**

1. The Designated Intermediaries will register the applications using the on-line facilities of the Stock Exchange.
2. The Designated Intermediaries will undertake modification of selected fields in the application details already uploaded before 5.00 p.m. of the Offer Closing Date.
3. The Designated Intermediaries shall be responsible for any acts, mistakes or errors or omissions and commissions in relation to,
  - a) the applications accepted by them,
  - b) the applications uploaded by them
  - c) the applications accepted but not uploaded by them or
  - d) With respect to applications by Bidders, applications accepted and uploaded by any Designated Intermediary other than SCSBs, the Bid Cum Application Form along with relevant schedules shall be sent to the SCSBs or the Designated Branch of the relevant SCSBs for blocking of funds and they will be responsible for blocking the necessary amounts in the ASBA Accounts. In case of Application accepted and Uploaded by SCSBs, the SCSBs or the Designated Branch of the relevant SCSBs will be responsible for blocking the necessary amounts in the ASBA Accounts.
4. Neither the Book Running Lead Manager nor our Company nor the Registrar to the Offer, shall be responsible for any acts, mistakes or errors or omission and commissions in relation to,
  - (i) The applications accepted by any Designated Intermediaries
  - (ii) The applications uploaded by any Designated Intermediaries or
  - (iii) The applications accepted but not uploaded by any Designated Intermediaries
5. The Stock Exchange will offer an electronic facility for registering applications for the Offer. This facility will be available at the terminals of Designated Intermediaries and their authorized agents during the Offer Period. The Designated Branches or agents of Designated Intermediaries can also set up facilities for off-line electronic registration of applications subject to the condition that they will subsequently upload the off-line data file into the online facilities on a regular basis. On the Offer Closing Date, the Designated Intermediaries shall upload the applications till such time as may be permitted by the Stock Exchange. This information will be available with the Book Running Lead Manager on a regular basis.
6. With respect to applications by Bidders, at the time of registering such applications, the Syndicate Bakers, DPs and RTAs shall forward a Schedule as per format given below along with the Bid Cum Application Forms to Designated Branches of the SCSBs for blocking of funds:

S. No.	Details*
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1.	Symbol
2.	Intermediary Code
3.	Location Code
4.	Application No.
5.	Category
6.	PAN
7.	DP ID
8.	Client ID
9.	Quantity
10.	Amount

*\*Stock Exchanges shall uniformly prescribe character length for each of the above-mentioned fields*

7. With respect to applications by Bidders, at the time of registering such applications, the Designated Intermediaries shall enter the following information pertaining to the Bidders into the on-line system:
  - Name of the Bidder;
  - IPO Name;
  - Bid Cum Application Form Number;
  - Investor Category;
  - PAN (of First Bidder, if more than one Bidder);
  - DP ID of the demat account of the Bidder;
  - Client Identification Number of the demat account of the Bidder;
  - Number of Equity Shares Applied for;
  - Bank Account details;
  - Locations of the Banker to the Offer or Designated Branch, as applicable, and bank code of the SCSB branch where the ASBA Account is maintained; and
  - Bank account number.
8. In case of submission of the Application by a Bidder through the Electronic Mode, the Bidder shall complete the above-mentioned details and mention the bank account number, except the Electronic ASBA Bid Cum Application Form number which shall be system generated.
9. The aforesaid Designated Intermediaries shall, at the time of receipt of application, give an acknowledgment to the investor, by giving the counter foil or specifying the application number to the investor, as a proof of having accepted the Bid Cum Application Form in physical as well as electronic mode. The registration of the Application by the Designated Intermediaries does not guarantee that the Equity Shares shall be allocated / allotted either by our Company.
10. Such acknowledgment will be non-negotiable and by itself will not create any obligation of any kind.
11. In case of Non-Retail Bidders and Retail Individual Bidders, applications would not be rejected except on the technical grounds as mentioned in the Draft Red Herring Prospectus. The Designated Intermediaries shall have no right to reject applications, except on technical grounds.
12. The permission given by the Stock Exchanges to use their network and software of the Online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company and/or the 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; our Promoter, our management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus, nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.
13. The Designated Intermediaries will be given time till 5.00 p.m. on the Bid/Offer Closing Date to verify the DP ID and Client ID uploaded in the online IPO system during the Offer Period, after which the Registrar to the Offer will receive this data from the Stock Exchange and will validate the electronic application details with Depository's records. In case no corresponding record is available with Depositories, which matches the three parameters, namely DP ID, Client ID and PAN, then such applications are liable to be rejected.
14. The SCSBs shall be given one day after the Bid/Offer Closing Date to send confirmation of Funds blocked (Final certificate) to the Registrar to the Offer.
15. The details uploaded in the online IPO system shall be considered as final and Allotment will be based on such details for applications.

### **Build of the Book**

- a) Bids received from various Bidders through the Designated Intermediaries may be electronically uploaded on the Bidding Platform of the Stock Exchange on a regular basis. The book gets built up at various price levels. This information may be available with the BRLM at the end of the Bid/ Offer Period.
- b) Based on the aggregate demand and price for Bids registered on the Stock Exchange Platform, a graphical representation of consolidated demand and price as available on the websites of the Stock Exchange may be made available at the Bidding centres during the Bid/ Offer Period.

### **Withdrawal of Bids**

- a) RIIs can withdraw their Bids until Bid/ Offer Closing Date. In case a RII wishes to withdraw the Bid during the Bid/ Offer Period, the same can be done by submitting a request for the same to the concerned Designated Intermediary who shall do the requisite, including unblocking of the funds by the SCSB in the ASBA Account.
- b) The Registrar to the Offer shall give instruction to the SCSB for unblocking the ASBA Account on the Designated Date. QIBs and NIIs can neither withdraw nor lower the size of their Bids at any stage.

### **Price Discovery and Allocation**

- a) Based on the demand generated at various price levels, our Company in consultation with the BRLM, shall finalise the Offer Price and the Anchor Investor Offer Price.
- b) The SEBI ICDR Regulations, 2018 specify the allocation or Allotment that may be made to various categories of Bidders in an Offer depending on compliance with the eligibility conditions. Certain details pertaining to the percentage of Offer size available for allocation to each category is disclosed overleaf of the Bid cum Application Form and in the RHP. For details in relation to allocation, the Bidder may refer to the RHP.
- c) Under-subscription in any category (except QIB Category) is allowed to be met with spillover from any other category or combination of categories at the discretion of the Issuer and the in consultation with the BRLM and the Designated Stock Exchange and in accordance with the SEBI ICDR Regulations. Unsubscribed portion in QIB Category is not available for subscription to other categories.
- d) In case of under subscription in the Offer, spill-over to the extent of such under-subscription may be permitted from the Reserved Portion to the Offer. For allocation in the event of an undersubscription applicable to the Issuer, Bidders may refer to the RHP.
- e) In case if the Retail Individual Investor category is entitled to more than the allocated portion on proportionate basis, the category shall be allotted that higher percentage.
- f) Allocation to Anchor Investors shall be at the discretion of our Company and in consultation with the BRLM, subject to compliance with the SEBI Regulations.

**Illustration of the Book Building and Price Discovery Process:** Bidders should note that this example is solely for illustrative purposes and is not specific to the Offer; it also excludes Bidding by Anchor Investors. Bidders can bid at any price within the Price Band. For instance, assume a Price Band of ₹20 to ₹ 24 per share, Offer size of 3,000 Equity Shares and receipt of five Bids from Bidders, details of which are shown in the table below. The illustrative book given below shows the demand for the Equity Shares of the Offer at various prices and is collated from Bids received from various investors.

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

The price discovery is a function of demand at various prices. The highest price at which the Issuer is able to Offer the desired number of Equity Shares is the price at which the book cuts off, i.e., ₹ 22.00 in the above example. The Issuer, in consultation with the BRLM, may finalise the Offer Price at or below such Cut-Off Price, i.e., at or below ₹ 22.00. All Bids at or above this Offer Price and cut-off Bids are valid Bids and are considered for allocation in the respective categories.

**Signing of Underwriting Agreement and Filing of Red Herring Prospectus/ Prospectus with RoC**

- a) Our company has entered into an Underwriting Agreement dated September 13, 2023.
- b) A copy of Red Herring Prospectus will be filed with the RoC and copy of Prospectus will be filed with RoC in terms of Section 32 of Companies Act, 2013 and Section 26 of Companies Act, 2013.

**Pre-Offer Advertisement**

Subject to Section 30 of the Companies Act 2013, our Company shall, after filing the Red Herring Prospectus with the ROC, publish a pre-Offer advertisement, in the form prescribed by the SEBI Regulations, in (i) English National Newspaper; (ii) Hindi National Newspaper and (iii) Regional Newspaper each with wide circulation. In the pre-Offer advertisement, we shall state the Bid Opening Date and the Bid/Offer Closing Date and the floor price or price band along with necessary details subject to regulation 250 of SEBI ICRD Regulations. This advertisement, subject to the provisions of section 30 of the Companies Act, 2013, shall be in the format prescribed in Part A of Schedule X of the SEBI Regulations.

**ADVERTISEMENT REGARDING OFFER PRICE AND PROSPECTUS:**

Our Company will Offer a statutory advertisement after the filing of the Red Herring Prospectus/ Prospectus with the RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the final derived Offer Price. Any material updates between the date of the Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

**GENERAL INSTRUCTIONS:**

Please note that the NIIs are not permitted to withdraw their bids or lower the size of Bids in terms of quantity of Equity Shares or Bid Amount) at any stage. Retail Individual Investor can revise their Bids during the Bid/Offer period and withdraw their Bids until Bid/Offer Closing date.

Anchor investors are not allowed to withdraw their Bids after Anchor Investors bidding date.

**Do's:**

1. Check if you are eligible to apply as per the terms of the Draft Red Herring Prospectus and under applicable law, rules, regulations, guidelines and approvals;
2. Ensure that you have Bid within the Price Band;
3. Read all the instructions carefully and complete the Bid cum Application Form in the prescribed form;
4. Ensure that the details about the PAN, DP ID, Client ID, UPI ID are correct and the Bidders depository account is active, as Allotment of the Equity Shares will be in the dematerialized form only;
5. Ensure that your Bid cum Application Form bearing the stamp of a Designated Intermediary is submitted to the Designated Intermediary at the Bidding Centre;
6. If the first applicant is not the account holder, ensure that the Bid cum Application Form is signed by the account holder. Ensure that you have mentioned the correct bank account number in the Bid cum Application Form;
7. In case of Joint bids, ensure the first bidder is the ASBA Account holder (or the UPI linked bank account holder, as the case may be) and the signature of the first bidder is included in the Bid cum Application Form;
8. QIBs, Non-Institutional Bidders and the Retail Bidders should submit their Bids through the ASBA process only. However, pursuant to SEBI circular dated November 01, 2018, RII may submit their bid by using UPI mechanism for payment.
9. 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;
10. Ensure that you request for and receive a stamped acknowledgement of the Bid cum Application Form for all your Bid options;
11. Ensure that you have funds equal to the Bid Amount in the Bank Account maintained with the SCSB before submitting the Bid cum Application Form under the ASBA process or application forms submitted by RIIs using UPI mechanism for payment, to the respective member of the Syndicate (in the Specified Locations), the SCSBs, the Registered Broker (at the Broker Centers), the RTA (at the Designated RTA Locations) or CDP (at the Designated CDP Locations);
12. Submit revised Bids to the same Designated Intermediary, through whom the original Bid was placed and obtain a revised acknowledgment;

13. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of a SEBI circular dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, and (ii) Bids by persons resident in the state of Sikkim, who, in terms of a SEBI circular dated July 20, 2006, may be exempted from specifying their PAN for transacting in the securities market, all Bidders should mention their PAN allotted under the IT Act. The exemption for the Central or the State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in “active status”; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same. All other applications in which PAN is not mentioned will be rejected;
14. Ensure that the Demographic Details are updated, true and correct in all respects;
15. Ensure that the signature of the First Bidder in case of joint Bids, is included in the Bid cum Application Forms;
16. 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;
17. Ensure that the category and the investor status is indicated;
18. Ensure that in case of Bids under power of attorney or by limited companies, corporate, trust etc., relevant documents are submitted;
19. Ensure that Bids submitted by any person outside India should be in compliance with applicable foreign and Indian laws;
20. Bidders should note that in case the DP ID, Client ID and the PAN mentioned in their Bid cum Application Form and entered into the online IPO system of the Stock Exchange by the relevant Designated Intermediary, as the case may be, do not match with the DP ID, Client ID and PAN available in the Depository database, then such Bids are liable to be rejected. Where the Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in the same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form;
21. 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;
22. Ensure that you have mentioned the correct ASBA Account number or UPI ID in the Bid cum Application Form;
23. Ensure that you have mentioned the details of your own bank account for blocking of fund or your own bank account linked UPI ID to make application in the Public Offer;
24. Ensure that on receipt of the mandate request from sponsor bank, you have taken necessary step in timely manner for blocking of fund on your account through UPI ID using UPI application;
25. Ensure that you have correctly signed the authorization / undertaking box in the Bid cum Application Form, or have otherwise provided an authorization to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form at the time of submission of the Bid;
26. Ensure that you receive an acknowledgement from the concerned Designated Intermediary, for the submission of your Bid cum Application Form; and
27. The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

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 Amount to less than the Floor Price or higher than the Cap Price;
3. Do not pay the Bid Amount in cash, by money order, cheques or demand drafts or by postal order or by stock invest;
4. Do not send Bid cum Application Forms by post; instead submit the same to the Designated Intermediary only;
5. Do not submit the Bid cum Application Forms to any non-SCSB bank or our Company;
6. Do not Bid on a Bid cum Application Form that does not have the stamp of the relevant Designated Intermediary;
7. Do not Bid at Cut-off Price (for Bids by QIBs and Non-Institutional Bidders);
8. Do not instruct your respective Banks to release the funds blocked in the ASBA Account under the ASBA process;
9. Do not Bid for a Bid Amount exceed ₹ 2,00,000/- (for Applications by Retail Individual Bidders);
10. Do not fill up the Bid cum Application Form such that the Equity Shares Application exceeds the Offer size and / or investment limit or maximum number of the Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations or under the terms of the Red Herring Prospectus;
11. Do not submit the General Index Register number instead of the PAN;
12. Do not submit the Bid without ensuring that funds equivalent to the entire Bid Amount are blocked in the relevant ASBA Account;
13. Do not submit Bids on plain paper or on incomplete or illegible Bid cum Application Forms or on Bid cum Application Forms in a colour prescribed for another category of Applicant;
14. Do not submit a Bid in case you are not eligible to acquire Equity Shares under applicable law or your relevant constitutional documents or otherwise;
15. Do not Bid if you are not competent to contract under the Indian Contract Act, 1872 (other than minors having valid depository accounts as per Demographic Details provided by the depository);
16. Do not submit a Bid by using details of the third party's bank account or UPI ID which is linked with bank account of



the third party. Kindly note that Bids made using third party bank account or using third party linked bank account UPI ID are liable for rejection.

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

### **Other instructions for the Bidders**

#### **Joint Bids**

In the case of Joint Bids, the Bids should be made in the name of the Bidders whose name appears first in the Depository account. The name so entered should be the same as it appears in the Depository records. The signature of only such first Bidders would be required in the Bid cum Application Form/Application Form and such first Bidder would be deemed to have signed on behalf of the joint holders. All payments may be made out in favour of the Bidder whose name appears in the Bid cum Application Form or the Revision Form and all communications may be addressed to such Bidder and may be dispatched to his or her address as per the Demographic Details received from the Depositories.

#### **Multiple Bids**

Bidder should submit only one Bid cum Application Form. Bidder shall have the option to make a maximum of Bids at three different price levels in the Bid cum Application Form and such options are not considered as multiple Bids. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate, SCSB or Registered Broker and duplicate copies of Bid cum Application Forms bearing the same application number shall be treated as multiple Bids and are liable to be rejected.

#### **Investor Grievance**

In case of any pre-Offer or post Offer related problems regarding demat credit/ refund orders/ unblocking etc. the Investors can contact the Compliance Officer of our Company.

#### **Nomination Facility to Bidders**

Nomination facility is available in accordance with the provisions of Section 72 of the Companies Act, 2013. In case of allotment of the Equity Shares in dematerialized form, there is no need to make a separate nomination as the nomination registered with the Depository may prevail. For changing nominations, the Bidders should inform their respective DP.

#### **Submission of Bids**

- a) During the Bid/Offer Period, Bidders may approach any of the Designated Intermediaries to register their Bids.
- b) In case of Bidders (excluding NIIs and QIBs) Bidding at cut-off price, the Bidders may instruct the SCSBs to block Bid Amount based on the Cap Price less Discount (if applicable).
- c) For details of the timing on acceptance and upload of Bids in the Stock Exchange platform Bidders are requested to refer to the DRHP.

### **GROUND OF TECHNICAL REJECTIONS**

Bidders are advised to note that Bids are liable to be rejected inter alia on the following technical grounds:

- Amount blocked does not tally with the amount payable for the Equity Shares applied for;
- In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
- Bid by persons not competent to contract under the Indian Contract Act, 1872 including minors, insane persons;
- PAN not mentioned in the Bid cum Application Form;
- Bids at a price less than the Floor Price and Bids at a price more than the Cap Price;
- GIR number furnished instead of PAN;
- Bid for lower number of Equity Shares than specified for that category of investors;
- Bids at Cut-off Price by NIIs and QIBs;
- Bids for number of Equity Shares which are not in multiples Equity Shares which are not in multiples as specified in the DRHP;
- The amounts mentioned in the Bid cum Application Form/Application Form does not tally with the amount payable for the value of the Equity Shares Bid/Applied for;
- Bids for lower number of Equity Shares than the minimum specified for that category of investors;
- Category not ticked;

- Multiple Bids as defined in the DRHP;
- In case of Bids under power of attorney or by limited companies, corporate, trust etc., where relevant documents are not submitted;
- Bid accompanied by Stock invest/ money order/ postal order/ cash/ cheque/ demand draft/ pay order;
- Signature of sole Bidder is missing;
- Bid cum Application Forms not delivered by the Bidder within the time prescribed as per the Bid cum Application Forms, Bid/Offer Opening Date advertisement and the DRHP and as per the instructions in the DRHP and the Bid cum Application Forms;
- In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's account number;
- Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
- Bid by OCBs;
- Bids by US persons other than in reliance on Regulation S or "qualified institutional buyers" as defined in Rule 144A under the Securities Act;
- Inadequate funds in the bank account to block the Bid Amount specified in the Bid cum Application Form/Application Form at the time of blocking such Bid Amount in the bank account;
- Bids not uploaded on the terminals of the Stock Exchanges;
- Where no confirmation is received from SCSB for blocking of funds;
- Bids by SCSBs wherein a separate account in its own name held with any other SCSB is not mentioned as the ASBA Account in the Bid cum Application Form/Application Form. Bids not duly signed by the sole/First Bidder;
- Bids by any persons outside India if not in compliance with applicable foreign and Indian laws;
- Bids that do not comply with the securities laws of their respective jurisdictions are liable to be rejected;
- Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
- Bids by persons who are not eligible to acquire Equity Shares of the Company in terms of all applicable laws, rules, regulations, guidelines, and approvals; and
- Details of ASBA Account not provided in the Bid cum Application form.

For details of instructions in relation to the Bid cum Application Form, Bidders may refer to the relevant section the GIR.

**BIDDERS SHOULD NOTE THAT IN CASE THE PAN, THE DP ID AND CLIENT ID MENTIONED IN THE BID CUM APPLICATION FORM AND ENTERED INTO THE ELECTRONIC APPLICATION SYSTEM OF THE STOCK EXCHANGES BY THE BIDS COLLECTING INTERMEDIARIES DO NOT MATCH WITH PAN, THE DP ID AND CLIENT ID AVAILABLE IN THE DEPOSITORY DATABASE, THE BID CUM APPLICATION FORM IS LIABLE TO BE REJECTED.**

#### **BASIS OF ALLOCATION**

- a) The SEBI (ICDR) Regulations specify the allocation or Allotment that may be made to various categories of Bidders in an Issue depending on compliance with the eligibility conditions. Certain details pertaining to the percentage of Offer size available for allocation to each category is disclosed overleaf of the Bid cum Application Form and in the DRHP. For details in relation to allocation, the Bidder may refer to the RHP.
- b) Under-subscription in any category (except QIB Category) is allowed to be met with spill over from any other category or combination of categories at the discretion of the Issuer and in consultation with the BRLM and the Designated Stock Exchange and in accordance with the SEBI (ICDR) Regulations, Unsubscribed portion in QIB Category is not available for subscription to other categories.
- c) In case of under subscription in the Offer, spill-over to the extent of such under- subscription may be permitted from the Reserved Portion to the Offer. For allocation in the event of an under-subscription applicable to the Issuer, Bidders may refer to the RHP.

#### **ALLOTMENT PROCEDURE AND BASIS OF ALLOTMENT**

The Allotment of Equity Shares to Bidders other than Retail Individual Investors and Anchor Investors may be on proportionate basis. For Basis of Allotment to Anchor Investors, Bidders may refer to DRHP. No Retail Individual Investor will be Allotted less than the minimum Bid Lot subject to availability of shares in Retail Individual Investor Category and the remaining available shares, if any will be Allotted on a proportionate basis. The Issuer is required to receive a minimum subscription of 90% of the Offer. However, in case the Offer is in the nature of Offer for Sale only, then minimum subscription may not be applicable.

#### **BASIS OF ALLOTMENT**

**a. For Retail Individual Bidders**

Bids received from the Retail Individual Bidders at or above the Offer 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 Offer Price.

The Offer size less Allotment to Non-Institutional and QIB Bidders shall be available for Allotment to Retail Individual Bidders who have Bid in the Offer at a price that is equal to or greater than the Offer Price. If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Offer Price, full Allotment shall be made to the Retail Individual Bidders to the extent of their valid Bids.

If the aggregate demand in this category is greater than [●] Equity Shares at or above the Offer Price, the 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.

**b. For Non-Institutional Bidders**

Bids received from Non-Institutional Bidders at or above the Offer 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 Offer Price.

The Offer size less Allotment to QIBs and Retail shall be available for Allotment to Non- Institutional Bidders who have Bid in the Offer at a price that is equal to or greater than the Offer Price. If the aggregate demand in this category is less than or equal to [●]Equity Shares at or above the Offer 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 Offer 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**

For the Basis of Allotment to Anchor Investors, Bidders/Applicants may refer to the SEBI ICDR Regulations or RHP / Prospectus. Bids received from QIBs Bidding in the QIB Category (net of Anchor Portion) at or above the Offer Price may be grouped together to determine the total demand under this category. The QIB Category may be available for Allotment to QIBs who have Bid at a price that is equal to or greater than the Offer Price. Allotment may be undertaken in the following manner: Allotment shall be undertaken in the following manner:

a) In the first instance allocation to Mutual Funds for [●]% of the QIB Portion shall be determined as follows:

- In the event that Bids by Mutual Fund exceeds [●]% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for [●]% of the QIB Portion.
- In the event that the aggregate demand from Mutual Funds is less than [●]% of the QIB Portion then all Mutual Funds shall get full Allotment to the extent of valid Bids received above the Offer Price.
- Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall 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:

- In the event that the oversubscription in the QIB Portion, all QIB Bidders who have submitted Bids above the Offer Price shall be allotted Equity Shares on a proportionate basis, upto a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter for [●]% of the QIB Portion.
- 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, upto a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter, along with other QIB Bidders.
- Under-subscription below [●]% 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 to QIB Bidders shall not be more than [●] Equity Shares.

**d. ALLOTMENT TO ANCHOR INVESTOR (IF APPLICABLE)**

- a) Allocation of Equity Shares to Anchor Investors at the Anchor Investor Allocation Price will be at the discretion of the Issuer, in consultation with the BRLM, subject to compliance with the following requirements:
- i) not more than 60% of the QIB Portion will be allocated to Anchor Investors;
  - ii) one-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors; and
  - iii) allocation to Anchor Investors shall be on a discretionary basis and subject to:
    - a maximum number of two Anchor Investors for allocation up to ₹ 2 crores;  
a minimum number of two Anchor Investors and maximum number of 15 Anchor Investors for allocation of more than ₹ 2 crores and up to ₹ 25 crores subject to minimum allotment of ₹ 1 crores per such Anchor Investor; and
    - in case of allocation above twenty five crore rupees; a minimum of 5 such investors and a maximum of 15 such investors for allocation up to twenty five crore rupees and an additional 10 such investors for every additional twenty five crore rupees or part thereof, shall be permitted, subject to a minimum allotment of one crore rupees per such investor.
- b) A physical book is prepared by the Registrar on the basis of the Anchor Investor Application Forms received from Anchor Investors. Based on the physical book and at the discretion of the Issuer, in consultation with the BRLM, selected Anchor Investors will be sent a CAN and if required, a revised CAN.

**c) In the event that the Offer Price is higher than the Anchor Investor Allocation Price:**

Anchor Investors will be sent a revised CAN within one day of the Pricing Date indicating the number of Equity Shares allocated to such Anchor Investor and the pay-in date for payment of the balance amount. Anchor Investors are then required to pay any additional amounts, being the difference between the Offer Price and the Anchor Investor Allocation Price, as indicated in the revised CAN within the pay-in date referred to in the revised CAN. Thereafter, the Allotment Advice will be issued to such Anchor Investors

**d) In the event the Offer Price is lower than the Anchor Investor Allocation Price:**

Anchor Investors who have been Allotted Equity Shares will directly receive Allotment Advice.

**e) Basis of Allotment for QIBs (other than Anchor Investors) and NIIs in case of Over Subscribed Offer:**

In the event of the Offer being Over-Subscribed, the Issuer may finalise the Basis of Allotment in consultation with the BSE SME (The Designated Stock Exchange). The allocation may be made in marketable lots on proportionate basis as set forth hereunder:

- a) The total number of Shares to be allocated to each category as a whole shall be arrived at on a proportionate basis i.e. the total number of Shares applied for in that category multiplied by the inverse of the oversubscription ratio (number of Bidders in the category multiplied by number of Shares applied for).
- b) The number of Shares to be allocated to the successful Bidders will be arrived at on a proportionate basis in marketable lots (i.e. Total number of Shares applied for into the inverse of the over subscription ratio).
- c) For Bids where the proportionate allotment works out to less than [●] equity shares the allotment will be made as follows:
  - Each successful Bidder shall be allotted [●] equity shares; and
  - The successful Bidder out of the total bidders for that category shall be determined by draw of lots in such a manner that the total number of Shares allotted in that category is equal to the number of Shares worked out as per (b) above.
- d) If the proportionate allotment to a Bidder works out to a number that is not a multiple of [●] equity shares, the Bidder would be allotted Shares by rounding off to the nearest multiple of [●] equity shares subject to a minimum

allotment of [●] equity shares.

- e) If the Shares allotted on a proportionate basis to any category is more than the Shares allotted to the Bidders in that category, the balance available Shares or allocation shall be first adjusted against any category, where the allotted Shares are not sufficient for proportionate allotment to the successful Bidder in that category, the balance Shares, if any, remaining after such adjustment will be added to the category comprising Bidder applying for the minimum number of Shares. If as a result of the process of rounding off to the nearest multiple of [●] Equity Shares, results in the actual allotment being higher than the shares offered, the final allotment may be higher at the sole discretion of the Board of Directors, up to 110% of the size of the Offer specified under the Capital Structure mentioned in this DRHP.

Retail Individual Investor' means an investor who applies for shares of value of not more than ₹ 2,00,000/- Investors may note that in case of over subscription allotment shall be on proportionate basis and will be finalized in consultation with BSE.

The Executive Director/ Managing Director of BSE - the Designated Stock Exchange in addition to Book Running Lead Manager and Registrar to the Public Offer shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner in accordance with the SEBI (ICDR) Regulations.

### **Issuance of Allotment Advice**

- 1) Upon approval of the Basis of Allotment by the Designated Stock Exchange.
- 2) On the basis of approved Basis of Allotment, the Issuer shall pass necessary corporate action to facilitate the allotment and credit of equity shares. Bidders are advised to instruct their Depository Participants to accept the Equity Shares that may be allotted to them pursuant to the Offer.

The Book Running Lead Manager or the Registrar to the Offer will dispatch an Allotment Advice to their Bidders who have been allocated Equity Shares in the Offer. The dispatch of Allotment Advice shall be deemed a valid, binding and irrevocable contract for the Allotment to such Bidder.

- 3) Issuer will make the allotment of the Equity Shares and initiate corporate action for credit of shares to the successful Bidders Depository Account within 4 working days of the Offer Closing date. The Issuer also ensures the credit of shares to the successful Bidders Depository Account is completed within one working Day from the date of allotment, after the funds are transferred from ASBA Public Offer Account to Public Offer account of the issuer.

### **Designated Date:**

On the Designated date, the SCSBs shall transfers the funds represented by allocations of the Equity Shares into Public Offer Account with the Bankers to the Offer.

The Company will issue and dispatch letters of allotment/ or letters of regret along with refund order or credit the allotted securities to the respective beneficiary accounts, if any within a period of 4 working days of the Bid/Offer Closing Date. The Company will intimate the details of allotment of securities to Depository immediately on allotment of securities under relevant provisions of the Companies Act, 2013 or other applicable provisions, if any

### **Instructions for Completing the Bid Cum Application Form**

The Applications should be submitted on the prescribed Bid Cum Application Form and in BLOCK LETTERS in ENGLISH only in accordance with the instructions contained herein and in the Bid Cum Application Form. Applications not so made are liable to be rejected. Applications made using a third-party bank account or using third party UPI ID linked bank account are liable to be rejected. Bid Cum Application Forms should bear the stamp of the Designated Intermediaries. ASBA Bid Cum Application Forms, which do not bear the stamp of the Designated Intermediaries, will be rejected.

SEBI, vide Circular No.CIR/CFD/14/2012 dated October 04, 2012 has introduced an additional mechanism for investors to submit Bid Cum Application Forms in public issues using the stock broker (broker) network of Stock Exchanges, who may not be syndicate members in an Offer with effect from January 01, 2013. The list of Broker Centre is available on the websites of BSE i.e. [www.bseindia.com](http://www.bseindia.com) and NSE i.e. [www.nseindia.com](http://www.nseindia.com). With a view to broad base the reach of Investors by substantial, enhancing the points for submission of applications, SEBI vide Circular No. CIR/CFD/POLICY CELL/11/2015 dated November 10, 2015 has permitted Registrar to the Offer and Share Transfer Agent and Depository Participants registered with SEBI to accept the Bid Cum Application Forms in Public Offer with effect front January 01, 2016. The List of ETA and DPs centres for collecting the application shall be disclosed is available on the websites of BSE i.e. [www.bseindia.com](http://www.bseindia.com) and NSE i.e. [www.nseindia.com](http://www.nseindia.com).

### **Bidder's Depository Account and Bank Details**

Please note that, providing bank account details, PAN No's, Client ID and DP ID in the space provided in the Bid Cum Application Form is mandatory and applications that do not contain such details are liable to be rejected.

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant Identification number and Beneficiary Account Number provided by them in the Bid Cum Application Form as entered into the Stock Exchange online system, the Registrar to the Offer 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 all correspondence with the Bidders including mailing of the Allotment Advice. The Demographic Details given by Bidders in the Bid Cum Application Form would not be used for any other purpose by the Registrar to the Offer.

By signing the Bid Cum Application Form, the Bidder would be deemed to have authorized the depositories to provide, upon request, to the Registrar to the Offer, the required Demographic Details as available on its records.

### **Submission of Bid Cum Application Form**

All Bid Cum Application Forms duly completed shall be submitted to the Designated Intermediaries. The aforesaid intermediaries shall, at the time of receipt of application, give an acknowledgement to investor, by giving the counter foil or specifying the application number to the investor, as a proof of having accepted the Bid Cum Application Form, in physical or electronic mode, respectively.

### **Communications**

All future communications in connection with Applications made in this Offer should be addressed to the Registrar to the Offer 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 Designated Intermediary where the Application was submitted thereof and a copy of the acknowledgement slip.

Investors can contact the Compliance Officer or the Registrar to the Offer in case of any pre-Offer or post Offer related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary accounts, etc.

### **Disposal of Application and Application Moneys and Interest in Case of Delay**

The Company shall ensure the dispatch of Allotment advice, and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchange within 2 (two) working days of date of Allotment of Equity Shares.

The Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at BSE SME where the Equity Shares are proposed to be listed are taken within 6 (Six) working days from Offer Closing Date.

In accordance with the Companies Act, the requirements of the Stock Exchange and the SEBI Regulations, the Company further undertakes that:

1. Allotment and Listing of Equity Shares shall be made within 6 (Six) days of the Offer Closing Date;
2. Giving of Instructions for refund by unblocking of amount via ASBA not later than 4(four) working days of the Offer Closing Date, would be ensured; and
3. If such money is not repaid within prescribed time from the date our Company becomes liable to repay it, then our Company and every officer in default shall, on and from expiry of prescribed time, be liable to repay such application money, with interest as prescribed under SEBI (ICDR) Regulations, the Companies Act, 2013 and applicable law. Further, in accordance with Section 40 of the Companies Act, 2013, the Company and each officer in default may be punishable with fine and/or imprisonment in such a case.

### **Right to Reject Applications**

In case of QIB Bidders, the Company in consultation with the BRLM may reject Applications provided that the reasons for rejecting the same shall be provided to such Bidder in writing. In case of Non-Institutional Bidders, Retail Individual Bidders who applied, the Company has a right to reject Applications based on technical grounds.

**Grounds for technical rejection**

Bidders are advised to note that Bids are liable to be rejected inter alia on the following technical grounds:

- a) Amount blocked does not tally with the amount payable for the Equity Shares applied for
- b) In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
- c) Bid by persons not competent to contract under the Indian Contract Act, 1872 including minors, insane persons;
- d) PAN not mentioned in the Bid cum Application Form;
- e) Bids at a price less than the Floor Price and Bids at a price more than the Cap Price;
- f) GIR number furnished instead of PAN;
- g) Bid for lower number of Equity Shares than specified for that category of investors;
- h) Bids at Cut-off Price by NIIs and QIBs;
- i) Bids for number of Equity Shares which are not in multiples as specified in the DRHP;
- j) The amounts mentioned in the Bid cum Application Form/Application Form does not tally with the amount payable for the value of the Equity Shares Bid/Applied for;
- k) Bids for lower number of Equity Shares than the minimum specified for that category of investors;
- l) Category not ticked;
- m) Multiple Bids as defined in the DRHP;
- n) In case of Bids under power of attorney or by limited companies, corporate, trust etc., where relevant documents are not submitted;
- o) Bid accompanied by Stock invest/ money order/ postal order/ cash/ cheque/ demand draft/ pay order;
- p) Signature of sole Bidder is missing;
- q) Bid cum Application Forms not delivered by the Bidder within the time prescribed as per the Bid cum Application Forms, Bid/Offer Opening Date advertisement and the DRHP and as per the instructions in the DRHP and the Bid cum Application Forms;
- r) In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's account number;
- s) Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
- t) Bid by OCBs;
- u) Bids by US persons other than in reliance on Regulation S or "qualified institutional buyers" as defined in Rule 144A under the Securities Act;
- v) Inadequate funds in the bank account to block the Bid Amount specified in the Bid cum Application Form/Application Form at the time of blocking such Bid Amount in the bank account;
- w) Bids not uploaded on the terminals of the Stock Exchanges;
- x) Where no confirmation is received from SCSB for blocking of funds;
- y) Bids by SCSBs wherein a separate account in its own name held with any other SCSB is not mentioned as the ASBA Account in the Bid cum Application Form/Application Form. Bids not duly signed by the sole/First Bidder;
- z) Bids by any persons outside India if not in compliance with applicable foreign and Indian laws;
- aa) Bids that do not comply with the securities laws of their respective jurisdictions are liable to be rejected;
- bb) Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
- cc) Bids by persons who are not eligible to acquire Equity Shares of the Company in terms of all applicable laws, rules, regulations, guidelines, and approvals; and
- dd) Details of ASBA Account not provided in the Bid cum Application form.

For details of instructions in relation to the Bid cum Application Form, Bidders may refer to the relevant section the BID.

**Impersonation**

*Attention of the Applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:*

**"Any person who—**

- (a) Makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or
- (b) Makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or
- (c) Otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447."

### **Undertakings by Our Company**

We undertake as follows:

- 1) That the complaints received in respect of the Offer shall be attended to by us expeditiously and satisfactorily;
- 2) That all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchange where the Equity Shares are proposed to be listed within 6 (six) Working days of Offer Closing Date.
- 3) That if the Company do not proceed with the Offer, the reason thereof shall be given as a public notice to be issued by our Company within two days of the Offer Closing Date. The public notice shall be issued in the same newspapers where the pre-Offer advertisements were published. The stock exchange on which the Equity Shares are proposed to be listed shall also be informed promptly;
- 4) That our Promoters' contribution in full has already been brought in;
- 5) That no further issue of Equity Shares shall be made till the Equity Shares offered through the Draft Red Herring Prospectus are listed or until the Application monies are unblocked on account of non-listing, under subscription etc. and
- 6) That if the Company withdraws the Offer after the Offer Closing Date, our Company shall be required to file a fresh offer document with the ROC/ SEBI, in the event our Company subsequently decides to proceed with the Issuer;
- 7) That funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Offer by us;
- 8) That where refunds (to the extent applicable) are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within the specified period of closure of the Offer giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- 9) That Company shall not have recourse to the Offer proceeds until the approval for trading of the Equity Shares from the Stock Exchange where listing is sought has been received;
- 10) Adequate arrangements shall be made to collect all Application Forms from the Applicants;
- 11) That the certificates of the securities/refund orders to Eligible NRIs shall be dispatched within specified time; and
- 12) That none of the promoters or directors of the company is willful defaulter under Section 5(c) of SEBI (ICDR) Regulations, 2018.

### **Undertakings by the Selling Shareholders**

Only statements and undertakings which are specifically "confirmed" or "undertaken" by the Selling Shareholders in this Draft Red Herring Prospectus shall be deemed to be "*Statements and Undertakings made by the Selling Shareholders*". All other statements and/ or undertakings in this Draft Red Herring Prospectus shall be statements and undertakings made by our Company even if the same relates to the Selling Shareholders. The Selling Shareholders specifically confirms and undertakes the following in respect of himself and the Equity Shares being offered by him pursuant to the Offer for Sale:

- i. The portion of the offered Shares shall be transferred in the Offer free and clear of any pre-emptive rights, liens, mortgages, charges, pledges, trusts or any other encumbrance or transfer restrictions, both present and future, in a manner prescribed under Applicable Law in relation to the Offer, and without any objection by it and in accordance with the instructions of the Registrar to the Offer.
- ii. it shall not offer, lend, pledge, charge, transfer or otherwise encumber, sell, dispose off any of its respective Offered Shares being offered pursuant to the Offer until such time that the lock-in (if applicable) remains effective save and except as may be permitted under the SEBI ICDR Regulations;
- iii. The portion of the offered Shares have been held by the Selling Shareholders for a minimum period of one year prior to the date of filing the Draft Red Herring Prospectus, such period determined in accordance with Regulation 26 (6) of the SEBI ICDR Regulations.
- iv. He is the legal and beneficial owner and has full title of its respective portion of the offered Shares.
- v. That he shall provide all reasonable co-operation as requested by our Company and the Book Running Lead Manager in relation to the completion of the Allotment and dispatch of the Allotment Advice and CAN, if required, and refund orders (as applicable) to the requisite extent of his portion of the offered Shares.
- vi. He will not have recourse to the proceeds of the Offer for Sale, until approval for final listing and trading of the Equity Shares is received from the Stock Exchanges.
- vii. He will deposit his respective portion of the offered Shares in an escrow account opened with the Share Escrow Agent prior to filing of the Prospectus with the RoC.
- viii. He shall not offer any incentive, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise, to any person for making a Application in the Offer, and shall not make any payment, whether direct or indirect, whether in the nature of discounts, commission, allowance or otherwise, to any person who makes a Application in the Offer, except as permitted under applicable law;
- ix. That he will provide such reasonable support and extend such reasonable cooperation as may be required by our Company and the Book Running Lead Manager in redressal of such investor grievances that pertain to the Equity Shares held by him and being offered pursuant to the Offer.



The Selling Shareholders has authorized the Company Secretary and Compliance Officer of our Company and the Registrar to the Offer to redress any complaints received from Applicants in respect of the Offer for Sale.

**Utilization of Offer Proceeds:**

The Board of Directors of our Company certifies that:

- 1) All monies received out of the Offer shall be credited/ transferred to a separate bank account other than the bank account referred to in sub section (3) of Section 40 of the Companies Act 2013;
- 2) Details of all monies utilized out of the Offer referred above shall be disclosed and continue to be disclosed till the time any part of the Offer proceeds remains unutilized, under an appropriate head in our balance sheet of our company indicating the purpose for which such monies have been utilized;
- 3) Details of all unutilized monies out of the Offer, if any shall be disclosed under the appropriate separate head in the balance sheet of our company indicating the form in which such unutilized monies have been invested and
- 4) Our Company shall comply with the requirements of SEBI Listing Regulations, 2015 in relation to the disclosure and monitoring of the utilization of the proceeds of the Offer.
- 5) Our Company shall not have recourse to the Offer Proceeds until the approval for listing and trading of the Equity Shares from the Stock Exchange where listing is sought has been received.
- 6) The Book Running Lead Manager undertakes that the complaints or comments received in respect of the Offer shall be attended by our Company expeditiously and satisfactorily.

**Equity Shares in Dematerialized Form with NSDL or CDSL**

To enable all shareholders of our Company to have their shareholding in electronic form, the Company has signed the following tripartite agreements with the Depositories and the Registrar and Share Transfer Agent:

- Tripartite Agreement dated August 25, 2023 between NSDL, our Company and Registrar to the Offer; and
- Tripartite Agreement dated August 24, 2023 between CDSL, our Company and Registrar to the Offer.

The Company's equity shares bear an ISIN No. INE0QZQ01019

## **RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES**

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and Foreign Exchange Management Act, 1999 ("FEMA"). While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The government bodies responsible for granting foreign investment approvals are the Reserve Bank of India ("RBI") and Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India ("DIPP").

The Government of India has from time to time made policy pronouncements on FDI through press notes and press releases. The DPIIT issued the Consolidated Foreign Direct Investment Policy notified by the DPIIT File No. 5(2)/2020-FDI Policy dated October 15, 2020, with effect from October 15, 2020 (the "FDI Policy"), which consolidates and supersedes all previous press notes, press releases and clarifications on FDI issued by the DPIIT or the DPIIT that were in force and effect prior to October 15, 2020. The Government of India proposes to update the consolidated circular on FDI Policy once every year and therefore, the FDI Policy will be valid until the DPIIT issues an updated circular.

In terms of the FEMA NDI Rules, a person resident outside India may make investments into India, subject to certain terms and conditions, and provided that an entity of a country, which shares land border with India or the beneficial owner of an investment into India who is situated in or is a citizen of any such country, shall invest only with government approval.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the RBI, provided that (i) the activities of the investee company are under the automatic route under the foreign direct investment policy and transfer does not attract the provisions of the Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI policy; and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI / RBI.

Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020 issued by the DPIIT and the Foreign Exchange Management (Non-debt Instruments) Amendment Rules, 2020 which came into effect from April 22, 2020, any investment, subscription, purchase or sale of equity instruments by entities of a country which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country ("Restricted Investors"), will require prior approval of the Government, as prescribed in the Consolidated FDI Policy and the FEMA Rules. Further, in the event of transfer of ownership of any existing or future foreign direct investment in an entity in India, directly or indirectly, resulting in the beneficial ownership falling within the aforesaid restriction/ purview, such subsequent change in the beneficial ownership will also require approval of the Government. Furthermore, on April 22, 2020, the Ministry of Finance, Government of India has also made a similar amendment to the FEMA Rules. Pursuant to the Foreign Exchange Management (Non-debt Instruments) (Fourth Amendment) Rules, 2020, a multilateral bank or fund, of which India is a member, shall not be treated as an entity of a particular country nor shall any country be treated as the beneficial owner of the investments of such bank or fund in India. Each Bidder should seek independent legal advice about its ability to participate in the Offer. In the event such prior approval of the Government of India is required, and such approval has been obtained, the Bidder shall intimate our Company and the Registrar to the Offer in writing about such approval along with a copy thereof within the Offer Period.

As per the existing policy of the Government of India, OCBs cannot participate in this Offer and in accordance with the extant FDI guidelines on sectoral caps, pricing guidelines etc. as amended by Reserve bank of India, from time to time. Investors are advised to confirm their eligibility under the relevant laws before investing and / or subsequent purchase or sale transaction in the Equity Shares of our Company. Investors will not offer, sell, pledge or transfer the Equity Shares of our Company to any person who is not eligible under applicable laws, rules, regulations, guidelines. Our Company, the Underwriters and their respective directors, officers, agents, affiliates and representatives, as applicable, accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of our Company.

### **Investment conditions/restrictions for overseas entities**

Under the current FDI Policy 2020, the maximum amount of Investment (sectoral cap) by foreign investor in an issuing entity is composite unless it is explicitly provided otherwise including all types of foreign investments, direct and indirect, regardless of whether it has been made for FDI, FPI, NRI/OCI, LLPs, FVCI, Investment Vehicles and DRs under Foreign Exchange Management. (Non-debt Instruments) Rules, 2019. Any equity holding by a person resident outside India resulting from conversion of any debt instrument under any arrangement shall be reckoned as foreign investment under the composite cap.

Portfolio Investment upto aggregate foreign investment level of 49% or sectoral/statutory cap, whichever is lower, will not be subject to either Government approval or compliance of sectoral conditions, if such investment does not result in transfer of ownership and/or control of Indian entities from resident Indian citizens to non-resident entities. Other foreign investments will be subject to conditions of Government approval and compliance of sectoral conditions as per FDI Policy. The total foreign investment, direct and indirect, in the issuing entity will not exceed the sectoral/statutory cap.

### **Investment by FPIs under Portfolio Investment Scheme (PIS)**

With regards to purchase/sale of capital instruments of an Indian company by an FPI under PIS the total holding by each FPI or an investor group as referred in SEBI (FPI) Regulations, 2014 shall not exceed 10% of the total paid-up equity capital on a fully diluted basis or less than 10% of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian company and the total holdings of all FPIs put together shall not exceed 24% of paid-up equity capital on fully diluted basis or paidup value of each series of debentures or preference shares or share warrants. The said limit of 10% and 24% will be called the individual and aggregate limit, respectively. However, this limit of 24 % may be increased up to sectoral cap/statutory ceiling, as applicable, by the Indian company concerned by passing a resolution by its Board of Directors followed by passing of a special resolution to that effect by its general body.

### **Investment by NRI or OCI on repatriation basis:**

The purchase/sale of equity shares, debentures, preference shares and share warrants issued by an Indian company (hereinafter referred to as "Capital Instruments") of a listed Indian company on a recognised stock exchange in India by Non-Resident Indian (NRI) or Overseas Citizen of India (OCI) on repatriation basis is allowed subject to certain conditions under Foreign Exchange Management (Non-debt Instruments) Rules, 2019.

The total holding by any individual NRI or OCI shall not exceed 5% of the total paid-up equity capital on a fully diluted basis or should not exceed 5% of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian company and the total holdings of all NRIs and OCIs put together shall not exceed 10% of the total paid-up equity capital on a fully diluted basis or shall not exceed 10% of the paid-up value of each series of debentures or preference shares or share warrants; provided that the aggregate ceiling of 10% may be raised to 24% if a special resolution to that effect is passed by the general body of the Indian company.

### **Investment by NRI or OCI on non-repatriation basis**

As per current FDI Policy 2020, Foreign Exchange Management (Non-debt Instruments) Rules, 2019, Purchase/ sale of Capital Instruments or convertible notes or units or contribution to the capital of an LLP by a NRI or OCI on non- repatriation basis – will be deemed to be domestic investment at par with the investment made by residents. This is further subject to remittance channel restrictions.

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended ("US Securities Act") or any other state securities laws in the United States of America and may not be sold or offered within the United States of America, or to, or for the account or benefit of "US Persons" as defined in Regulation S of the U.S. Securities Act, except pursuant to exemption from, or in a transaction not subject to, the registration requirements of US Securities Act and applicable state securities laws.

Accordingly, the equity shares are being offered and sold only outside the United States of America in an offshore transaction in reliance upon Regulation S under the US Securities Act and the applicable laws of the jurisdiction where those offers and sale occur.

Further, no offer to the public (as defined under Directive 2003/71/EC, together with any amendments) and implementing measures thereto, (the "Prospectus Directive") has been or will be made in respect of the Offer in any member State of the European Economic Area which has implemented the Prospectus Directive except for any such offer made under exemptions available under the Prospectus Directive, provided that no such offer shall result in a requirement to publish or supplement a prospectus pursuant to the Prospectus Directive, in respect of the Offer.

Any forwarding, distribution or reproduction of this document in whole or in part may be unauthorised. Failure to comply with this directive may result in a violation of the Securities Act or the applicable laws of other jurisdictions. Any investment decision should be made on the basis of the final terms and conditions and the information contained in this Draft Red Herring Prospectus.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Application may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The above information is given for the benefit of the Applicants. Our Company and the Book Running Lead Manager are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Applicants are advised to make their independent investigations and ensure that the Applications are not in violation of laws or regulations applicable to them and do not exceed the applicable limits under the laws and regulations.

**SECTION IX - MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION OF OUR COMPANY**

*The following regulations comprised in the Articles of Association were adopted pursuant to the member's special resolution passed at the Extra Ordinary General Meeting held on February 27, 2023 In substitution for, and to the entire exclusion of, the earlier regulation comprised in the extant Articles of Association of the Company.*

Pursuant to Schedule I of the Companies Act, and the SEBI ICDR Regulations, the Main provisions of the Articles of Association relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and Transmission of equity shares or debentures, their consolidation or splitting are as provided below. Each provision below is numbered as per the corresponding article number in the articles of association and defined terms herein have the meaning given to them in the Articles of Association.

**INTERPRETATION**

- I 1. In these regulations-
- b. "the Act" means the Companies Act, 2013,
  - c. "the seal" means the common seal of the company.

Unless the context otherwise requires, words or expressions contained in these regulations shall bear the same meaning as in the Act or any statutory modification thereof in force at the date at which these regulations become binding on the company.

**PUBLIC COMPANY**

Public company means a company which:

- (a) is not a private company;
- (b) has a minimum paid-up share capital as may be prescribed by the act time to time.

**SHARE CAPITAL AND VARIATION OF RIGHTS**

- II. 1. Subject to the provisions of the Act and these Articles, the shares in the capital of the company shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par and at such time as they may from time to time think fit.
2. i. Every person whose name is entered as a member in the register of members shall be entitled to receive within two months after incorporation, in case of subscribers to the memorandum or after allotment or within one month after the application for the registration of transfer or transmission or within such other period as the conditions of issue shall be provided,-
- a. one certificate for all his shares without payment of any charges; or
  - b. several certificates, each for one or more of his shares, upon payment of twenty rupees for each certificate after the first.
- ii. Every certificate shall be under the seal and shall specify the shares to which it relates and the amount paid - up thereon.
- iii. In respect of any share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders.
3. i. If any share certificate be worn out, defaced, mutilated or torn or if there be no further space on the back for endorsement of transfer, then upon production and surrender thereof to the company, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, a new certificate in lieu thereof shall be given. Every certificate under this Article shall be issued on payment of twenty rupees for each certificate.
- ii. The provisions of Articles (2) and (3) shall mutatis mutandis apply to debentures of the company.
4. Except as required by law, no person shall be recognised by the company as holding any share upon any trust, and the company shall not be bound by, or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these regulations or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.

5.
  - i. The company may exercise the powers of paying commissions conferred by sub-section (6) of section 40, provided that the rate per cent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by that section and rules made thereunder.
  - ii. The rate or amount of the commission shall not exceed the rate or amount prescribed in rules made under sub-section (6) of section 40.
  - iii. The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in the one way and partly in the other.
6.
  - i. If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of section 48, and whether or not the company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class.
  - ii. To every such separate meeting, the provisions of these regulations relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be at least two persons holding at least one-third of the issued shares of the class in question.
7. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking pari-passu therewith.
8. Subject to the provisions of section 55, any preference shares may, with the sanction of an ordinary resolution, be issued on the terms that they are to be redeemed on such terms and in such manner as the company before the issue of the shares may, by special resolution, determine.

#### **LIEN**

9.
  - i. The company shall have a first and paramount lien
    - a. on every share (not being a fully paid share), for all monies (whether presently payable or not) called, or payable at a fixed time, in respect of that share; and
    - b. on all shares (not being fully paid shares) standing registered in the name of a single person, for all monies presently payable by him or his estate to the company:  
Provided that the Board of directors may at any time declare any share to be wholly or in part exempt from the provisions of this clause.
  - ii. The company's lien, if any, on a share shall extend to all dividends payable and bonuses declared from time to time in respect of such shares.
  - iii. That fully paid shares shall be free from all lien and that in the case of partly paid shares the Issuer's lien shall be restricted to moneys called or payable at a fixed time in respect of such shares.
10. The company may sell, in such manner as the Board thinks fit, any shares on which the company has a lien: Provided that no sale shall be made-
  - a. unless a sum in respect of which the lien exists is presently payable; or
  - b. until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency.
11.
  - i. To give effect to any such sale, the Board may authorise some person to transfer the shares sold to the purchaser thereof
  - ii. The purchaser shall be registered as the holder of the shares comprised in any such transfer.
  - iii. The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.
12.
  - i. The proceeds of the sale shall be received by the company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable.
  - ii. The residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the shares

before the sale, be paid to the person entitled to the shares at the date of the sale.

### **CALLS ON SHARES**

13. i. The Board may, from time to time, make calls upon the members in respect of any monies unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times:

Provided that no call shall exceed one-fourth of the nominal value of the share or be payable at less than one month from the date fixed for the payment of the last preceding call.

- ii. Each member shall, subject to receiving at least fourteen days' notice specifying the time or times and place of payment, pay to the company, at the time or times and place so specified, the amount called on his shares.
- iii. A call may be revoked or postponed at the discretion of the Board.
- iv. That any amount paid up in advance of calls on any share may carry interest but shall not in respect thereof confer a right to dividend or to participate in profits

14. A call shall be deemed to have been made at the time when the resolution of the Board authorizing the call was passed and may be required to be paid by installments.

15. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

16. If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest thereon from the day appointed for payment thereof to the time of actual payment at ten per cent per annum or at such lower rate, if any, as the Board may determine.

The Board shall be at liberty to waive payment of any such interest wholly or in part.

17. i. Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall, for the purposes of these regulations, be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable.
- ii. In case of non-payment of such sum, all the relevant provisions of these regulations as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

18. The Board -

- a. may, if it thinks fit, receive from any member willing to advance the same, all or any part of the monies uncalled and unpaid upon any shares held by him and
- b. upon all or any of the monies so advanced, may (until the same would, but for such advance, become presently payable) pay interest at such rate not exceeding, unless the company in general meeting shall otherwise direct, twelve per cent per annum, as may be agreed upon between the Board and the member paying the sum in advance.

### **TRANSFER OF SHARES**

19. i. The instrument of transfer of any share in the company shall be executed by or on behalf of both the transferor and transferee.
- ii. The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.
- iii. That a common form of transfer shall be used
20. i. The Board may, subject to the right of appeal conferred by section 58 decline to register—
- ii. the transfer of a share, not being a fully paid share, to a person of whom they do not approve; or

iii. any transfer of shares on which the company has a lien.

21. The Board may decline to recognise any instrument of transfer unless—

- a. the instrument of transfer is in the form as prescribed in rules made under sub-section (1) of section 56;
- b. the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and
- c. the instrument of transfer is in respect of only one class of shares.

That registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Issuer on any account whatsoever

22. On giving not less than seven days' previous notice in accordance with section 91 and rules made thereunder, the registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine:

Provided that such registration shall not be suspended for more than thirty days at any one time or for more than forty-five days in the aggregate in any year.

### **TRANSMISSION OF SHARES**

23. i. On the death of a member, the survivor or survivors where the member was a joint holder, and his nominee or nominees or legal representatives where he was a sole holder, shall be the only persons recognised by the company as having any title to his interest in the shares

ii. Nothing in clause (i) shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.

iii. That a common form of transmission shall be used

24. i. Any person becoming entitled to a share in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided, elect, either-

- a. to be registered himself as holder of the share; or
- b. to make such transfer of the share as the deceased or insolvent member could have made.

ii. The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had transferred the share before his death or insolvency.

25. i. If the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the company a notice in writing signed by him stating that he so elects.

ii. If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share.

iii. All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice or transfer were a transfer signed by that member.

26. A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the company:

Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share, until the requirements of the notice have been complied with.

27. Omitted

### **FORFEITURE OF SHARES**

28. If a member fails to pay any call, or installment of a call, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or installment remains unpaid, serve a notice on him requiring payment of so much of the call or installment as is unpaid, together with any interest which may have accrued.
29. The notice aforesaid shall-
- a. name a further day (not being earlier than the expiry of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made; and
  - b. state that, in the event of non-payment on or before the day so named, the shares in respect of which the call was made shall be liable to be forfeited.
30. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.
31.
  - i. A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit.
  - ii. At any time before a sale or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit.
32.
  - i. A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay to the company all monies which, at the date of forfeiture, were presently payable by him to the company in respect of the shares.
  - ii. The liability of such person shall cease if and when the company shall have received payment in full of all such monies in respect of the shares.
33.
  - i. A duly verified declaration in writing that the declarant is a director, the manager or the secretary, of the company, and that a share in the company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share;
  - ii. The company may receive the consideration, if any, given for the share on any sale or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of;
  - iii. The transferee shall thereupon be registered as the holder of the share; and
  - iv. The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.
34. The provisions of these regulations as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

### **ALTERATION OF CAPITAL**

35. The company may, from time to time, by ordinary resolution increase the share capital by such sum, to be divided into shares of such amount, as may be specified in the resolution.
36. Subject to the provisions of section 61, the company may, by ordinary resolution-
- i. consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
  - ii. convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination;
  - iii. sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum; and
  - iv. cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be



taken by any person.

- v. Permission for sub-division/ consolidation of share certificates

37. Where shares are converted into stock,—

- the holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations under which, the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit:
- Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose.
- the holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.
- such of the regulations of the company as are applicable to paid-up shares shall apply to stock and the words “share” and “shareholder” in those regulations shall include “stock” and “stock-holder” respectively.

38. The company may, by special resolution, reduce in any manner and with, and subject to, any incident authorised and consent required by law-

- it share capital;
- any capital redemption reserve account; or
- any share premium account.

#### **CAPITALISATION OF PROFITS**

39. The company in general meeting may, upon the recommendation of the Board, resolve-

- i. that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the company's reserve accounts, or to the credit of the, profit and loss account, or otherwise available for distribution; and
- ii. that such sum be accordingly set free for distribution in the manner specified in clause (ii) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.
- iii. The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in clause (iii), either in or towards-
  - a. paying up any amounts for the time being unpaid on any shares held by such members respectively;
  - b. paying up in full, unissued shares of the company to be allotted and distributed, credited as fully paid-up, to and amongst such members in the proportions aforesaid;
  - c. partly in the way specified in sub-clause (A) and partly in that specified in sub-clause (B);
- iv. A securities premium account and a capital redemption reserve account may, for the purposes of this regulation, be applied in the paying up of unissued shares to be issued to members of the company as fully paid bonus shares;
- v. The Board shall give effect to the resolution passed by the company in pursuance of this regulation.

40. i. Whenever such a resolution as aforesaid shall have been passed, the Board shall-

- a. make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all
- b. allotments and issues of fully paid shares if any; and
- c. generally do all acts and things required to give effect thereto.

- ii. The Board shall have power-
  - a. to make such provisions, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, for the case of shares becoming distributable in fractions; and
  - b. to authorise any person to enter, on behalf of all the members entitled thereto, into an agreement with

the company providing for the allotment to them respectively, credited as fully paid-up, of any further shares to which they may be entitled upon such capitalisation, or as the case may require, for the payment by the company on their behalf, by the application thereto of their respective proportions of profits resolved to be capitalised, of the amount or any part of the amounts remaining unpaid on their existing shares;

- iii. Any agreement made under such authority shall be effective and binding on such members

#### **BUY-BACK OF SHARES**

41. Notwithstanding anything contained in these articles but subject to the provisions of sections 68 to 70 and any other applicable provision of the Act or any other law for the time being in force, the company may purchase its own shares or other specified securities.

#### **GENERAL MEETINGS**

42. All general meetings other than annual general meeting shall be called extraordinary general meeting.
43. i. The Board may, whenever it thinks fit, call an extraordinary general meeting.
- ii. If at any time directors capable of acting who are sufficient in number to form a quorum are not within India, any director or any two members of the company may call an extraordinary general meeting in the same manner, as nearly as possible, as that in which such a meeting may be called by the Board.

#### **PROCEEDINGS AT GENERAL MEETINGS**

44. i. No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business.
- ii. Save as otherwise provided herein, the quorum for the general meetings shall be as provided in section 103.
45. The chairperson, if any, of the Board shall preside as Chairperson at every general meeting of the company.
46. If there is no such Chairperson, or if he is not present within fifteen minutes after the time appointed for holding the meeting or is unwilling to act as chairperson of the meeting, the directors present shall elect one of their members to be Chairperson of the meeting.
47. If at any meeting no director is willing to act as Chairperson or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall choose one of their members to be Chairperson of the meeting.
48. Omitted

#### **ADJOURNMENT OF MEETING**

49. i. The Chairperson may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place.
- ii. No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
- iii. When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.
- iv. Save as aforesaid, and as provided in section 103 of the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

#### **VOTING RIGHTS**

50. Subject to any rights or restrictions for the time being attached to any class or classes of shares,
- i. on a show of hands, every member present in person shall have one vote;
- ii. and on a poll, the voting rights of members shall be in proportion to his share in the paid-up equity share

capital of the company.

- iii. That option or right to call of shares shall not be given to any person except with the sanction of the Issuer in general meetings
51. A member may exercise his vote at a meeting by electronic means in accordance with section 108 and shall vote only once.
52.
  - i. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.
  - ii. For this purpose, seniority shall be determined by the order in which the names stand in the register of members.
53. A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy.
54. Any business other than that upon which a poll has been demanded maybe proceeded with, pending the taking of the poll.
55. No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the company have been paid
56.
  - i. No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes.
  - ii. Any such objection made in due time shall be referred to the Chairperson of the meeting, whose decision shall be final and conclusive.

#### **PROXY**

57. The instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarised copy of that power or authority, shall be deposited at the registered office of the company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll; and in default the instrument of proxy shall not be treated as valid.
58. An instrument appointing a proxy shall be in the form as prescribed in the rules made under section 105
59. A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given:

Provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.

#### **BOARD OF DIRECTORS**

60. The number of the directors and the names of the first directors shall be determined in writing by the subscribers of the memorandum or a majority of them. The following are the First Directors of the Company:
1. Amit Bindal
  2. Sanjay Bindal
61. The remuneration of the directors shall, in so far as it consists of a monthly payment, be deemed to accrue from day-to-day.

In addition to the remuneration payable to them in pursuance of the Act, the directors may be paid all travelling, hotel and other expenses properly incurred by them-

- in attending and returning from meetings of the Board of Directors or any committee thereof or general meetings of the company; or

- in connection with the business of the company.
62. The Board may pay all expenses incurred in getting up and registering the company.
63. The company may exercise the powers conferred on it by section 88 with regard to the keeping of a foreign register; and the Board may (subject to the provisions of that section) make and vary such regulations as it may think fit respecting the keeping of any such register.
64. All cheques, promissory notes, drafts, hundis, bills of exchange and other negotiable instruments, and all receipts for monies paid to the company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, by such person and in such manner as the Board shall from time to time by resolution determine.
65. Every director present at any meeting of the Board or of a committee thereof shall sign his name in a book to be kept for that purpose.
66. i. Subject to the provisions of section 149, the Board shall have power at any time, and from time to time, to appoint a person as an additional director, provided the number of the directors and additional directors together shall not at any time exceed the maximum strength fixed for the Board by the articles.
- ii. Such person shall hold office only up to the date of the next annual general meeting of the company but shall be eligible for appointment by the company as a director at that meeting subject to the provisions of the Act.

#### **PROCEEDINGS OF THE BOARD**

67. The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it thinks fit.
- A director may, and the manager or secretary on the requisition of a director shall, at any time, summon a meeting of the Board.
68. i. Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of votes.
- ii. In case of an equality of votes, the Chairperson of the Board, if any, shall have a second or casting vote.
69. The continuing directors may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing directors or director may act for the purpose of increasing the number of directors to that fixed for the quorum, or of summoning a general meeting of the company, but for no other purpose.
70. i. The Board may elect a Chairperson of its meetings and determine the period for which he is to hold office.
- ii. If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the directors present may choose one of their number to be Chairperson of the meeting.
71. i. The Board may, subject to the provisions of the Act, delegate any of its powers to committees consisting of such member or members of its body as it thinks fit.
- ii. Any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the Board.
72. i. A committee may elect a Chairperson of its meetings.
- ii. If no such Chairperson is elected, or if at any meeting the 72 Chairperson is not present within five minutes after the time appointed for holding the meeting, the members present may choose one of their members to be Chairperson of the meeting.
73. i. A committee may meet and adjourn as it thinks fit.
- ii. Questions arising at any meeting of a committee shall be determined by a majority of votes of the members present, and in case of an equality of votes, the Chairperson shall have a second or casting vote.

74. All acts done in any meeting of the Board or of a committee thereof or by any person acting as a director, shall, notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more of such directors or of any person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such director or such person had been duly appointed and was qualified to be a director.
75. Save as otherwise expressly provided in the Act, a resolution in writing, signed by all the members of the Board or of a committee thereof, for the time being entitled to receive notice of a meeting of the Board or committee, shall be valid and effective as if it had been passed at a meeting of the Board or committee, duly convened and held.
76. Omitted

**CHIEF EXECUTIVE OFFICER, MANAGER, COMPANY SECRETARY OR CHIEF FINANCIAL OFFICER**

77. Subject to the provisions of the Act,
- i. A chief executive officer, manager, company secretary or chief financial officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit; and any chief executive officer, manager, company secretary or chief financial officer so appointed may be removed by means of a resolution of the Board;
  - ii. A director may be appointed as chief executive officer, manager, company secretary or chief financial officer
78. A provision of the Act or these regulations requiring or authorising a thing to be done by or to a director and chief executive officer, manager, company secretary or chief financial officer shall not be satisfied by its being done by or to the same person acting both as director and as, or in place of, chief executive officer, manager, company secretary or chief financial officer.

**THE SEAL**

79.
  - i. The Board shall provide for the safe custody of the seal.
  - ii. The seal of the company shall not be affixed to any instrument except by the authority of a resolution of the Board or of a committee of the Board authorised by it in that behalf, and except in the presence of at least two directors and of the secretary or such other person as the Board may appoint for the purpose; and those two directors and the secretary or other person aforesaid shall sign every instrument to which the seal of the company is so affixed in their presence.

**DIVIDENDS AND RESERVE**

80. The company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board.
81. Subject to the provisions of section 123, the Board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the company.
82.
  - i. The Board may, before recommending any dividend, set aside out of the profits of the company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the company may be properly applied, including provision for meeting contingencies or for equalizing dividends; and pending such application, may, at the like discretion, either be employed in the business of the company or be invested in such investments (other than shares of the company) as the Board may, from time to time, think fit.
  - ii. The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.
83.
  - i. Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the company, dividends may be declared and paid according to the amounts of the shares.
  - ii. No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this

regulation as paid on the share.

- iii. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly. That there shall be no forfeiture of unclaimed dividends before the claim becomes barred by law.

- 84. The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the company on account of calls or otherwise in relation to the shares of the company.
- 85.
  - i. Any dividend, interest or other monies payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members, or to such person and to such address as the holder or joint holders may in writing direct.
  - ii. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.
- 86. Any one of two or more joint holders of a share may give effective receipts for any dividends, bonuses or other monies payable in respect of such share.
- 87. Notice of any dividend that may have been declared shall be given to the persons entitled to share therein in the manner mentioned in the Act.
- 88. No dividend shall bear interest against the company.

#### **ACCOUNTS**

- 89.
  - i. The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books of the company, or any of them, shall be open to the inspection of members not being directors.
  - ii. No member (not being a director) shall have any right of inspecting any account or book or document of the company except as conferred by law or authorised by the Board or by the company in general meeting.

#### **WINDING UP**

- 90. Subject to the provisions of Chapter XX of the Act and rules made thereunder-
  - i. If the company shall be wound up, the liquidator may, with the sanction of a special resolution of the company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the company, whether they shall consist of property of the same kind or not.
  - ii. For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.
  - iii. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

#### **INDEMNITY**

- 91. Every officer of the company shall be indemnified out of the assets of the company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in which relief is granted to him by the court or the Tribunal.

**SECTION X – OTHER INFORMATION**

**MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION**

The following contracts (not being contracts entered into in the ordinary course of business carried on by the Company or entered into more than two years before the date of the Draft Red Herring Prospectus) which are or may be deemed material have been entered or to be entered into by the Company which are or may be deemed material will be attached to the copy of the Prospectus, delivered to the Registrar of Companies, for registration. Copies of the abovementioned contracts and also the documents for inspection referred to hereunder, may be inspected at the registered office between 10 A.M. and 5 P.M. on all Working Days from the date of this Draft Red Herring Prospectus until the Offer Closing Date.

**Material Contracts**

1. Offer Agreement dated September 13, 2023 executed between our Company, Selling Shareholders and the Book Running Lead Manager to the Offer.
2. Registrar to the Offer Agreement dated September 13, 2023 executed between our Company, Selling Shareholders and the Registrar to the Offer.
3. Banker to the Offer Agreement dated [●] among our Company, Book Running Lead Manager, Selling Shareholders, Banker to the Offer and the Registrar to the Offer.
4. Market Making Agreement dated September 13, 2023 between our Company, Book Running Lead Manager and Market Maker.
5. Underwriting Agreement dated September 13, 2023 between our Company, Selling Shareholders, Book Running Lead Manager and Underwriter.
6. Tripartite Agreement dated August 24, 2023 among CDSL, the Company and the Registrar to the Offer.
7. Tripartite Agreement dated August 25, 2023 among NSDL, the Company and the Registrar to the Offer.
8. Syndicate Agreement dated [●] among our Company, the Book Running Lead Manager, Syndicate Member and Selling Shareholders.

**Material Documents**

1. Certified copies of the Memorandum and Articles of Association of the Company as amended.
2. Certificate of Incorporation dated August 23, 2010 issued by the Registrar of Companies, Gujarat, Dadra and Nagar Haveli.
3. Fresh Certificate of Incorporation dated August 18, 2023 issued by the Registrar of Companies, Ahmedabad, Gujarat consequent upon Conversion of company into Public Limited Company.
4. Copy of the Board Resolution dated August 24, 2023 authorizing the Offer and other related matters.
5. Copy of Shareholder's Resolution dated August 31, 2023 authorizing the Offer and other related matters.
6. Copies of Audited Financial Statements of our Company for the financial year ended March 31, 2023, March 31, 2022 and March 31, 2021.
7. Statutory Auditors Report dated September 09, 2023 on the Restated Financial Information of our Company for the financial year ended March 31, 2023, March 31, 2022 and March 31, 2021.
8. Copy of the Statement of Special Tax Benefits dated September 09, 2023 from the Statutory Auditor.
9. Certificate on KPI's issued by Statutory Auditors dated September 09, 2023
10. Consents of the Book Running Lead Manager, Legal Advisor to the Offer, Registrar to the Offer, Statutory Auditor of the Company, Advisors to the Offer, Market Maker, Underwriter, Bankers to our Company, Banker to the Offer, Promoter of our Company, Directors of our Company, Company Secretary and Compliance Officer and Chief Financial Officer, as referred to, in their respective capacities.
11. Board Resolution dated September 15, 2023 for approval of Draft Red Herring Prospectus and dated [●] for approval of Prospectus.
12. Due Diligence Certificate from Book Running Lead Manager dated September 15, 2023.
13. Approval from BSE vide letter dated [●] to use the name of BSE in the Prospectus for listing of Equity Shares on the BSE SME (SME Platform) of the BSE Ltd.

**DECLARATION BY SELLING SHAREHOLDERS**

I, Vineeta V. Chiripal, hereby certifies that all statements and undertakings specifically made or confirmed by me in this Draft Red Herring Prospectus, about or in relation to myself as a selling shareholder and my portion of the offered shares, are true and correct, I, Vineeta V. Chiripal, assume no responsibility for any other statements, disclosures and undertakings made or confirmed by, about or relating to the Company, its business, the other Selling Shareholders or any other person(s) in this Draft Red Herring Prospectus.

**SIGNED BY THE SELLING SHAREHOLDER OF OUR COMPANY:**

Name and Designation	Signature
Vineeta V. Chiripal	Sd/-

Date: September 15, 2023

Place: Dubai



**DECLARATION BY SELLING SHAREHOLDERS**

I, Jaiprakash Devkinandan Chiripal, Designated partner of **Chiripal Exim LLP**, having valid DIN: 00155430, hereby certifies that all statements and undertakings specifically made or confirmed by us in this Draft Red Herring Prospectus, about or in relation to **Chiripal Exim LLP** as a selling shareholder and my portion of the offered shares, are true and correct, We assume no responsibility for any other statements, disclosures and undertakings made or confirmed by, about or relating to the Company, its business, the other Selling Shareholders or any other person(s) in this Draft Red Herring Prospectus.

**SIGNED BY THE SELLING SHAREHOLDER OF OUR COMPANY:**

Name and Designation	Signature
<b>For Chiripal Exim LLP</b> Name: Jaiprakash Devkinandan Designated Partner DPIN: 00155430	Sd/-

Date: September 15, 2023

Place: Ahmedabad

**DECLARATION**

I certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, regulations and guidelines issued by the Government of India, or the regulations or guidelines issued by the Government of India or the regulations or guidelines issued by SEBI, established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the Securities Contracts (Regulation) Act, 1956, as amended, the Securities and Exchange Board of India Act, 1992, as amended or the rules, regulations or guidelines issued thereunder, as the case may be. I further certify that all the statements in this Draft Red Herring Prospectus are true and correct.

**SIGNED BY THE BOARD OF DIRECTORS OF OUR COMPANY:**

<b>Name and Designation</b>	<b>Signature</b>
Bharat Bhushan Omprakash Agarwal Chairman, Whole Time Director & CFO DIN: 00302785	Sd/-

**Date:** September 15, 2023

**Place:** Ahmedabad

**DECLARATION**

I certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, regulations and guidelines issued by the Government of India, or the regulations or guidelines issued by the Government of India or the regulations or guidelines issued by SEBI, established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the Securities Contracts (Regulation) Act, 1956, as amended, the Securities and Exchange Board of India Act, 1992, as amended or the rules, regulations or guidelines issued thereunder, as the case may be. I further certify that all the statements in this Draft Red Herring Prospectus are true and correct.

**SIGNED BY THE BOARD OF DIRECTORS OF OUR COMPANY:**

<b>Name and Designation</b>	<b>Signature</b>
Rikin Bharatbhushan Agarwal Managing Director DIN: 02435645	Sd/-

**Date:** September 15, 2023

**Place:** Ahmedabad

**DECLARATION**

I certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, regulations and guidelines issued by the Government of India, or the regulations or guidelines issued by the Government of India or the regulations or guidelines issued by SEBI, established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the Securities Contracts (Regulation) Act, 1956, as amended, the Securities and Exchange Board of India Act, 1992, as amended or the rules, regulations or guidelines issued thereunder, as the case may be. I further certify that all the statements in this Draft Red Herring Prospectus are true and correct.

**SIGNED BY THE BOARD OF DIRECTORS OF OUR COMPANY:**

<b>Name and Designation</b>	<b>Signature</b>
Bhavik Rameshbhai Talati Non Executive Director DIN: 10263736	Sd/-

**Date:** September 15, 2023

**Place:** Ahmedabad

**DECLARATION**

I certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, regulations and guidelines issued by the Government of India, or the regulations or guidelines issued by the Government of India or the regulations or guidelines issued by SEBI, established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the Securities Contracts (Regulation) Act, 1956, as amended, the Securities and Exchange Board of India Act, 1992, as amended or the rules, regulations or guidelines issued thereunder, as the case may be. I further certify that all the statements in this Draft Red Herring Prospectus are true and correct.

**SIGNED BY THE BOARD OF DIRECTORS OF OUR COMPANY:**

Name and Designation	Signature
Sejal Ronak Agrawal Independent Director DIN: 09376887	Sd/-

**Date:** September 15, 2023

**Place:** Ahmedabad

**DECLARATION**

I certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, regulations and guidelines issued by the Government of India, or the regulations or guidelines issued by the Government of India or the regulations or guidelines issued by SEBI, established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the Securities Contracts (Regulation) Act, 1956, as amended, the Securities and Exchange Board of India Act, 1992, as amended or the rules, regulations or guidelines issued thereunder, as the case may be. I further certify that all the statements in this Draft Red Herring Prospectus are true and correct.

**SIGNED BY THE BOARD OF DIRECTORS OF OUR COMPANY:**

Name and Designation	Signature
Kruti Vyas Independent Director DIN: 10299486	Sd/-

**Date:** September 15, 2023

**Place:** Ahmedabad

**DECLARATION**

I certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, regulations and guidelines issued by the Government of India, or the regulations or guidelines issued by the Government of India or the regulations or guidelines issued by SEBI, established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the Securities Contracts (Regulation) Act, 1956, as amended, the Securities and Exchange Board of India Act, 1992, as amended or the rules, regulations or guidelines issued thereunder, as the case may be. I further certify that all the statements in this Draft Red Herring Prospectus are true and correct.

**SIGNED BY THE BOARD OF COMPANY SECRETARY OF OUR COMPANY:**

<b>Name and Designation</b>	<b>Signature</b>
Mohini Singhal Company Secretary & Compliance Officer M. No. 47724	Sd/-

**Date:** September 15, 2023

**Place:** Ahmedabad